IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (as defined in Regulation S under the Securities Act (as defined below)) or (ii) located within the United States ("**U.S.**"). The attached information memorandum is being sent at your request and by accepting this e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")), a relevant person (as defined in Section 275(2) of the SFA) or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described therein. Any reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum 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 HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AIMS AMP Capital Industrial REIT ("**AA REIT**")), AIMS AMP Capital Industrial REIT Management Limited, AA REIT, Standard Chartered Bank, Standard Chartered Bank (Singapore) Limited, United Overseas Bank Limited or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS

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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 HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AA REIT), AIMS AMP Capital Industrial REIT Management Limited, AA REIT, Standard Chartered Bank, Standard Chartered Bank (Singapore) Limited or United Overseas Bank Limited 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 (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering of securities 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 of securities 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 of securities shall be deemed to be made by the dealers or such affiliate on behalf of HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AA REIT), AIMS AMP Capital Industrial REIT Management Limited and AA REIT 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 the attached 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 information memorandum, 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 the attached information memorandum 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.

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A **VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

You are responsible for protecting against viruses and other destructive items. If you receive the attached information memorandum by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

INFORMATION MEMORANDUM DATED 30 NOVEMBER 2018

AIMS AMP CAPITAL INDUSTRIAL REIT

(A real estate investment trust constituted on 5 December 2006 under the laws of the Republic of Singapore)

Managed by

AIMS AMP CAPITAL INDUSTRIAL REIT MANAGEMENT LIMITED

(UEN/Company Registration No. 200615904N)

S$750,000,000

Multicurrency Debt Issuance Programme

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 notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AIMS AMP Capital Industrial REIT) (in such capacity, the "**Issuer**") pursuant to the S$750,000,000 Multicurrency Debt Issuance Programme (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 any person in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA 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 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 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(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, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; or

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law; or

(4) as specified in Section 276(7) of the SFA.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing of and quotation for 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. Admission to the Official List of the SGX-ST and the listing of and quotation for any Securities on the SGX-ST is not to be taken as an indication of the merits of the Issuer, AA REIT, their respective subsidiaries, associated companies (if any) and/or joint venture companies (if any), the Programme or such Securities.

The Securities have not been and will not be registered under the Securities Act of 1993, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Securities may include Bearer Securities (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or, in the case of Bearer Securities, 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). The Securities are subject to certain restrictions on transfer, see "Subscription, Purchase and Distribution".

An investment in Securities issued under the Programme involves certain risks. Potential investors should pay attention to the risk factors and considerations set out in the section "Risk Factors".

Arrangers

Standard Chartered | UOB 大华银行

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NOTICE

Standard Chartered Bank, Standard Chartered Bank (Singapore) Limited and United Overseas Bank Limited (together, the "**Arrangers**") have been authorised by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AIMS AMP Capital Industrial REIT ("**AA REIT**")) (the "**Issuer**") to arrange the S$750,000,000 Multicurrency Debt Issuance Programme (the "**Programme**") described herein. Under the Programme, the 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.

This Information Memorandum contains information with regard to the Issuer, AA REIT, the AA REIT Manager (as defined herein), the Group (as defined herein), the Programme and the Securities.

The Issuer confirms that this Information Memorandum contains all information relating to itself (in its personal capacity as well as in its capacity as trustee of AA REIT), the AA REIT Manager, AA REIT and the Group (the "**AA REIT Sections**") which is material in the context of the Programme or the issue and offering of the Securities, that all the information contained in the AA REIT Sections is true and accurate in all material respects, the opinions, expectations (if any) and intentions expressed in the AA REIT Sections have been carefully considered, are based on all relevant considerations and facts existing at the date of its issue and are fairly, reasonably and honestly held by the Issuer, and that there are no other facts relating to the AA REIT Sections the omission of which in the said context would make any such information or expressions of opinion, expectation (if any) or intention misleading in any material respect.

The AA REIT Manager confirms that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Securities, that all the information in this Information Memorandum is true and accurate in all material respects, the opinions, expectations (if any) and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of its issue and are fairly, reasonably and honestly held by the AA REIT Manager, and that there are no other facts the omission of which in the said context would make any such information or expressions of opinion, expectation (if any) 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 "Summary of the Programme")) 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 or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer 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 Issuer 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 Issuer 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 Conditions (as defined herein) of the Notes as amended and/or supplemented by 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 or different issue dates. The Perpetual Securities will be issued in bearer form or registered form and may be listed on a stock exchange. The Perpetual Securities will initially be represented by either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the 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 Conditions of the Perpetual Securities as amended and/or supplemented by 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 pursuant to the terms and upon the conditions set out in the Programme Agreement (as defined herein).

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 the Issuer, the AA REIT Manager, any of the Arrangers or any of the Dealer(s). 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 the Issuer, the AA REIT Manager, AA REIT, or any of their respective subsidiaries (if any), associated companies (if any) and/or joint venture 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 the Issuer, the AA REIT Manager, any of the Arrangers or any of the Dealer(s) 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 and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities 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 Securities may include Bearer Securities (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or, in the case of Bearer Securities, 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 the Issuer, the AA REIT Manager, any of the Arrangers or any of the Dealer(s) 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 Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") 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 the Issuer, AA REIT, the AA REIT Manager or any of their respective subsidiaries (if any), associated companies (if any) and/or joint venture companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealer(s) have not separately verified the information contained in this Information Memorandum. None of the Arrangers, any of the Dealer(s) or any of their respective officers, employees or agents 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 the Issuer, AA REIT, the AA REIT Manager or their respective subsidiaries (if any), associated companies (if any) and/or joint venture companies (if any). Further, none of the Arrangers or any of the Dealer(s) makes any representation or warranty and no responsibility or liability is accepted by any of the Arrangers or any of the Dealer(s) as to the Issuer, AA REIT, the AA REIT Manager, their respective subsidiaries (if any), associated companies (if any) and/or joint venture 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 the Issuer, the AA REIT Manager, any of the Arrangers or any of the Dealer(s) that any recipient of this Information Memorandum or such other document or information (or such 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 Issuer, AA REIT, the AA REIT Manager and their respective subsidiaries (if any), associated companies (if any) and/or joint venture 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 Issuer, AA REIT, the AA REIT Manager and their respective subsidiaries (if any), associated companies (if any) and/or joint venture companies (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, any of the Dealer(s) 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).

To the fullest extent permitted by law, none of the Arrangers or any of the Dealer(s) accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by any of the Arrangers or any of the Dealer(s) or on its behalf in connection with the Issuer, the AA REIT Manager, the Group or the issue and offering of the Securities. Each 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.

In connection with the issue of any series of Securities, one or more Dealers named as stabilising manager(s) (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time, on or after the date on which adequate public disclosure of the terms of the offer of the relevant series of Securities is made and, if begun, may be ended or discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series of Securities and 60 days after the date of the allotment of the relevant series of Securities. Any stabilisation action will be conducted in accordance with the law.

The following documents publicly announced, 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, audited consolidated accounts and/or publicly announced unaudited consolidated accounts of AA REIT and its subsidiaries and (2) any supplement or amendment to this Information Memorandum issued by the Issuer (including each relevant Pricing Supplement). 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 Securities, any Pricing Supplement (as defined herein) 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 Principal Paying Agent (as defined herein) during normal business hours.

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 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 Issuer, the AA REIT Manager, any of the Arrangers or any of the Dealer(s)) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the 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 "Subscription, Purchase and Distribution" on pages 187 to 191 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 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.

Notification under Section 309B of the SFA: Unless otherwise stated in the Pricing Supplement in respect of any Securities, all Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Securities will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Packaged Retail Investment and Insurance Products – Prohibition of Sales to Retail Investors

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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 the Issuer, AA REIT and/or the Group (including statements as to the Issuer's, AA 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 facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, AA REIT and/or the Group, expected growth in the Issuer, AA 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 the Issuer, AA REIT, the AA REIT Manager 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 include, among others:

- changes in general political, social and economic conditions;
- changes in currency exchange and interest rates;
- demographic changes;
- changes in competitive conditions; and
- other factors beyond the control of the Issuer, AA REIT and the Group.

Some of these factors are discussed in greater detail in this Information Memorandum under, in particular, but not limited to, the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the AA REIT Manager, AA 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 Issuer, the AA REIT Manager, the Arrangers and the Dealer(s) do not represent or warrant that the actual future results, performance or achievements of the Issuer, AA REIT or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, AA REIT, the AA REIT Manager, the Group 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 Issuer, AA REIT, the AA REIT Manager, the Arrangers 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.

DEFINITIONS

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

"**AA REIT**"	:	AIMS AMP Capital Industrial REIT.
"**AA REIT Investment Manager**"	:	AIMS AMP Capital Industrial REIT Management Australia Pty Limited.
"**AA REIT Manager**"	:	AIMS AMP Capital Industrial REIT Management Limited or such other manager as may be appointed under the AA REIT Trust Deed.
"**AA REIT Property Manager**"	:	AIMS AMP Capital Property Management Pte. Ltd.
"**AA REIT Trust Deed**"	:	The deed of trust dated 5 December 2006 constituting AIMS AMP Capital Industrial REIT (formerly known as MacarthurCook Industrial REIT), as amended, supplemented and/or varied by the Supplemental Deed of Appointment and Retirement of Trustee dated 8 March 2007, the First Amending and Restating Deed dated 8 March 2007, the First Supplemental Deed dated 31 May 2010, the Second Amendment and Restating Deed dated 17 July 2017, the Second Supplemental Deed dated 8 August 2018 and the Third Supplemental Deed dated 30 November 2018, and as further amended, supplemented and/or varied from time to time.
"**AA REIT Trustee**"	:	HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of AA REIT or such other trustee as may be appointed under the AA REIT Trust Deed, acting in such capacity.
"**Agency Agreement**"	:	The Agency Agreement dated 30 November 2018 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent and CDP registrar, (3) Deutsche Bank AG, Hong Kong Branch, as non-CDP paying agent and non-CDP registrar, and (4) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**AIMS Financial Group**"	:	AIMS Financial Service Group Pty Ltd and its affiliates.
"**AMP Capital**"	:	AMP Capital Investors Limited and its affiliates.
"**Arrangers**"	:	Standard Chartered Bank, Standard Chartered Bank (Singapore) Limited and United Overseas Bank Limited.
"**Bearer Securities**"	:	Securities in bearer form.

"**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 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 relevant 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 the principal financial centre for that currency.
"**CDP Registrar**"	:	Deutsche Bank AG, Singapore Branch.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series, being substantially in the form set out in Part II of Schedule 1 to the Trust Deed or, as the case may be, Part II of Schedule 5 to the Trust Deed and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities comprising the entire holding by a holder of Registered Securities of that Series.
"**CIS Code**"	:	The Code on Collective Investment Schemes issued by the MAS, as amended or modified from time to time.
"**Clearstream, Luxembourg**"	:	Clearstream Banking, S.A.
"**Common Depositary**"	:	In relation to a Series of Securities, a depository common to Euroclear and Clearstream, Luxembourg.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.

"**Conditions**"	:	(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 III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, 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 or, as the case may be, Certificates, 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 III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and (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 III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, 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 or, as the case may be, Certificates, 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 III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Definitive Security**"	:	A definitive Bearer Security, being substantially in the form set out in (in the case of Notes) Part I of Schedule 1 and (in the case of Perpetual Securities) Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
"**Depositors**"	:	Persons holding the Securities in securities accounts with CDP.

"**Depository Agents**"	:	Certain corporate depositors approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the securities in such securities sub-accounts for themselves and their clients.
"**Directors**"	:	The directors (including alternate directors, if any) of the AA REIT Manager as at the date of this Information Memorandum.
"**Euro**"	:	The 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.
"**Euroclear**"	:	Euroclear Bank SA/NV.
"**Extraordinary Resolution**"	:	A resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the votes cast.
"**FY**"	:	Financial year ended or ending 31 March.
"**Global Certificate**"	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of (a) the Common Depositary, (b) the Depository and/or (c) any other clearing system.
"**Global Security**"	:	A global Security representing Bearer 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 or Talons.
"**Group**"	:	AA REIT and its subsidiaries.
"**IRAS**"	:	The Inland Revenue Authority of Singapore.
"**Issuer**" or "**AA REIT Trustee**"	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT.
"**ITA**"	:	The Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"**JTC**"	:	JTC Corporation.
"**Latest Practicable Date**"	:	28 November 2018.
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, as amended or modified from time to time.
"**MAS**"	:	The Monetary Authority of Singapore.

“**Non-CDP Paying Agent**”	:	Deutsche Bank AG, Hong Kong Branch.
“**Non-CDP Registrar**”	:	Deutsche Bank AG, Hong Kong Branch.
“**Noteholders**”	:	The holders of the Notes.
“**Notes**”	:	The notes issued or to be issued by the Issuer under the Programme and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
“**Optus Centre**”	:	Optus Centre, Macquarie Park, New South Wales, Australia.
“**Permanent Global Security**”	:	A Global Security representing Bearer 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 7 to the Trust Deed.
“**Perpetual Securities**”	:	The perpetual securities issued or to be issued by the Issuer under the Programme and constituted by the Trust Deed (and shall, where the context so admits, include the Global Securities, the Definitive Securities and any related Coupons and Talons, the Global Certificates and the Certificates relating thereto).
“**Perpetual Securityholders**”	:	The holders of the Perpetual Securities.
“**Pricing Supplement**”	:	In relation to a Tranche or Series, a pricing supplement, supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 or, as the case may be, Appendix 3 to the Programme Agreement.
“**Principal Paying Agent**”	:	Deutsche Bank AG, Singapore Branch.
“**Programme**”	:	The S$750,000,000 Multicurrency Debt Issuance Programme of the Issuer.
“**Programme Agreement**”	:	The Programme Agreement dated 30 November 2018 made between (1) the Issuer, as issuer, (2) the AA REIT Manager, as manager of AA REIT, (3) the Arrangers, as arrangers, and (4) Standard Chartered Bank, Standard Chartered Bank (Singapore) Limited and United Overseas Bank Limited, as dealers, as amended, varied or supplemented from time to time.

"**Properties**"	:	AA REIT's 26 industrial properties which are strategically located in Singapore's established industrial areas ((i) 20 Gul Way, (ii) 27 Penjuru Lane, (iii) 8 & 10 Pandan Crescent, (iv) 30 Tuas West Road, (v) 103 Defu Lane 10, (vi) 3 Toh Tuck Link, (vii) 10 Changi South Lane, (viii) 11 Changi South Street 3, (ix) 56 Serangoon North Avenue 4, (x) 7 Clementi Loop, (xi) 1A International Business Park, (xii) 29 Woodlands Industrial Park E1, (xiii) 15 Tai Seng Drive, (xiv) 1 Bukit Batok Street 22, (xv) 23 Tai Seng Drive, (xvi) 135 Joo Seng Road, (xvii) 1 Kallang Way 2A, (xviii) 51 Marsiling Road, (xix) 8 Tuas Avenue 20, (xx) 61 Yishun Industrial Park A, (xxi) 541 Yishun Industrial Park A, (xxii) 2 Ang Mo Kio Street 65, (xxiii) 8 Senoko South Road, (xxiv) 26 Tuas Avenue 7 and (xxv) 3 Tuas Avenue 2) and in Australia ((xxvi) Optus Centre, 1-5 Lyonpark Road, Macquarie Park, New South Wales) and "**Property**" means each of them.
"**Property Funds Appendix**"	:	Appendix 6 to the CIS Code issued by the MAS in relation to real estate investment trusts.
"**Registered Securities**"	:	Securities in registered form.
"**Securities**"	:	The Notes and the Perpetual Securities.
"**Securities Accounts**"	:	The securities accounts of the Depositors maintained with the Depository (but does not include Sub-Accounts).
"**Securities Act**"	:	The Securities Act of 1933 of the United States, as amended or modified from time to time.
"**Securityholders**"	:	The Noteholders and the Perpetual Securityholders.
"**Senior Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer.
"**Series**"	:	(a) (In relation to Securities 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 (in the case of Notes other than Variable Rate Notes) interest or (in the case of Perpetual Securities) distribution 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.
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.

"**Subordinated Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
"**subsidiary**"	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act) and, in relation to AA REIT, means any company, corporation, trust, fund, or other entity (whether or not a body corporate): (a) which is controlled, directly or indirectly, by the AA REIT Trustee; or (b) more than half of the voting power of which is controlled, directly or indirectly, by the AA REIT Trustee; or (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) of this definition applies, 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 AA REIT if AA REIT (whether through the AA REIT Trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
"**Sub-Accounts**"	:	The securities sub-accounts maintained by each Depository Agent for its own account and for the account of its clients.
"**Talons**"	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions.
"**TARGET System**"	:	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.
"**Temporary Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed or, as the case may be, Schedule 6 to the Trust Deed.
"**Tranche**"	:	Securities which are identical in all respects (including as to listing).
"**Trust Deed**"	:	The Trust Deed dated 30 November 2018 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time.

"**Trustee**"	:	DB International Trust (Singapore) Limited.
"**United States**" or "**U.S.**"	:	United States of America.
"**Unitholders**"	:	The holders of the units in AA REIT.
"**S$**" or "**$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**A$**"	:	Australian dollars.
"**%**"	:	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

Issuer	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AIMS AMP Capital Industrial REIT)
Registered Office of the Issuer	:	21 Collyer Quay #13-02 HSBC Building Singapore 049320
Auditors of AA REIT	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
The AA REIT Manager	:	AIMS AMP Capital Industrial REIT Management Limited
Registered Office of the AA REIT Manager	:	1 George Street #23-03 One George Street Singapore 049145
Board of Directors of the AA REIT Manager	:	George Wang Norman Ip Ka Cheung Eugene Paul Lai Chin Look Peter Michael Heng Chong Teck Sin Nicholas Paul McGrath Koh Wee Lih
Joint Company Secretaries of the AA REIT Manager	:	Stella Yeak Shuk Phin Teow Xueting Tanya
Arrangers of the Programme	:	Standard Chartered Bank Marina Bay Financial Centre, Tower 1 8 Marina Boulevard Level 20 Singapore 018981 Standard Chartered Bank (Singapore) Limited Marina Bay Financial Centre, Tower 1 8 Marina Boulevard Level 20 Singapore 018981 United Overseas Bank Limited 80 Raffles Place #03-01 UOB Plaza 1 Singapore 048624
Legal Advisers to the Arrangers	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

Legal Advisers to the AA REIT Manager	:	WongPartnership LLP 12 Marina Boulevard #28-00 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the AA REIT Trustee	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Legal Advisers to the Trustee and the Agents	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Principal Paying Agent and CDP Registrar	:	Deutsche Bank AG, Singapore Branch One Raffles Quay #16-00 South Tower Singapore 048583
Non-CDP Paying Agent and Non-CDP Registrar	:	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre 1 Austin Road West Kowloon, Hong Kong
Trustee for the Securityholders	:	DB International Trust (Singapore) Limited One Raffles Quay #16-00 South Tower Singapore 048583

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.

Issuer	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AA REIT).
Arranger	:	Standard Chartered Bank, Standard Chartered Bank (Singapore) Limited and United Overseas Bank Limited.
Dealers	:	Standard Chartered Bank, Standard Chartered Bank (Singapore) Limited and United Overseas Bank Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	DB International Trust (Singapore) Limited.
Principal Paying Agent and CDP Registrar	:	Deutsche Bank AG, Singapore Branch.
Non-CDP Paying Agent and Non-CDP Registrar	:	Deutsche Bank AG, Hong Kong Branch.
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 determined in accordance with the terms of the Programme Agreement.
Purpose	:	The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for the general corporate purposes of the Group, including to finance the general working capital, capital expenditure and investments of the Group and the partial or full refinancing of existing bank borrowings of the Group, or such other purposes as may be specified in the relevant Pricing Supplement.

Non-Disposal Covenant	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, it will not, and will ensure that none of the Material Subsidiaries (as defined in the Trust Deed) of AA REIT will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of the assets of the Issuer, AA REIT or the Material Subsidiaries of AA REIT, as the case may be, nor of any part of the assets of the Issuer, AA REIT or the Material Subsidiaries of AA REIT, as the case may be, which, either alone or when aggregated with all other disposals required to be taken into account under Clause 16.27 of the Trust Deed, is substantial in relation to the assets of the Issuer, AA REIT or the Material Subsidiaries of AA REIT, as the case may be, those of the Issuer and the subsidiaries of AA REIT, taken as a whole or, as the case may be, those of the Group or the disposal of which (either alone or when so aggregated) is likely to have a material adverse effect (as defined in the Trust Deed) on the Issuer or AA REIT. The following disposals shall not be taken into account under Clause 16.27 of the Trust Deed: (i) disposals in the ordinary course of business and on an arm's length basis and on normal commercial terms; (ii) any transfer of assets to any Material Subsidiary of AA REIT; (iii) any disposal of assets which are obsolete, excess or no longer required for the purpose of AA REIT's business, in each case, on an arm's length basis and on normal commercial terms; (iv) any payment of cash as consideration for the acquisition of any asset on an arm's length basis and on normal commercial terms; (v) any disposal in connection with the transfer of any of the Group's assets to another member of the Group; (vi) any disposal in connection with the transfer of any of the Group's assets to a joint venture company on normal commercial terms and on an arm's length basis; (vii) any exchange of assets for other assets which are similar or superior as to type and value;

(viii) any disposal of financial assets shown in the most recent audited or, as the case may be, unaudited consolidated financial statements of the Group on normal commercial terms and on an arm's length basis; and

(ix) any disposal approved by the Securityholders by way of an Extraordinary Resolution.

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 Issuer 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 minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). 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 the Securities	:	The Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer 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, the Common Depositary 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. Each Tranche or Series of registered Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the relevant Conditions, a Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series.

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 to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg.
Taxation	:	All payments in respect of the 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 deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the 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. For further details, please see the section on "Taxation – Singapore Taxation" herein.
Listing	:	Each Series of the Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Securities is approved, such Securities will be traded on the SGX-ST in a minimum board lot size of not less than S$200,000 (or its equivalent in foreign currencies) for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require.
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 and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

NOTES

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).

Redemption	:	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 at a rate to be determined separately for each Series by reference to S$ Singapore Interbank Offered Rates ("**SIBOR**") or S$ Swap Rate (or in any other case such other benchmark as may be agreed between the Issuer 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 Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer 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 Issuer and the relevant Dealer(s).
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer 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 Issuer 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 Issuer and the relevant Dealer(s)), as adjusted for any applicable margin, in each case payable at the end of each interest period to be agreed between the Issuer 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	:	The Notes and Coupons relating thereto of all Series will 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.

Optional Redemption and Purchase	:	If so provided on the face of the Note, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the the Issuer and/or the holders of the Notes.
Redemption for Taxation Reasons	:	If so provided on the face of the Note, the Notes may be redeemed at the option of the Issuer for certain taxation reasons set out in Condition 6(f) of the Notes.
Mandatory Redemption upon Termination of AA REIT	:	The Notes shall be redeemed in the event that AA REIT is or is to be terminated in accordance with the provisions of the AA REIT Trust Deed.
Mandatory Redemption upon Delisting of Units in AA REIT	:	The Notes shall be redeemed in the event that the units in AA REIT are delisted from the SGX-ST or any other stock exchange(s) on which the units in AA REIT are listed for the time being.
Negative Pledge	:	The Issuer 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 the Material Subsidiaries of AA REIT will, create or have outstanding any security over the whole or any part of their respective assets, present or future, save for: (i) (1) any security over any asset existing on or prior to the date of the Trust Deed securing credit facilities extended by banks and other financial institutions to any member of the Group and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed, 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 any member of the Group which ranks, in point of priority, completely after such existing security referred to in (2), provided that the ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix;

(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 the date of the Trust Deed securing credit facilities extended by banks and other financial institutions to any member of 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 ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix;

(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 (1) has been due for less than 14 business days or (2) 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 the date of the Trust Deed 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 ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix;

(vi) any security over any assets created in connection with credit facilities extended by banks and other financial institutions to any member of the Group at any time and from time to time provided that the ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix; and

(vii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

Financial Covenants : The Issuer 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 Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix; and

(ii) the ratio of Consolidated EBITDA to Consolidated Interest Expense shall be at least 1.5:1.

For the purpose of this paragraph:

(1) "**Aggregate Leverage Limit**" means the limit set out in paragraph 9.2 of the Property Funds Appendix (or such other equivalent or substitute provision as may be set out in the Property Funds Appendix from time to time);

(2) "**CIS Code**" means the Code on Collective Investment Schemes issued by the MAS (as revised or amended from time to time);

(3) "**Consolidated Deposited Property**" means the total assets of the Group based on the audited and unaudited consolidated financial statements of the Group calculated and interpreted in accordance with generally accepted accounting principles in Singapore, having regard to the Property Funds Appendix;

(4) "**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:

(aa) Consolidated Interest Expense;

(bb) taxes;

(cc) extraordinary and exceptional items;

(dd) management fees paid to the AA REIT Manager in the form of units issued by AA REIT;

(ee) gain/loss from disposal of immovable properties;

(ff) revaluation gain or loss of immovable properties; and

(gg) unrealised gain or loss from derivatives including, but not limited to, interest rate swap transactions; and

(B) after adding back all amounts provided for depreciation and amortisation (including, but not limited to, amortisation of borrowing costs) for that period,

as determined from the financial statements of the Group;

(5) "**Consolidated Interest Expense**" means, in relation to any period, the aggregate amount of interest and any other finance charges referred to in sub-paragraph (A) below (whether or not paid, payable or capitalised) incurred by the Group in that period in respect of the indebtedness of the Group including:

(A) commitment fees, commissions and guarantee fees; and

(B) amounts in the nature of interest payable in respect of any shares other than equity share capital (which, for the avoidance of doubt, shall not include amounts payable in respect of any shares which are regarded by generally accepted accounting principles in Singapore as dividends),

as determined from the financial statements of the Group. For the avoidance of doubt, Consolidated Interest Expense shall not include the amortisation of any front-end fees already paid and the interest element of the lease liabilities;

(6) "**Consolidated Total Borrowings**" means the aggregate of total borrowings and deferred payments of the Group required by the Property Funds Appendix to be taken into account for the purpose of computing its Aggregate Leverage Limit; and

(7) "**Property Funds Appendix**" means Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts, as the same may be modified, amended, supplemented, revised and/or replaced from time to time.

Events of Default : See Condition 10 of the Notes.

PERPETUAL SECURITIES

No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and 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 Issuer 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 Issuer 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 Issuer and the relevant Dealer(s).
Distribution Discretion	:	If so provided on the face of the Perpetual Security, 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 (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Principal Paying Agent, the Registrar and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security) prior to a scheduled Distribution Payment Date. If Dividend Pusher is set out thereon, 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 have occurred: (a) a dividend, distribution or other payment has been declared or paid on or in respect of the Issuer's Junior Obligations (as defined in the Conditions of the Perpetual Securities) or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations (as defined in the Conditions of the Perpetual Securities); or (b) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group, (2) as a result of the exchange or conversion of Specified Parity Obligations of the Issuer for Junior Obligations of the Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral and Cumulative Deferral	:	If Non-Cumulative Deferral is so provided on the face of the Perpetual Security, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities 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 at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(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 Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

If Cumulative Deferral is so provided on the face of the Perpetual Security, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(IV)(a) of the Perpetual Securities) further defer any Arrears of Distribution by complying with the notice requirement in Condition 4(IV)(e) of the Perpetual Securities 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 Condition 4(IV) of the Perpetual Securities except that Condition 4(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 so provided on the face of the Perpetual Security, 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 4 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 provisions of Condition 4 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 so provided on the face of the Perpetual Security 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 4(IV) of the Perpetual Securities, the Issuer shall not and shall procure that none of the subsidiaries of AA 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 Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations; 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 Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations, in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Specified Parity Obligations of the Issuer for the 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 (or to procure or permit the subsidiaries of AA REIT to do so) by an Extraordinary Resolution 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 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.

Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them will 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 Condition 3(b) of the Perpetual Securities.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, 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.
Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Security, 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 thereon, 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 Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that: (i) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or (ii) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(b) (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 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 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.

Redemption for Accounting Reasons : If so provided on the face of the Perpetual Security, 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 thereon, 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 at any time prior to or after that Distribution Payment Date, 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 AA REIT (the "**Relevant Accounting Standards**"), the Perpetual Securities will not or will no longer be recorded as "equity" of AA REIT pursuant to the Relevant Accounting Standards.

Redemption for Tax Deductibility	:	If so provided on the face of the Perpetual Security, 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 thereon, 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):

(a) 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 or becomes effective 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 or becomes effective on or after the Issue Date; or

(iii) any generally applicable official interpretation or pronouncement 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 before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

		(b) if the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.
Redemption in the case of Minimal Outstanding Amount	:	If so specified on the face of the Perpetual Security, 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 on the face of the relevant Perpetual Security, 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 Cessation or Suspension of Trading of Units	:	If so specified on the face of the Perpetual Security, in the event that (i) the units of AA REIT cease to be listed and/or traded on the SGX-ST or (ii) trading in the units of AA REIT on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days (each, a "**Cessation or Suspension of Trading Event**"), 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 earlier, the date falling 45 days after the Effective Date, at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption). For the purposes of this paragraph: (1) "**Effective Date**" means (in the case where the units in AA REIT cease to be listed or traded on the SGX-ST) the date of cessation of listing or, as the case may be, trading or (in the case where trading in the units in AA REIT on the SGX-ST is suspended for a continuous period of more than 10 consecutive market days) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and (2) "**market day**" means a day on which the SGX-ST is open for securities trading.

Redemption upon a Regulatory Event	:	If so specified on the face of the Perpetual Security, the Perpetual Securities may be redeemed at the option of the Issuer 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 and shall oblige the Issuer to redeem the Perpetual Securities), 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 (as defined in Condition 5(h) of Perpetual Securities) under the Property Funds Appendix, 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 specified on the face of the Perpetual Security, 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 in the relevant Perpetual Security, 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 any time after that Distribution Payment Date, 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) 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.

Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, administration or similar proceedings (the "**Winding-Up**") in respect of the Issuer and/or AA REIT 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 4(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 the Issuer and/or AA REIT or (ii) the Issuer does not pay any amount payable by it under any of the Perpetual Securities when due and such failure continues for a period of three business days after the due date, 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 9(d) of the Perpetual Securities, institute proceedings for the Winding-Up of the Issuer and/or AA REIT, prove in the Winding-Up of the Issuer and/or AA REIT and/or claim in the liquidation of the Issuer and/or AA REIT for such payment.

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 (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant 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. Unless otherwise stated, 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 Bearer Notes or on the Certificates relating to such Registered 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 being shown on the face of the relevant Notes and in the relevant Pricing Supplement.*

The Notes are constituted by a trust deed (as amended, restated or supplemented from time to time, the "**Trust Deed**") dated 30 November 2018 made between (1) HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AIMS AMP Capital Industrial REIT ("**AA REIT**")) (in such capacity, the "**Issuer**"), as issuer, and (2) DB International Trust (Singapore) 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 and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 30 November 2018 (as amended and supplemented from time to time, the "**Deed of Covenant**") relating to CDP Notes (as defined in the Trust Deed) executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement (as amended, restated or supplemented from time to time, the "**Agency Agreement**") dated 30 November 2018 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent (in such capacity, the "**Principal Paying Agent**") and CDP registrar and transfer agent (in such capacity, the "**CDP Registrar**"), (3) Deutsche Bank AG, Hong Kong Branch, as non-CDP paying agent (in such capacity, the "**Non-CDP Paying Agent**" and, together with the Principal Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**") and non-CDP registrar and transfer agent (in such capacity, the "**Non-CDP Registrar**" and, together with the CDP Registrar and any other transfer agents that may be appointed, the "**Transfer Agents**"), and (4) the Trustee, as trustee. The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall, with respect to Non-CDP Notes (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly and (b) the Registrar means (in the case of CDP Notes) the CDP Registrar or (in the case of Non-CDP Notes) the Non-CDP Registrar, in each case, or such other registrar as may be appointed from time to time under the Agency Agreement and all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the relevant Calculation 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 Principal 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 ("**Bearer Notes**") or in registered form ("**Registered Notes**"), in each case in the Denomination Amount shown on the face of the Note. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(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) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) 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 7(h)) in these Conditions are not applicable.

(iv) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) Title

(i) Title to the Bearer Notes and the Coupons and, where applicable, Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, 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, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof, trust, interest therein 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 (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or any such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system 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 Issuer, the Principal Paying Agent, the Calculation Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Principal Paying Agent, the Calculation Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing such Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name the relevant Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) 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. No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request. For the avoidance of doubt, a Registered Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Registered Note will be valid unless and until entered on the Register.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes

In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment by the Noteholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Noteholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

The Notes and Coupons of all Series 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.

4. Negative Pledge and Financial Covenants

(a) The Issuer 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 the Material Subsidiaries (as defined in Condition 10) of AA REIT will, create or have outstanding any security over the whole or any part of their respective assets, present or future, save for:

(i) (1) any security over any asset existing on or prior to the date of the Trust Deed securing credit facilities extended by banks and other financial institutions to any member of the Group (as defined in the Trust Deed) and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed, 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 any member of the Group which ranks, in point of priority, completely after such existing security referred to in (2), provided that the ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix;

(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 the date of the Trust Deed securing credit facilities extended by banks and other financial institutions to any member of 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 ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix;

(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 (1) has been due for less than 14 business days or (2) 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 the date of the Trust Deed 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 ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix;

(vi) any security over any assets created in connection with credit facilities extended by banks and other financial institutions to any member of the Group at any time and from time to time provided that the ratio of Consolidated Total Borrowings to Consolidated Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix; and

(vii) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

(b) The Issuer 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 Deposited Property is not in breach of the Aggregate Leverage Limit as construed in accordance with the Property Funds Appendix; and

(ii) the ratio of Consolidated EBITDA to Consolidated Interest Expense shall be at least 1.5:1.

For the purposes of these Conditions:

(1) "**Aggregate Leverage Limit**" means the limit set out in paragraph 9.2 of the Property Funds Appendix (or such other equivalent or substitute provision as may be set out in the Property Funds Appendix from time to time);

(2) "**CIS Code**" means the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("**MAS**") (as revised or amended from time to time);

(3) "**Consolidated Deposited Property**" means the total assets of the Group based on the audited and unaudited consolidated financial statements of the Group calculated and interpreted in accordance with generally accepted accounting principles in Singapore, having regard to the Property Funds Appendix;

(4) "**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:

(aa) Consolidated Interest Expense;

(bb) taxes;

(cc) extraordinary and exceptional items;

(dd) management fees paid to the AA REIT Manager (as defined in the Trust Deed) in the form of units issued by AA REIT;

(ee) gain/loss from disposal of immovable properties;

(ff) revaluation gain or loss of immovable properties; and

(gg) unrealised gain or loss from derivatives including, but not limited to, interest rate swap transactions; and

(B) after adding back all amounts provided for depreciation and amortisation (including, but not limited to, amortisation of borrowing costs) for that period,

as determined from the financial statements of the Group;

(5) "**Consolidated Interest Expense**" means, in relation to any period, the aggregate amount of interest and any other finance charges referred to in sub-paragraph (A) below (whether or not paid, payable or capitalised) incurred by the Group in that period in respect of the indebtedness of the Group including:

(A) commitment fees, commissions and guarantee fees; and

(B) amounts in the nature of interest payable in respect of any shares other than equity share capital (which, for the avoidance of doubt, shall not include amounts payable in respect of any shares which are regarded by generally accepted accounting principles in Singapore as dividends),

as determined from the financial statements of the Group. For the avoidance of doubt, Consolidated Interest Expense shall not include the amortisation of any front-end fees already paid and the interest element of the lease liabilities;

(6) "**Consolidated Total Borrowings**" means the aggregate of total borrowings and deferred payments of the Group required by the Property Funds Appendix to be taken into account for the purpose of computing its Aggregate Leverage Limit; and

(7) "**Property Funds Appendix**" means Appendix 6 of the CIS Code issued by the MAS in relation to real estate investment trusts, as the same may be modified, amended, supplemented, revised and/or replaced from time to time.

5. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its outstanding principal amount 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 the Redemption Amount shown on the face of the Note 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 5(I) and the Agency Agreement to the Relevant Date (as defined in Condition 8).

(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 shown on the face of the Note. The amount of interest payable per Calculation Amount (as defined in Condition 5(II)(d)) for any Fixed Rate Interest Period in respect of 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 face of the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (with halves rounded up).

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) an 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 outstanding principal 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(s) is/are either shown hereon as Specified Interest Payment Date(s) 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 (as defined below) 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 5(II)(c)) in respect of any Variable Rate Note for any Interest Period 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 5(II) and the Agency Agreement 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 5(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 Calculation Agent on the basis of the following provisions:

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

(A) the Calculation Agent 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 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 for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided on the face of such Floating Rate Note) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on 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 Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent 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 four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) 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:

(A) the Calculation Agent 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 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" under the column headed "SGD SOR" (or such replacement page thereof 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);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Calculation Agent and the Issuer and as adjusted by the Spread (if any); and

(C) if on any Interest Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Calculation Agent and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Calculation

Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, 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 four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore 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 Calculation Agent 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:

(A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page (as defined below), 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);

(B) if the Primary Source for the Floating Rate Notes 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 Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) 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

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent 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 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 as determined in accordance with the foregoing 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 Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) 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;

(B) if interest in respect of such Variable Rate Note is agreed between the 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 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

(C) if interest in respect of such Variable Rate Note is agreed between the 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 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 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 Issuer has undertaken to the Principal Paying Agent and the Calculation Agent 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 the Principal Paying Agent and the Calculation Agent 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 Principal 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 5(V)(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(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 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 Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing 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.

(d) 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, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) 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 relevant Paying Agent's specified office and (iii) (if a payment is to be made on that day):

(1) (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;

(2) (in the case of Notes 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

(3) (in the case of Notes 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 the principal financial centre for that currency;

"**Calculation Agent**" means, in relation to any Series of Notes, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

"**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 5:

(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;

(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; and

(iv) if "30/360" is specified in the applicable Pricing Supplement, the 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 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

"**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 the relevant Note;

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

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement;

"**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 Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent after consultation with the 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 specified in the Pricing Supplement with whom the 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 interbank 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, 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 outstanding principal 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 outstanding principal 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 5(III) and the Agency Agreement 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 shown on the face of the Note 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 outstanding principal 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(s) is/are either shown on the face of such Note as Specified Interest Payment Date(s) 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 5(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 5(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 6(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 determined in accordance with Condition 6(h)).

(V) Calculations

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

The Calculation Agent 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 per Calculation Amount 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 Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent 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 Principal Paying Agent, the Trustee, the Registrar 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 Notes, the Principal Paying Agent will 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 16 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 10, 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 Calculation Agent 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, and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(d) Calculation Agent and Reference Banks

The 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 a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Calculation Agent may not resign from its duties without a successor having been appointed as aforesaid.

6. 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 the 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 the 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 Issuer

If so provided hereon, the 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 Issuer accordingly. To exercise such option, the 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 Principal Paying Agent or, as the case may be, the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not (unless and until ceasing to be so held) entitle the holder to vote at any meetings of the Noteholders and shall not (unless and until ceasing to be so held) be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, 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 Notes are listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Issuer shall comply with the rules of the SGX-ST in relation to the publication of any purchase of 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 Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons, if any) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face of such Note. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Variable Rate Note (together with all unmatured Coupons and unexchanged Talons, if any) to the Principal Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the 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 10, 11 and 12.

(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 Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons, if any) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) to be purchased with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar or any other Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons, if any) to the Principal Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not (unless and until ceasing to be so held) entitle the holder to vote at any meetings of the Noteholders and shall not (unless and until ceasing to be so held) be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(d) Redemption at the Option of the Issuer

If so provided hereon, the 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 (but excluding) 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 Bearer Notes or, in the case of Registered Notes, shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, 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 Notes are listed on the SGX-ST, the Issuer shall comply with the rules of the SGX-ST in relation to the publication of any redemption of Notes.

(e) Redemption at the Option of Noteholders

If so provided hereon, the 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 (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Principal Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from the Principal Paying Agent, any other Paying Agent, the Registrar, the other Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the 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 6(h) below) (together with interest 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 8, 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 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 Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two authorised signatories 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 an opinion of independent legal, tax or any other professional advisers of recognised standing which shall be addressed to the Trustee 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. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence that the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, in which event it shall be conclusive and binding on the Noteholders.

(g) Purchases

The Issuer and/or any of the respective related corporations of the Issuer and AA REIT may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons, if any 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. The Notes so purchased, while held by or on behalf of the Issuer and/or any of the related corporations of the Issuer and AA REIT shall not (unless and until ceasing to be so held) entitle the holder to vote at any meetings of the Noteholders and shall not (unless and until ceasing to be so held) be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

Notes so purchased, while held by or on behalf of the Issuer and/or any of the related corporations of the Issuer and AA REIT may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Principal Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the 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 6(f) or upon it becoming due and payable as provided in Condition 10, 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 6(f) or upon it becoming due and payable as provided in Condition 10 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 5(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 AA REIT

In the event that AA REIT is terminated in accordance with the provisions of the AA REIT Trust Deed (as defined in the Trust Deed), the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to (but excluding) 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 AA REIT.

The Issuer shall forthwith notify the Trustee, the Agents (as defined in the Trust Deed) and the Noteholders of the termination of AA REIT.

(j) Mandatory Redemption upon Delisting of Units in AA REIT

In the event that the units in AA REIT are delisted from the SGX-ST or any other stock exchange(s) on which the units in AA REIT are listed for the time being, the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 60 days after the date of such delisting.

(k) Cancellation

All Notes purchased by or on behalf of the Issuer and/or any of the related corporations of the Issuer and AA REIT may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons, if any, to the Principal Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons, if any, attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or, as the case may be, Coupons at the specified office of any 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 holder in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

(i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Registrar or any other Transfer Agent and in the manner provided in Condition 7(b)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the Calculation Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents or transfer agents, provided that it will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Notes) a Non-CDP Paying Agent, (ii) a Registrar in relation to Registered Notes and (iii) a Calculation Agent where the Conditions so require.

Notice of any such change in appointment or any change of any specified office will be given to the Noteholders in accordance with Condition 16.

The Agency Agreement may be amended by the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, materially and adversely affect the interests of the holders of the Notes or the Coupons. Any such amendment shall be binding on the Noteholders and the Couponholders.

(e) Unmatured Coupons and Unexchanged Talons

(i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured 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 unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured 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 five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Notes comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured 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) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon 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 Issuer may require.

(v) 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 Bearer Note or Certificate.

(f) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(g) 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.

(h) 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 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 Principal 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 Principal 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 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 Issuer.

8. Taxation

All payments in respect of the Notes 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 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 (or in respect of which the Certificate representing it is 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 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 requirement or by making or procuring the making of a declaration of residence, 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.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any additional amount or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed pursuant to Section 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

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 16 that, upon further presentation of the Note (or relative Certificate) 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 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 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.

9. Prescription

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may (but is not obliged to), and if so requested in writing 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, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction give notice in writing to the 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 Issuer does not pay the principal, the Redemption Amount or (in the case of Zero Coupon Notes) the Early Redemption Amount of, or the interest on, any of the Notes when due and such default continues for three business days after the due date;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if that default is capable of remedy, it is not remedied within 21 days after notice of such default shall have been given by the Trustee to the Issuer;

(c) any representation, warranty or statement by the Issuer 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 or circumstance resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 21 days after notice of such non-compliance or incorrectness shall have been given by the Trustee to the Issuer;

(d) (i) any other indebtedness of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT 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 Issuer, AA REIT or any of the Material Subsidiaries of AA REIT fails to pay when due or expressed to be 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 (d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S$30,000,000 or its equivalent in other currency or currencies;

(e) the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT 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 a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its indebtedness (or of a material part which it will or might otherwise be unable to pay when due), applies for a moratorium in respect of or affecting all or any part of its indebtedness or 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, effected, declared or otherwise (by operation of law) arises in respect of or affecting all or a material part of (or of a particular type of) the indebtedness or (only in connection with a compromise or an arrangement proposed or intended to be proposed between the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT and their respective creditors or any class of those creditors) property of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the assets of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT and is not discharged or stayed within 14 days;

(g) any security on or over the whole or a material part of the assets of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT becomes enforceable;

(h) (i) any corporate action or legal proceeding is taken with a view to the winding-up, amalgamation, reconstruction, reorganisation, merger, consolidation or termination of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT or over all or any material part of the assets of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT (except (1) (in the case of a voluntary liquidation or winding-up of a Material Subsidiary of AA REIT only not involving insolvency) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or transfer of assets to another Material Subsidiary and such event is not likely to have a material adverse effect on the Issuer or (2) on terms approved by the Trustee or the Noteholders by way of an Extraordinary Resolution before such corporate action or legal proceeding is taken); or

(ii) a receiver, trustee, administrator, agent or similar officer of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT or over all or a material part of the assets of the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT is appointed;

(i) the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT ceases or threatens to cease to carry on all or a substantial part of its business or (save as permitted under Clause 16.27 of the Trust Deed) disposes or threatens to dispose of the whole or a substantial part of its property or assets;

(j) 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 Issuer, AA REIT or any of the Material Subsidiaries of AA REIT;

(k) any consent required for any of the purposes stated in Clause 15.6 of the Trust Deed is not obtained, 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);

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of their obligations under any of the Issue Documents or any of the Notes;

(m) 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 Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) 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 30 days of its commencement) is current or pending against the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT (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 Issuer under any of the Issue Documents or any of the Notes or (ii) which has or is reasonably likely to have a material adverse effect on the Issuer, AA REIT or any of the Material Subsidiaries of AA REIT;

(o) if (i)(1) the AA REIT Trustee (as defined in the Trust Deed) resigns or is removed; (2) an order is made for the winding-up of the AA REIT Trustee, a receiver, judicial manager, administrator, agent or similar officer of the AA REIT 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 AA REIT Trustee which prevents or restricts the ability of the Issuer 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 AA REIT is not appointed in accordance with the terms of the AA REIT Trust Deed;

(p) the AA REIT Manager is removed pursuant to the terms of the AA REIT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the AA REIT Trust Deed;

(q) 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 (e), (f), (g), (h), (i) or (j);

(r) the Issuer or any of the Material Subsidiaries of AA REIT 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; or

(s) the AA REIT Trustee loses its right to be indemnified out of the assets of AA REIT 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) "**Material Subsidiaries**" means, at any particular time, any subsidiary of AA REIT 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 15 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 any part of its business, undertaking or assets to another subsidiary or AA REIT (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 Material Subsidiary of AA REIT and the transferee (unless it is AA REIT) shall thereupon become a Material Subsidiary of AA REIT; and (bb) if part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Material Subsidiary of AA REIT and the transferee (unless it is AA REIT) shall thereupon become a Material Subsidiary of AA REIT.

Any subsidiary which becomes a Material Subsidiary of AA REIT by virtue of (aa) above or which remains or becomes a Material Subsidiary of AA REIT by virtue of (bb) above shall continue to be a Material Subsidiary of AA REIT until the earlier of the date of issue of (1) 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 of such subsidiary, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (2) a report by the Auditors (as defined in the Trust Deed) as described below which shows the total assets of such subsidiary to be less than 15 per cent. of the total assets of the Group, as shown by such report of the Auditors. 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 Material Subsidiary of AA REIT shall, in the absence of manifest error, be final, conclusive and binding; and

(2) "**subsidiary**" has the meaning ascribed to it in the Trust Deed.

11. Enforcement of Rights

At any time after the Notes shall have become immediately due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes (together with accrued interest) or to enforce the provisions of the Issue Documents 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 and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer 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.

12. 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 or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 10 per cent. of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded 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 or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, 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, 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) to the Trust Deed and any of the other Issue Documents, 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 shall be notified to the Noteholders as soon as practicable.

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.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements or other relevant authority regulations at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, 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, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding notes of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition 14 and forming a single series with the Notes. Any further notes forming a single series with the outstanding notes of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, with the consent of the Trustee, be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other series where the Trustee so decides.

15. 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 and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee and/or any corporation related to it to enter into business transactions with the Issuer or any of the related corporations of the Issuer and AA REIT 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, credit worthiness, condition, affairs, status and nature of the Issuer or AA REIT, 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.

16. Notices

Notices to the holders of Registered Notes shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, and shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes 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. In the case where the Issuer is listed on the SGX-ST or where the Notes are listed on the SGX-ST, notice to the holders of such Notes shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers or announcement on SGX-ST the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system 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, the Depository and/or such other clearing system.

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

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders 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.

17. 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.

18. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Trustee, the Noteholders and the Couponholders agree and acknowledge that HSBC Institutional Trust Services (Singapore) Limited ("**HSBCIT**") has entered into the Trust Deed only in its capacity as trustee of AA REIT and not in its personal capacity and all references to the Issuer in the Trust Deed, the Notes and the Coupons shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, HSBCIT has assumed all obligations under the Trust Deed, the Notes and the Coupons in its capacity as trustee of AA REIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given or to be given by the Issuer under the Trust Deed, the Notes and the Coupons is given by HSBCIT only in its capacity as trustee of AA REIT 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 or held on trust for AA REIT over which HSBCIT, in its capacity as trustee of AA REIT, has recourse and shall not extend to any personal or other assets of HSBCIT or any assets held by HSBCIT in its capacity as trustee of any other trust (other than AA REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken or any covenant, undertaking, representation or warranty given by the Issuer under the Trust Deed, the Notes and the Coupons shall only be in connection with matters relating to AA REIT (and shall not extend to the obligations of HSBCIT 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, the Noteholders and the Couponholders under law or equity.

(b) No Recourse

Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed that the Issuer's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of the Issuer and there shall be no recourse against the shareholders, directors, officers or employees of HSBCIT 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, the Noteholders and the Couponholders under law or equity.

(c) Legal Action or Proceedings

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 Notes and the Coupons shall be brought against HSBCIT in its capacity as trustee of AA REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity.

(d) Applicability

This Condition 18 shall survive the termination or rescission of the Trust Deed and the Notes. The provisions of this Condition 18 shall also apply, *mutatis mutandis*, to any notice, certificate or other document which the Issuer may issue under or pursuant to the Trust Deed and the Notes, as if expressly set out therein.

19. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, 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 exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Notes, Coupons or Talons ("**Proceedings**") shall be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) No Immunity

The Issuer irrevocably agrees that, should the Trustee, the Noteholders or the Couponholders take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that the Issuer and its assets and AA REIT and AA REIT's assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Notes, the Coupons and the Trust Deed.

Principal Paying Agent and CDP Registrar
Deutsche Bank AG, Singapore Branch
One Raffles Quay
#16-00 South Tower
Singapore 048583

Non-CDP Paying Agent and Non-CDP Registrar
Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

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 (if any) issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant 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. Unless otherwise stated, 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 Bearer Perpetual Securities or on the Certificates relating to such Registered 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 being shown on the face of the relevant Perpetual Securities and in the relevant Pricing Supplement.*

The Perpetual Securities are constituted by a trust deed (as amended, restated or supplemented from time to time, the "**Trust Deed**") dated 30 November 2018 made between (1) HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of AIMS AMP Capital Industrial REIT ("**AA REIT**")) (in such capacity, the "**Issuer**"), as issuer, and (2) DB International Trust (Singapore) 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 and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 30 November 2018 (as amended and supplemented from time to time, the "**Deed of Covenant**") relating to CDP Perpetual Securities (as defined in the Trust Deed) executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement (as amended, restated or supplemented from time to time, the "**Agency Agreement**") dated 30 November 2018 made between (1) the Issuer, as issuer, (2) Deutsche Bank AG, Singapore Branch, as principal paying agent (in such capacity, the "**Principal Paying Agent**") and CDP registrar and transfer agent (in such capacity, the "**CDP Registrar**"), (3) Deutsche Bank AG, Hong Kong Branch, as non-CDP paying agent (in such capacity, the "**Non-CDP Paying Agent**" and, together with the Principal Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**") and non-CDP registrar and transfer agent (in such capacity, the "**Non-CDP Registrar**" and, together with the CDP Registrar and any other transfer agents that may be appointed, the "**Transfer Agents**"), and (4) the Trustee, as trustee. The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement, the relevant Calculation Agency Agreement (as defined in the Trust Deed) and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the Principal Paying Agent shall, with respect to Non-CDP Perpetual Securities (as defined in the Trust Deed), be deemed to be a reference to the Non-CDP Paying Agent and all such references shall be construed accordingly and (b) the Registrar means (in the case of CDP Perpetual Securities) the CDP Registrar or (in the case of Non-CDP Perpetual Securities) the Non-CDP Registrar, in each case, or such other registrar as may be appointed from time to time under the Agency Agreement and all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement, the relevant Calculation 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 Principal Paying Agent for the time being.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**"), in each case in the Denomination Amount shown on the face of the Perpetual Security. Subject to applicable laws, in the case of Registered Perpetual Securities, such Perpetual Securities are in the Denomination Amount shown hereon, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the applicable Pricing Supplement.

(ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

(iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

(iv) Registered Perpetual Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

(i) Title to the Bearer Perpetual Securities and the Coupons and, where applicable, Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, 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, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof, trust, interest therein 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) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited (the "**Depository**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or any such other clearing system 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, the Depository and/or such other clearing system 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 Principal Paying Agent, the Calculation Agent, the Registrar and 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 or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Principal Paying Agent, the Calculation Agent, the Registrar and 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 or, as the case may be, the Global Certificate (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 or, as the case may be, the Global Certificate and held by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing such Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name the relevant Registered Perpetual Security is registered (as the case may be), "**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. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

(a) No Exchange of Perpetual Securities

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities

Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Registered Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Registered Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request. For the avoidance of doubt, a Registered Perpetual Security may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Registered Perpetual Security will be valid unless and until entered on the Register.

(c) Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities

In the case of an exercise of the Issuer's option in respect of, or a partial redemption of or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within seven business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment by the Perpetual Securityholder of any tax or other governmental charges that may be imposed in relation to it (or the giving by the Perpetual Securityholder of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status

(a) Senior Perpetual Securities

This Condition 3(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 of all Series 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 3(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 3(b).

In these Conditions, "**Parity Obligation**" means any instrument or security (including without limitation any preference units in AA REIT) 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 an AA 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 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 in Condition 9(a)) of the Issuer and/or AA REIT, 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 the Issuer and/or AA REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of AA REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the "**AA REIT Notional Preferred Units**") having an equal right to return of assets in the Winding-Up of the Issuer and/or AA 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 the Issuer and/or AA REIT, and so rank ahead of the holders of Junior Obligations (as defined in Condition 4(IV)(a)) 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 AA REIT Notional Preferred Unit on a return of assets in such Winding-Up of the Issuer and/or AA REIT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

(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 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 or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, 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 AA REIT's Winding-Up, the liquidator or, as appropriate, administrator of AA REIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of AA REIT) and accordingly any such discharge shall be deemed not to have taken place.

4. 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 outstanding principal amount from the Distribution Commencement Date (as defined in Condition 4(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 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 thereof 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 4(I) and the Agency Agreement to the Relevant Date (as defined in Condition 7).

(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 shown in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate,

Provided always that if a Cessation or Suspension of Trading Event (as defined in Condition 5(g)) is specified on the face of such Perpetual Security and a Cessation or Suspension of Trading Event Margin is specified in the applicable Pricing Supplement, in the event that a Cessation or Suspension of Trading Event has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(g), the then prevailing Distribution Rate shall be increased by the Cessation or Suspension of Trading Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which a Cessation or Suspension of Trading Event occurred (or, if a Cessation or Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes 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) plus the Cessation or Suspension of Trading Event Margin (if applicable, as specified in the applicable Pricing Supplement) as contemplated in the proviso to Condition 4(I)(b) above; and

"**Swap Offer Rate**" means:

(aa) the rate per annum (expressed as a percentage) notified by the Calculation Agent to the Issuer equal to 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 replacement page thereof for the purpose of displaying the swap rates of leading reference banks) 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, no rate is available 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 replacement page thereof for the purpose of displaying the swap rates of leading reference banks), the Calculation Agent will determine the swap offer rate for such Reset Period (determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) 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 Calculation Agent 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 Calculation Agent 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 Calculation Agent 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 Calculation Agent 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, the swap offer rate will be the rate per annum notified by the Calculation Agent to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) 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 Calculation Agent 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 Calculation Agent 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 Calculation Agent will request the principal Singapore offices of the Reference Banks to provide the Calculation Agent 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 four decimal places) of such offered quotations, as determined by the Calculation Agent or, if only one of the Reference Banks provides the Calculation Agent with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate as determined in accordance with the foregoing is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(c) Calculation of Distribution Rate or Reset Distribution Rate

The Calculation Agent will, on the second business day prior to each Fixed Rate Determination Date, calculate the applicable Reset Distribution Rate or (if a Cessation or Suspension of Trading Event has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

For the purposes of this Condition 4(I)(c), "**Fixed Rate Determination Date**" means each Step-Up Date, each Reset Date or (if a Cessation or Suspension of Trading Event has occurred) the Distribution Payment Date immediately following the date on which the Cessation or Suspension of Trading Event occurred (or if the Cessation or Suspension of Trading Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

(d) Publication of Distribution Rate or Relevant Reset Distribution Rate

The Calculation Agent will cause the applicable Reset Distribution Rate or (if a Cessation or Suspension of Trading Event has occurred or if a Step-Up Margin is specified in the applicable Pricing Supplement) the applicable Distribution Rate to be notified to the Principal Paying Agent, the Trustee, the Registrar and the Issuer as soon as possible after its determination but in no event later than the fourth business day thereafter. The Issuer shall cause notice of the then applicable Reset Distribution Rate or (if a Cessation or Suspension of Trading Event has occurred) the applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the other Paying Agents, the Registrar, the Transfer Agent, the Trustee and the Perpetual Securityholders and (except as provided in the Agency Agreement) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(e) Determination or Calculation by Trustee

If the Calculation Agent does not at any material time determine or calculate the applicable Reset Distribution Rate or (if a Cessation or Suspension of Trading Event has occurred) the applicable Distribution Rate, the Trustee shall do so or otherwise procure the determination or calculation of such Distribution Rate or Reset Distribution Rate. In doing so, the Trustee shall apply the provisions of this Condition 4(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 shown on the face of the Perpetual Security. The amount of distribution payable per Calculation Amount (as defined in Condition 4(II)(c)) for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the Distribution Rate or Reset Distribution Rate (as the case may be) and the Calculation Amount, by the Day Count Fraction shown on the face of the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (with halves rounded up).

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 outstanding principal 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 (as defined below) 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 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 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 4(II) and the Agency Agreement 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 outstanding principal 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 rate 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 4(**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 Calculation Agent on the basis of the following provisions:

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

(A) the Calculation Agent 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 offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period 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 for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided on the face of such Floating Rate Perpetual Security) 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 the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on 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 Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent 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 four decimal places) of such offered quotations and as adjusted by the Spread (if any) and the Step-Up Spread (if any), as determined by the Calculation Agent;

(C) if on any Distribution Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) 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 Calculation Agent 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 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" under the column headed "SGD SOR" (or such replacement page thereof 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 is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Calculation Agent and the Issuer and as adjusted by the Spread (if any) and the Step-Up Spread (if any); and

(C) if on any Distribution Determination Date, the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Calculation Agent and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the

Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, 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 four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore 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 Calculation Agent 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 below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution 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 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 Perpetual Securities 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 Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) 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 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 Calculation Agent 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) For the avoidance of doubt, in the event that the Rate of Distribution as determined in accordance with the foregoing 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, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) 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 relevant Paying Agent's specified office and (iii) (if a payment is to be made on that day):

(1) (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;

(2) (in the case of Perpetual 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

(3) (in the case of Perpetual 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 the principal financial centre for that currency;

"**Calculation Agent**" means, in relation to any Series of Perpetual Securities, the person appointed as the calculation agent pursuant to the terms of the Agency Agreement or, as the case may be, the Calculation Agency Agreement as specified in the applicable Pricing Supplement;

"**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 5:

(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;

(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; and

(iv) if "30/360" is specified in the applicable Pricing Supplement, the 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 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, Distribution Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, Distribution Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Fixed Rate Distribution Period or, as the case may be, Distribution Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Distribution Period or, as the case may be, Distribution Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

"**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, the date falling 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;

"**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;

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement.

"**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 Reuters Monitor Money Rates Service ("**Reuters**")) agreed to by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three major banks selected by the Calculation Agent after 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 interbank 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, 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 Calculation Agent 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 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 Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent 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 Principal Paying Agent, the Trustee, the Registrar 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 Principal Paying Agent will 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 14 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 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 Calculation Agent 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 and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(d) Calculation Agent and Reference Banks

The Issuer will procure that, so long as any Floating Rate Perpetual Security 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 Perpetual Security remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent 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 Calculation Agent 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 Principal Paying Agent, the Registrar and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the relevant Perpetual Security) prior to a scheduled Distribution Payment Date.

If a 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 dividend, distribution or other payment has been declared or paid on or in respect of the Issuer's Junior Obligations or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations; or

(ii) any of the Issuer's Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group (as defined in the Trust Deed), (2) as a result of the exchange or conversion of Specified Parity Obligations of the Issuer for Junior Obligations of the Issuer and/or (3) as otherwise specified in the applicable Pricing Supplement.

In these Conditions:

(A) "**Junior Obligation**" means (aa) in respect of Perpetual Securities which are Senior Perpetual Securities, any class of equity capital in AA REIT and any other instrument or security issued, entered into or guaranteed by the Issuer (including without limitation any preferred units or subordinated perpetual securities) that ranks or is expressed to rank, by its terms or by operation of law, junior to all unsecured obligations of the Issuer from time to time outstanding; and (bb) In respect of Perpetual Securities which are Subordinated Perpetual Securities, any class of equity capital in AA REIT and any other 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 AA REIT; and

(B) "**Specified Parity Obligations**" means any instrument or security (including without limitation any preferred units) issued, entered into or guaranteed by the Issuer (aa) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Perpetual Securities and (bb) 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 (which excludes for the avoidance of doubt (I) any payment due to be made in respect of debt owing to any (x) trade creditors and/or (y) service providers and professionals, (II) any payment due to be made in respect of credit facilities granted by banks and other financial institutions, and (III) any prepayment or redemption prior to the due date of maturity of any senior instrument or security at the option of the Issuer or, as the case may be, the issuer thereof).

If Dividend Pusher is set out hereon, each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Principal Paying Agent, by a certificate signed by two authorised signatories of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Principal Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No Obligation to Pay

If Optional Payment is set out on the face of the relevant Perpetual Security and subject to Condition 4(IV)(c) and Condition 4(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 on the face of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(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 at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(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 4(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 on the face of the relevant Perpetual Security, any distribution deferred pursuant to this Condition 4(IV) shall constitute "**Arrears of Distribution**". The Issuer may, at its sole discretion, elect to (in the circumstances set out in Condition 4(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 4(IV) except that this Condition 4(IV)(c) shall be complied with until all outstanding Arrears of Distribution have been paid in full.

(iii) If Additional Distribution is set out on the face of the relevant Perpetual Security, 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 4 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 4. 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 on the face of the relevant Perpetual Security 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 4(IV), the Issuer shall not and shall procure that none of the subsidiaries of AA REIT 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 (except on a *pro rata* basis) any of the Issuer's Specified 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 (except on a *pro rata* basis) any of the Issuer's Specified Parity Obligations,

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of Specified Parity Obligations of the Issuer for the 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 (or to procure or permit the subsidiaries of AA REIT 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, 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 Principal Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified on the face of the relevant Perpetual Security) 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 5 (as applicable);

    (2) the next Distribution Payment Date following the occurrence of a breach of Condition 4(IV)(d) or following the occurrence of a Compulsory Distribution Payment Event; and

(3) the date such amount becomes due under Condition 9 or on a Winding-Up of AA REIT.

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 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the Issuer under the Perpetual Securities.

5. 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 3 and without prejudice to Condition 9) only have the right (but not the obligation) to redeem or purchase them in accordance with the following provisions of this Condition 5.

(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 Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered 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 the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Issuer shall comply with the rules of the SGX-ST in relation to the publication of any notice of 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 receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

  (1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

  (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(ii) (1) the Issuer 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 (2) 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 5(c), the Issuer shall deliver to the Trustee:

(A) a certificate signed by two authorised signatories 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) in the case of a notice of redemption pursuant to Condition 5(c)(i), the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(c)(i) or, in the case of a notice of redemption pursuant to Condition 5(c)(ii), an opinion of independent legal, tax or any other professional advisers of recognised standing, which shall be addressed to the Trustee, 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 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,

and the Trustee shall be entitled to accept such certificate, and opinion or ruling (as the case may be) 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 5(c), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(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 at any time prior to or after that Distribution Payment Date, 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 AA REIT (the "**Relevant Accounting Standards**"), the Perpetual Securities will not or will no longer be recorded as "equity" of AA REIT pursuant to the Relevant Accounting Standards.

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee:

(i) a certificate, signed by two authorised signatories of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) an opinion of AA REIT'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 Standards has taken effect or is due to take effect,

and the Trustee 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 5(d), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(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):

(i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

(1) 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 or becomes effective on or after the Issue Date;

(2) 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 or becomes effective on or after the Issue Date; or

(3) any generally applicable official interpretation or pronouncement 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 before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA, provided that no such notice of redemption may be given earlier than 90 days prior to such effective date on which the distributions (including any Arrears of Distribution and any Additional Distribution Amount) would not be regarded as such sums; or

(ii) if the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums "payable by way of interest upon any money borrowed" for the purpose of Section 14(1)(a) of the ITA.

Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee:

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

(B) in the case of a notice of redemption pursuant to Condition 5(e)(i), 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, amendment, interpretation or pronouncement has taken place or is due to take effect, or, in the case of a notice of redemption pursuant to Condition 5(e)(ii), the ruling from the Comptroller of Income Tax in Singapore (or other relevant authority) to such effect as stated in Condition 5(e)(ii),

and the Trustee shall be entitled to accept such certificate, and opinion or ruling (as the case may be) 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 5(e), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(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 on the face of the relevant Perpetual Security, 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 expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

(g) Redemption upon Cessation or Suspension of Trading of Units

If so provided hereon, in the event that (i) the units of AA REIT cease to be listed and/or traded on the SGX-ST or (ii) trading in the units of AA REIT on the SGX-ST is suspended for a continuous period exceeding 10 consecutive market days (each, a "**Cessation or**

Suspension of Trading Event"), 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 earlier, the date falling 45 days after the Effective Date, at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption). The Issuer shall forthwith (and in any event not later than seven days after the Effective Date) notify the Trustee, the Principal Paying Agent and the Perpetual Securityholders of the occurrence of the event specified in this Condition 5(g).

Upon expiry of any such notice as is referred to in this Condition 5(g), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(g).

For the purposes of this Condition 5(g):

(1) "**Effective Date**" means (in the case where the units in AA REIT cease to be listed or traded on the SGX-ST) the date of cessation of listing or, as the case may be, trading or (in the case where trading in the units in AA REIT on the SGX-ST is suspended for a continuous period of more than 10 consecutive market days) the business day immediately following the expiry of such continuous period of 10 consecutive market days; and

(2) "**market day**" means a day on which the SGX-ST is open for securities trading.

(h) Redemption upon a Regulatory Event

If so provided on the face of the relevant Perpetual Security, 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 and shall oblige the Issuer to redeem the Perpetual Securities), 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 5(h), the Issuer shall deliver, or procure that there is delivered to the Trustee:

(i) a certificate, signed by two authorised signatories 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 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 5(h), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(h).

For the purposes of this Condition 5(h):

(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; and

(2) "**Property Funds Appendix**" means Appendix 6 of the Code on Collective Investment Schemes, issued by the Monetary Authority of Singapore in relation to real estate investment trusts.

(i) 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 in the relevant Perpetual Security, 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 any time after that Distribution Payment Date, 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) 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.

Prior to the publication of any notice of redemption pursuant to this Condition 5(i), the Issuer shall deliver, or procure to be delivered, to the Trustee a certificate, signed by two duly authorised signatories of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances.

The Trustee shall be entitled to accept such certificate 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 expiry of any such notice as is referred to in this Condition 5(i), the Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(i).

(j) Purchases

The Issuer and/or any of the respective related corporations of the Issuer and AA REIT may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons, if any, 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. The Perpetual Securities so purchased, while held by or on behalf of the Issuer and/or any of the related corporations of the Issuer and AA REIT shall not (unless and until ceasing to be so held) entitle the holder to vote at any meetings of the Perpetual Securityholders and shall not (unless and until ceasing to be so held) be deemed to be outstanding for the purposes of calculating quorums at meetings of the Perpetual Securityholders or for the purposes of Conditions 9 and 10.

Perpetual Securities so purchased, while held by or on behalf of the Issuer and/or any of the related corporations of the Issuer and AA REIT may be surrendered by the purchaser through the Issuer to, in the case of Bearer Perpetual Securities, the Principal Paying Agent and, in the case of Registered Perpetual Securities, the Registrar for cancellation or may at the option of the Issuer or, as the case may be, the 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.

(k) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer and/or any of the related corporations of the Issuer and AA REIT may be surrendered for cancellation, in the case of Bearer Perpetual Securities, by surrendering each such Perpetual Security together with all unmatured Coupons and all unexchanged Talons, if any, to the Principal Paying Agent at its specified office and, in the case of Registered Perpetual Securities, by surrendering the Certificate representing such Perpetual Securities to the Registrar and, in each case, if so surrendered, shall, together with all Perpetual Securities redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons, if any, attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Distribution in respect of Bearer Perpetual Securities

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or, as the case may be, Coupons at the specified office of any 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 holder in that currency with a bank in the principal financial centre for that currency.

(b) Principal and Distribution in respect of Registered Perpetual Securities

(i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Registrar or any other Transfer Agent and in the manner provided in Condition 6(b)(ii).

(ii) Payments of distribution on Registered Perpetual Securities shall be made to the person shown on the Register as the holder thereof at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the holder in that currency with a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

The Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent, the Non-CDP Paying Agent, any other Paying Agent, the Calculation Agent, the CDP Registrar and the Non-CDP Registrar and to appoint additional or other paying agents, calculation agents or transfer agents, provided that it will at all times maintain (i) a Principal Paying Agent having a specified office in Singapore and (in the case of Non-CDP Perpetual Securities) a Non-CDP Paying Agent, (ii) a Registrar in relation to Registered Perpetual Securities and (iii) a Calculation Agent where the Conditions so require.

Notice of any such change in appointment or any change of any specified office will be given to the Perpetual Securityholders in accordance with Condition 14.

The Agency Agreement may be amended by the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent of the holder of any Perpetual Security or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee materially and adversely affect the interests of the holders of the Perpetual Securities or the Coupons. Any such amendment shall be binding on the Perpetual Securityholders and the Couponholders.

(e) Unmatured Coupons and Unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured 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 five 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 Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) 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 Bearer Perpetual Security or Certificate.

(f) Talons

On or after the Distribution Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Perpetual Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent on any business day in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(g) 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 holder 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.

7. Taxation

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 (or in respect of which the Certificate representing it is 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 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 requirement or by making or procuring the making of a declaration of residence, 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.

For the avoidance of doubt, neither the Issuer nor any other person shall be required to pay any additional amount or otherwise indemnify a holder for any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code as amended or otherwise imposed pursuant to Section 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

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 14 that, upon further presentation of the Perpetual Security (or relative Certificate) 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 5, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. Prescription

Claims against the Issuer for payment in respect of the Perpetual Securities and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date for payment.

9. Non-payment

(a) Non-payment when Due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, administration or similar proceedings (the "**Winding-Up**") in respect of the Issuer and/or AA REIT 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 4(IV). In addition, nothing in this Condition 9, 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 the Issuer and/or AA REIT or (ii) the Issuer does not pay any amount payable by it under any of the Perpetual Securities when due and such failure 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 9(d), institute proceedings for the Winding-Up of the Issuer and/or AA REIT, prove in the Winding-Up of the Issuer and/or AA REIT and/or claim in the liquidation of the Issuer and/or AA REIT for such payment.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(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 9(b) or Condition 9(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 and/or pre-funded to its satisfaction.

(e) Right 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 the Issuer and/or AA REIT 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 9.

(f) Extent of Perpetual Securityholders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 9, 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 (as applicable) 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 8.3 of the Trust Deed.

10. Meeting 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 10 per cent. of the principal amount of the Perpetual Securities of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded 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 amend the subordination provisions of the Perpetual Securities, (g) 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 (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 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 and/or Clearstream, Luxembourg and/or 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) to the Trust Deed and any of the other Issue Documents, 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 shall be notified to the Perpetual Securityholders as soon as practicable.

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.

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

If a Perpetual Security, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange requirements or other relevant authority regulations at the specified office of the Principal Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, 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 14, 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, Certificate, Coupon or Talon 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, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further perpetual securities either having the same terms and conditions as the Perpetual Securities in all respects (or in all respects except for the first payment of distribution on them) and so that such further issue shall be consolidated and form a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Perpetual Securities include (unless the context requires otherwise) any other perpetual securities issued pursuant to this Condition 12 and forming a single series with the Perpetual Securities. Any further perpetual securities forming a single series with the outstanding perpetual securities of any series (including the Perpetual Securities) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may, with the consent of the Trustee, be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Perpetual Securityholders and the holders of perpetual securities of other series where the Trustee so decides.

13. 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 and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee and/or any corporation related to it to enter into business transactions with the Issuer or any of the respective related corporations of the Issuer and AA REIT 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, credit worthiness, condition, affairs, status and nature of the Issuer or AA REIT, 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.

14. Notices

Notices to the holders of Registered Perpetual Securities shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, and shall be valid if mailed to them at their respective addresses in the Register and shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities 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. In the case where the Issuer is listed on the SGX-ST or where the Perpetual Securities are listed on the SGX-ST, notice to the holders of such Perpetual Securities shall also be valid if made by way of an announcement on the SGX-ST. Any such notice shall be deemed to have been given to the Noteholders on the date on which the said notice was uploaded as an announcement on the SGX-ST. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

So long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers or announcement on SGX-ST the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system 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, the Depository and/or such other clearing system.

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 Principal Paying Agent (in the case of Bearer Perpetual Securities) or the Registrar (in the case of Certificates). Whilst the Perpetual Securities are represented by a Global Security or a Global Certificate, such notice may be given by any Perpetual Securityholder to the Principal Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system in such manner as the Principal Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identities 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.

15. 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.

16. Acknowledgement

(a) Capacity

Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, the Trustee, the Perpetual Securityholders and the Couponholders agree and acknowledge that HSBC Institutional Trust Services (Singapore) Limited ("**HSBCIT**") has entered into the Trust Deed only in its capacity as trustee of AA REIT 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. Accordingly, notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, HSBCIT has assumed all obligations under the Trust Deed, the Perpetual Securities and the Coupons in its capacity as trustee of AA REIT and not in its personal capacity and any liability of or indemnity, covenant, undertaking, representation and/or warranty given or to be given by the Issuer under the Trust Deed, the Perpetual Securities and the Coupons is given by HSBCIT only in its capacity as trustee of AA REIT 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 or held on trust for AA REIT over which HSBCIT, in its capacity as trustee of AA REIT, has recourse and shall not extend to any personal or other assets of HSBCIT or any assets held by HSBCIT in its capacity as trustee of any other trust (other than AA REIT). Any obligation, matter, act, action or thing required to be done, performed or undertaken or any covenant, undertaking, representation or warranty given by the Issuer under the Trust Deed, the Perpetual Securities and the Coupons shall only be in connection with matters relating to AA REIT (and shall not extend to the obligations of HSBCIT 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, the Perpetual Securityholders and the Couponholders under law or equity.

(b) No Recourse

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 Issuer and there shall be no recourse against the shareholders, directors, officers or employees of HSBCIT 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, the Perpetual Securityholders and the Couponholders under law or equity.

(c) Legal Action or Proceedings

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 HSBCIT in its capacity as trustee of AA REIT and not in its personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity.

(d) Applicability

This Condition 16 shall survive the termination or rescission of the Trust Deed and the Perpetual Securities. The provisions of this Condition 16 shall also apply, *mutatis mutandis*, to any notice, certificate or other document which the Issuer may issue under or pursuant to the Trust Deed and the Perpetual Securities, as if expressly set out therein.

17. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, 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 exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Perpetual Securities, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons ("**Proceedings**") shall be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) No Immunity

The Issuer irrevocably agrees that, should the Trustee, the Perpetual Securityholders or Couponholders take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that the Issuer and its assets and AA REIT and AA REIT's assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Perpetual Securities, the Coupons and the Trust Deed.

Principal Paying Agent and CDP Registrar
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One Raffles Quay
#16-00 South Tower
Singapore 048583

Non-CDP Paying Agent and Non-CDP Registrar
Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Information Memorandum, including the risks and uncertainties described below. The business, financial condition, results of operations and/or prospects of AA REIT (including for these purposes its subsidiaries, associated companies (if any) and/or joint venture companies (if any)) could be materially adversely affected by any of these risks. The Issuer and AA REIT believe that the following factors may affect their ability to fulfil their obligations under the Securities issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor AA REIT is in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and AA REIT believe may be material for the purpose of assessing the market risks associated with Securities issued under the Programme are also described below.

The Issuer and AA REIT believe that the factors described below represent the principal risks inherent in investing in Securities issued under the Programme, but the Issuer or AA REIT may be unable to pay interest, distribution, principal or other amounts on or in connection with any Securities for other reasons and the Issuer and AA REIT do not represent that the statements below regarding the risks of holding any Securities are complete or exhaustive. Additional risk factors which the Issuer and AA REIT are currently unaware of may also impair the business, financial condition, performance and/or prospects of the Issuer, AA REIT or the Group. Prospective investors should also read the detailed information set out elsewhere in this Information Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

LIMITATIONS OF THIS INFORMATION MEMORANDUM

Prospective investors in the Securities should make their own investigations of the Issuer, AA REIT and 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 Issuer, the AA REIT Manager, the Arrangers 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, even if the investor has received information to assist it in making such a determination.

Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, AA REIT, the AA REIT Manager, their respective subsidiaries (if any), associated companies (if any) and/or joint venture companies (if any), any of the Arrangers, 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 Issuer, AA REIT, their respective subsidiaries, associated companies (if any) and/or joint venture 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 control of the Issuer, AA REIT or the Group. The forward-looking information in this Information Memorandum may prove inaccurate. Please see the section entitled "Forward-looking statements" on page 6 of this Information Memorandum.

RISKS RELATING TO THE BUSINESS AND OPERATIONS OF AA REIT

Adverse economic conditions and instability in global market conditions could adversely affect the business, financial condition, results of operations and/or prospects of AA REIT

The global credit markets have experienced, and may continue to experience, volatility and liquidity disruptions which have resulted in the consolidation, failure or near failure of a number of institutions in the banking and insurance industries. Concerns about the outlook of the Chinese economy, the exit of the United Kingdom from the European Union, the rise in global trade protectionism, the interest rate environment in the United States and trade tensions between the United States and its trading partners (including the European Union and China), may continue to have a negative impact on the global credit markets.

Such events could adversely affect AA REIT insofar as they result in:

(a) a negative impact on the ability of the tenants to pay their rents in a timely manner or continue their leases, thus adversely affecting AA REIT's cash flow;

(b) an increase in counterparty risk; and/or

(c) an increased likelihood that one or more of (i) AA REIT's banking syndicate, (ii) banks providing bankers' guarantees for AA REIT's security deposits and/or (iii) AA REIT's insurers may be unable to honour their commitments to AA REIT.

The pervasive and fundamental disruptions in the global financial markets have led to extensive and unprecedented governmental intervention in those markets. In addition, it is not certain when governmental intervention will end or what, if any, additional temporary or permanent restrictions and/or increased regulation governments may impose on the financial markets. Any further government intervention, restrictions or regulation could have a material adverse effect on AA REIT's business, financial condition, results of operations and/or prospects.

The amount AA REIT may borrow is limited, which may affect the operations of AA REIT and the borrowing limit may be exceeded if there is a downward revaluation of assets

AA REIT is subject to certain covenants under the terms of its existing borrowings that limit the amount that it may borrow, which may otherwise adversely affect its operations and its ability to fulfil its payment obligations under the Securities. There is also no assurance that AA REIT's future borrowings will not contain similar covenants. AA REIT is also subject to the aggregate leverage (as defined in the Property Funds Appendix, the "**Aggregate Leverage**") limit. Under the Property Funds Appendix, the Aggregate Leverage of a REIT should not exceed 45.0% of the value of its deposited property (as defined in the Property Funds Appendix). As at 30 September 2018, the aggregate leverage ratio of AA REIT is 33.6%. Although the Aggregate Leverage of AA REIT is currently in compliance with the requirements of the Property Funds Appendix, there can be no assurance that AA REIT will not be required to make downward revaluations of its properties in the future. Any fall in the gross revenue or net property income earned from AA REIT's properties may result in downward revaluation of the properties.

AA REIT may, from time to time, require further debt financing to achieve its investment strategy. In the event that AA REIT decides to incur additional borrowings in the future, it may be unable to obtain such additional borrowings if to do so would breach the prescribed borrowing limits, and this may, *inter alia*, result in AA REIT:

(a) being unable to fund capital expenditure requirements, refurbishments, renovation and improvements, asset enhancement initiatives and development works in relation to AA REIT's existing asset portfolio or in relation to AA REIT's acquisitions to expand its portfolio;

(b) being unable to fund working capital requirements which may further constrain AA REIT's operational flexibility; and

(c) facing cash flow shortages which may have an adverse impact on AA REIT's ability to satisfy its obligations in respect of the Securities.

In addition, should there be a decline in the value of the deposited property which causes the borrowing limit to be exceeded, AA REIT will not be able to make further borrowings.

There is no assurance that the current rating given to AA REIT by Standard & Poor's will be maintained or that the rating will not be reviewed, downgraded, suspended or withdrawn in the future

As at the Latest Practicable Date, AA REIT is assigned an investment grade credit rating of "BBB-" by Standard & Poor's. The rating assigned by Standard & Poor's is based on the views of Standard & Poor's only. Future events could have a negative impact on the rating of AA REIT and prospective investors should be aware that there is no assurance that the rating given will continue or that the rating would not be reviewed, downgraded, suspended or withdrawn as a result of future events or judgement on the part of Standard & Poor's. A downgrade or withdrawal of the credit rating of AA REIT may have a negative impact on the market value of the Securities and may lead to AA 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 and/or affecting AA REIT's ability to fulfil its payment obligations under the Securities.

AA REIT may experience limited availability of funds

AA 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 AA REIT. Factors that could affect AA REIT's ability to procure financing include the cyclicality of the property market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. A global credit crunch will also have an adverse impact on the availability and cost of funding and consequently may hinder AA REIT's ability to obtain additional financing.

AA REIT may have a higher level of gearing than certain other types of unit trusts

AA REIT's level of borrowings represents a higher level of gearing as compared to certain other types of units trusts such as non-specialised collective investment schemes which invest in equities and/or fixed income instruments. Investment risk is known to increase with the increase in gearing or leverage. An increase in gearing or leverage will subject AA REIT to the risk of changing economic climate. For example, in a climate of rising interest rates, the costs of financing of AA REIT's investments (including servicing its indebtedness) will increase and this will adversely affect AA REIT's ability to fulfil its payment obligations under the Securities. AA REIT has taken steps to actively manage this risk through its interest rate risk management policies. Please also see the risk factor titled "*AA REIT is subject to interest rate fluctuations*".

AA REIT faces risks associated with debt financing

AA REIT's distribution policy is to distribute at least 90.0% of its taxable income for a full financial year other than gains from sale of real estate that are determined by IRAS to be trading gains and net overseas income and such distributions are made to the Unitholders on a quarterly basis. As a result of this distribution policy, AA REIT may not be able to meet all of its obligations to repay any future borrowings through its cash flow from operations. As such, AA REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There can be no assurance that such financing will be available on acceptable terms or at all. If AA REIT defaults under such debt liabilities, the lenders may be able to declare a default and initiate enforcement proceedings in respect of any security provided, and/or call upon any guarantees provided.

Some or all of its properties are, or may in future be, mortgaged to secure payment of indebtedness. If AA REIT is unable to meet interest or principal payments, the lenders may foreclose its properties or any one of them, or the lenders could require a forced sale of its mortgaged properties, or any one of them, resulting in a loss of income and asset value to AA REIT. In an event of default on the Notes, enforcement event on the Perpetual Securities, or default under any other indebtedness or upon AA REIT's bankruptcy, liquidation or reorganisation, any secured indebtedness of third party creditors to AA REIT's portfolio would effectively be senior to the Securities to the extent of the value of AA REIT's portfolio securing their indebtedness. The holders of the Securities would only have a senior unsecured claim against those assets to the extent any remain after satisfying the obligations under secured indebtedness.

There is also no assurance that the lenders will be able to realise the original purchase price or the current market value of its properties if they are divested under any enforcement action in the future. If AA REIT wishes to dispose of any of its properties, it will (for so long as its properties are mortgaged) require the approval of the lenders. The need for such approval may restrict AA REIT's ability to freely dispose of its properties as there is no assurance that the approval will be obtained in time or at all.

AA REIT will also be subject to the risk that its existing borrowings may be terminated by the lenders upon occurrence of certain events and it may not be able to refinance its existing borrowings or that the terms of any refinancing undertaken will be less favourable than the terms of existing borrowings.

In addition, AA REIT is, and in future may continue to be, subject to certain covenants, representations and warranties in connection with its borrowings that may limit or otherwise adversely affect its operations and its ability to fulfil its payment obligations under the Securities. Such covenants may also restrict AA REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Certain of these borrowings may also require AA 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 AA REIT may be used to satisfy such a claim and this could have a material adverse effect on AA REIT.

AA REIT is also subject to the risk that its existing borrowings may have their repayments accelerated or terminated by the lenders upon the occurrence of certain events. Even if AA REIT is able to refinance part or all of such existing debt, it remains subject to the risk that the prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make loans in relation to properties that are primarily used for industrial purposes) will not be as favourable as the terms of its existing debt, which would in turn adversely affect AA REIT's cash flow and its ability to fulfil its payment obligations under the Securities.

A proportion of AA REIT's expected cash flow may also be required to be dedicated to the payment of interest on its borrowings, thereby reducing the funds available to AA REIT for use in its general business operations. Such indebtedness may also restrict AA 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.

AA REIT is subject to interest rate fluctuations

Some of AA REIT's existing debt and future borrowings may carry floating interest rates. Consequently, the interest cost to AA REIT for such debt will be subject to fluctuations in interest rates. In addition, AA REIT is, and may in future be, subject to market disruption clauses contained in its loan agreements with banks. Such clauses will generally provide that to the extent that the banks may face difficulties in raising funds in the interbank market or are paying materially more for interbank deposits than the displayed screen rates, they may pass on the higher cost of funds to the borrower, notwithstanding the margins agreed.

Where appropriate, AA REIT seeks to minimise its interest rate risk exposure by entering into interest rate swap contracts to swap floating interest rates for fixed interest rates over the duration of certain of its borrowings or utilise fixed rate borrowings. However, there is no certainty that AA REIT will be able to hedge its debts on a floating rate basis into fixed rate basis on commercially acceptable terms or at all, or that AA REIT's hedging policy will adequately cover its exposure to adverse interest rate fluctuations. Interest rate hedging could fail to protect AA REIT or could adversely affect AA REIT because, among others:

(a) available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought;

(b) the party owing money in the hedging transaction may default on its obligation to pay;

(c) the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs AA REIT's ability to sell or assign its side of the hedging transaction; and

(d) the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments would reduce the net asset value of AA REIT.

Hedging involves risks and transaction costs, which may reduce overall returns. These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs also limit the amount of cash available for the Issuer to fulfil payment obligations under the Securities. As a result, AA REIT's business, financial condition, results of operations and/or prospects could potentially be adversely affected by interest rate fluctuations.

AA REIT may be exposed to risks associated with exchange rate fluctuations between the currencies of the countries in which AA REIT invests and the Singapore dollar and changes in foreign exchange regulations

AA REIT is exposed to fluctuation of the Australian dollar against the Singapore dollar arising from its 49.0% investment in Optus Centre.

AA REIT's current and future foreign investments are and may be denominated in foreign currencies (including the Australian dollar) and fluctuations in the respective foreign currencies and foreign exchange rates will affect the value of the Singapore dollar equivalent amounts. However, as a substantial portion of its income, expenses, assets and liabilities are also denominated in Singapore dollars, AA REIT will maintain its financial statements in Singapore dollars, will make distributions to its Unitholders in Singapore dollars and its Unit price will remain in Singapore dollars. Accordingly, any significant fluctuation in the exchange rates between the foreign currencies and the Singapore dollar may have an adverse impact on AA REIT's results of operations when translated or converted into Singapore dollars. Should the Singapore dollar appreciate in value against the currencies of countries in which AA REIT invests, there may be a material adverse effect on AA REIT's net asset value and results of operations.

AA REIT may also be subject to the imposition or tightening of exchange control or repatriation restrictions, and may encounter difficulties or delays in the receipt of its proceeds from divestments and dividends due to the existence of such restrictions in the jurisdictions in which it operates.

Payment of management fees in cash by AA REIT to the AA REIT Manager may have an adverse effect on the cash flow of AA REIT and its ability to fulfil its payment obligations under the Securities

The AA REIT Manager is entitled to management fees which shall be paid to the AA REIT Manager in the form of cash and/or Units (as the AA REIT Manager may elect prior to each such payment) out of the deposited property and in such proportion as may be determined by the AA REIT Manager.

If the AA REIT Manager is required to pay a large amount of management fees in cash, AA REIT's cash flow, financial condition, results of operations and/or prospects as well as its ability to fulfil its payment obligations under the Securities may be adversely affected. The price of the Securities may be materially and adversely affected as a result.

AA REIT may be adversely affected by the illiquidity of real estate investments

Real estate investments, particularly investments in high value properties such as those in which AA REIT tends to invest, are relatively illiquid. Such illiquidity may affect AA REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. AA REIT may be unable to sell its assets at 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. AA REIT may also face difficulties in securing timely and commercially favorable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors may have an adverse effect on AA REIT's business, financial condition, results of operations and/or prospects, with a consequential adverse effect on AA REIT's ability to fulfil its payment obligations under the Securities.

AA 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 AA 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 AA REIT's control.

The activities of AA 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.

Any of the above factors may adversely affect the ability of AA REIT to fulfil its payment obligations under the Securities.

AA REIT's strategy of investing primarily in industrial properties in the Asia Pacific region may entail a higher level of risk compared to other types of unit trusts that have a more diverse range of investments

AA REIT's principal strategy is investing in industrial properties in the Asia Pacific region. As such, AA REIT will be subject to risks inherent in concentrating on investments in a single industry in the Asia Pacific region. The level of risk could be higher compared to other types of unit trusts that have a more diverse range of investments. A concentration of investments in a portfolio of such industrial properties in the Asia Pacific region exposes AA REIT to both a downturn in the real estate market as well as the industrial sector. Such downturns may lead to a decline in occupancy for properties that are primarily used for industrial purposes including those in AA REIT's portfolio thereby affecting AA REIT's revenue stream, and/or a decline in the capital value of AA REIT's portfolio, which may have an adverse impact on its business, financial condition, results of operations and/or prospects, with a consequential adverse effect on AA REIT's ability to fulfil its payment obligations under the Securities.

The AA REIT Manager may not be able to successfully implement its investment strategy for AA REIT and acquisitions may not yield the returns expected

One of the AA REIT Manager's future plans is to grow AA REIT's portfolio of industrial properties throughout the Asia Pacific region. There can be no assurance that the AA REIT Manager will be able to expand AA REIT's portfolio at all, or at any specified rate or to any specified size. The AA REIT Manager may not be able to make investments or acquisitions on favourable terms in a desired time frame.

AA REIT will rely on external sources of funding to expand its portfolio, which may not be available on favourable terms or at all. As such, AA REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected.

Even if AA REIT were able to successfully make additional property acquisitions or investments, there can be no assurance that AA REIT will achieve its intended return on such acquisitions or investments. As the amount of debt AA REIT can incur to finance acquisitions is limited (for example, by the Property Funds Appendix and various financial and restrictive covenants in AA REIT's debt instruments and/or loan facilities), such acquisitions are likely to be largely dependent on AA REIT's ability to raise equity capital. Potential vendors may also view the necessity of raising equity capital (alongside the prolonged time frame and the lack of certainty associated with the process) to fund any such purchase negatively and may prefer other potential purchasers.

Furthermore, there has been significant competition for attractive investment opportunities in respect of industrial properties, both in Singapore and regionally, from other real estate investors, including other industrial real estate investment trusts ("**REITs**"), commercial property development companies and private investment funds. These real estate investors may include foreign or domestic companies, which may be larger in terms of assets and revenue and/or have greater financial resources, better quality assets and/or stronger relationships with potential vendors and tenants than AA REIT. There is therefore no assurance that AA REIT's investment strategy can be successfully implemented as increased competition may adversely affect its ability to acquire properties. Even if AA REIT were able to successfully acquire property or investments, there is no assurance that AA REIT will achieve its intended return on such acquisitions or investments.

In the event that the AA REIT Manager is not able to successfully implement its investment strategy for AA REIT or effectively compete with its competitors, AA REIT's business, financial condition, results of operations and/or prospects may be adversely affected, which may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

AA REIT is exposed to general risks associated with the development and asset enhancement works on AA REIT's properties

The AA REIT Manager may from time to time initiate asset enhancement and/or development works on some of the properties 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. In the event that such asset enhancement and/or development works do materialise and are completed, there is no assurance that they will be able to achieve their desired results as such properties may still be unable to attract new tenants or retain existing tenants or pre-committed tenants may default on their pre-commitment obligations, and significant costs may have been incurred by AA REIT in the course of such asset enhancement and/or development works.

AA REIT may be subjected to associated risks with its overseas investments

While the Properties are presently located in Singapore and Australia, the AA REIT Manager's strategy also includes investments in yield accretive properties in the Asia Pacific region to enhance AA REIT's value. As part of the expansion, there may be operational and currency risks involved in overseas business.

Investment in properties in foreign countries will expose AA REIT to local real estate market conditions in these countries. An economic decline in any one or more of the countries in which the properties of AA REIT are located could adversely affect AA REIT's business, financial condition, results of operations and/or prospects. Other local real estate market conditions which may adversely affect AA REIT's performance include the attractiveness of competing industrial properties, the supply of industrial properties and demand from tenants.

Further, AA REIT will be subject to foreign real estate laws, securities laws, tax laws, any applicable laws relating to foreign exchange and related policies and any unexpected changes to the same. For example, real estate laws differ from country to country and AA REIT's businesses in these countries may not always enjoy the same level of legal rights or protection that AA REIT is afforded in Singapore and Australia. More stringent or onerous real estate laws may be adopted in the future in the countries where AA REIT operates its business, and that may restrict AA REIT's ability to operate its business. The risk profile of AA REIT may therefore encompass the risks involved in each of the countries or businesses that AA REIT operates, and such risks may adversely affect the business, financial condition, results of operations and/or prospects of AA REIT. There might also be a negative impact on AA REIT's investments located in a foreign country as a result of measures and policies adopted by the relevant foreign governments and authorities at the local and national levels, including the imposition of foreign exchange restrictions. There is a risk that AA REIT will not be able to repatriate the income and gains derived from investment in real estate and other assets in these foreign countries. It may also be difficult to obtain legal protection and recourse in some countries.

In addition, the income and gains derived from investment in properties in foreign countries may be subject to various types of taxes in Singapore and in such countries, including income tax, withholding tax, capital gains tax and such other taxes which may be imposed specifically for ownership of real estate. All these taxes, which are subject to changes in laws and regulations that may lead to an increase in tax rates or the introduction of new taxes, could adversely affect and erode the returns from these properties and hence the yield to investors. There is also no assurance that AA REIT will be able to repatriate to Singapore the income and gains derived from investment in properties outside Singapore on a timely and regular basis. Any inability to repatriate the income and gains to Singapore will affect AA REIT's ability to fulfil its payment obligations under the Securities.

AA REIT may not be able to control or exercise any influence over entities in which it has minority interests

AA REIT may, in the course of future acquisitions, acquire minority interests in real estate-related investment entities. There can be no assurance that AA REIT will be able to control such entities or exercise any influence over the assets of such entities or their distributions to AA REIT. Such entities may develop objectives which are different from those of AA REIT and may not be able to make distribution. The management of such entities may make decisions regarding the entities they control which could, in turn, adversely affect the operations of AA REIT and its ability to fulfil its payment obligations under the Securities.

AA REIT depends on certain key personnel of the AA REIT Manager, and the loss of any key personnel may adversely affect its operations

AA REIT's performance depends, in part, upon the continued service and performance of key personnel of the AA REIT Manager. These key personnel may leave the AA REIT Manager in the future or compete with the AA REIT Manager and AA REIT. If any of these persons were to leave, the AA REIT Manager will accordingly spend time searching for a replacement and the duties which such executive officers are responsible for may be affected without suitable and timely replacement. The loss of one or more of these key personnel could have a material adverse effect on AA REIT's business, financial condition, results of operations and/or prospects.

There may be potential conflicts of interest among AA REIT, the AA REIT Manager and the Sponsors

As at the Latest Practicable Date, the AA REIT Manager is 50.0% owned by AIMS Financial Holding Limited and 50.0% owned by AMP Capital Investors International Holdings Limited, both of which are indirectly owned by AIMS Financial Group and AMP Capital, respectively (the "**Sponsors**"). The Sponsors and their respective subsidiaries and/or associates are engaged in, and/or may engage in, among others, investment in, and the development, management and operation of, industrial properties which may compete with the properties owned by AA REIT and cause downward pressure on rental rates. There can be no assurance that conflicts of interest will not arise between AA REIT and the Sponsors in the future, or that AA REIT's interests will not be subordinated to those of the Sponsors. The Sponsors may in future, sponsor, manage or invest in other REITs or other vehicles which may also compete directly with AA REIT. There is also no assurance that the AA REIT Manager will not favour other properties which it may manage or operate over those owned by AA REIT or that conflicts of interest would not arise and/or be adequately resolved. This could lead to lower occupancy rates and/or lower revenue for AA REIT's properties, which may in turn result in a material adverse effect on AA REIT's gross revenue and this may indirectly affect AA REIT's ability to fulfil its payment obligations under the Securities.

There is no assurance that AA REIT will be able to continue to leverage and tap on the Sponsors' capabilities and expertise in the operation of the Properties or the management of AA REIT

As disclosed in the AA REIT Manager's announcement on 21 November 2018, the Sponsors have reached an agreement under which AMP Capital intends to sell its 50.0% shareholding in the management entities of AA REIT[1] and its principal 10.26% stake in AA REIT to AIMS Financial Group (the "**Transaction**"). The Transaction is subject to customary conditions and the sale of AMP Capital's shareholding in the management entities is expected to complete in December 2018[2]. If the Transaction is completed, AMP Capital will dispose of all its ownership interests in the management entities of AA REIT as well as its principal stake in AA REIT. AIMS Financial Group will consequently become the 100.0% owner of the management entities of AA REIT and hold 17.88% of the units in AA REIT.

If and when the Sponsors decide to transfer or dispose of their interests in AA REIT or their shares in the AA REIT Manager, AA REIT may no longer be able to leverage on:

(a) the Sponsors' on-the-ground real estate expertise in the Asia Pacific region;

(b) the Sponsors' financial strength, market reach and network of contacts to further AA REIT's growth; or

(c) the Sponsors' capabilities and expertise in the areas of real estate fund management, corporate governance, debt structuring and development/asset enhancement.

This may have a material adverse effect on AA REIT's business, financial condition, results of operations and/or prospects.

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1 The management entities of AA REIT means the AA REIT Manager, the AA REIT Investment Manager and the AA REIT Property Manager.

2 Completion may occur on a later date following satisfaction of the conditions, but no later than 29 March 2019.

AA REIT may be involved in legal and other proceedings from time to time

AA 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 AA REIT's properties. These disputes may lead to legal and other proceedings, and may cause AA REIT to suffer additional costs and delays. In the event that such proceedings are resolved in favour of other parties against AA REIT, there may be an adverse impact on AA REIT's business, financial condition, results of operations and/or prospects. Additionally, AA 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 that may have a material adverse effect on AA REIT's business, reputation, financial condition, results of operations and/or prospects. This may in turn result in financial losses and delays in the completion of works and/or the construction of AA REIT's properties. Should any of the above circumstances develop into actual events, AA REIT's ability to fulfil its payment obligations under the Securities may be adversely affected.

The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, financial condition, results of operations and/or prospects of AA REIT

Several countries in Asia have suffered from outbreaks of communicable diseases such as Influenza A (H1N1), Severe Acute Respiratory Syndrome, Middle East Respiratory Syndrome, Zika virus, Ebola or Hand Foot and Mouth disease. Measures taken by governments of affected countries against such outbreaks, such as restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities, and could thereby adversely impact AA REIT's business, financial condition, results of operations and/or prospects.

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

AA REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directions affecting REITs in the jurisdictions in which it operates. 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 AA REIT specifically. Changes in legislation, regulations or government policies may increase the cost of compliance with such laws, regulations or policies and may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance.

The capital markets services ("**CMS**") licence issued to the AA REIT Manager by MAS is subject to certain conditions. If the AA REIT Manager fails to satisfy or comply with these conditions, the CMS licence of the AA REIT Manager may be cancelled, not renewed or revoked by MAS. The operations of AA REIT will be adversely affected as the AA REIT Manager would no longer be able to act as the manager of AA REIT. AA REIT would need to expend time and resources searching for a replacement manager and the operations of AA REIT may accordingly be adversely affected, which may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities. AA REIT was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337 on 21 March 2007 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of AA REIT is suspended, revoked or withdrawn, the operations of AA REIT, and in turn AA REIT's ability to fulfil its payment obligations under the Securities, could be adversely affected.

AA REIT may be unable to comply with the terms and conditions of tax rulings and tax exemptions obtained, or such tax rulings or tax exemptions may be revoked or amended

AA REIT has obtained various tax rulings and tax exemptions from IRAS and the Singapore Ministry of Finance ("**MOF**"). These tax rulings and tax exemptions are subject to stipulated terms and conditions based on the facts presented to the IRAS and the MOF at the time of such applications and include the requirement that AA REIT distributes at least 90.0% of its taxable income. There can be no assurance that AA REIT will be able to comply with these terms and conditions on an ongoing basis or ensure that the facts presented to the IRAS or the MOF do not change over time. There can also be no assurance that the IRAS or the MOF will not review, amend or revoke the tax rulings and the tax exemptions, either in whole or in part, either arising from a change in the tax laws or their interpretations or a change in policy. Non-compliance with the terms and conditions imposed on AA REIT by the IRAS and the MOF may affect AA REIT's tax transparent status, its ability to distribute its taxable income free of tax deduction at source and may also cause AA REIT to pay income tax on its taxable income which may, in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

The accounting standards in Singapore may change

The Singapore Accounting Standards Council may issue new and revised accounting standards and pronouncements from time to time and the Institute of Singapore Chartered Accountants may revise the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("**RAP 7**") from time to time. The financial statements of AA REIT may be affected by the introduction of such changes in accounting standards or revised RAP 7. The extent and timing of these changes are unknown and subject to confirmation by the relevant authorities.

There is no assurance that the changes in the accounting standards and revised RAP 7 will not have a material adverse effect on AA REIT's business, financial condition, results of operations and/or prospects.

RISKS RELATING TO THE PROPERTIES OF AA REIT

The Properties are located in Singapore and Australia, which exposes AA REIT to economic and real estate conditions in Singapore and Australia

The Properties are situated in Singapore and Australia, which exposes AA REIT to the risk of a prolonged downturn in economic and real estate conditions in Singapore and Australia. The value of these Properties may also be adversely affected by a number of local real estate conditions, such as limited uses of industrial properties due to zoning restrictions, oversupply and other competing industrial properties or reduced demand from tenants.

There are numerous industrial properties in Singapore and Australia that compete with the Properties in attracting tenants. If competing properties of a similar type are built in the areas where the Properties are located or similar properties in their vicinity are substantially upgraded and refurbished, the value of certain Properties could be adversely affected.

In addition, AA REIT's business, financial condition, results of operations and/or prospects may be adversely affected by competition for business and direct investment from other Asian countries such as China, India, Malaysia, Indonesia, Thailand, Vietnam or the Philippines, where the operating cost and rental and property rates may be substantially lower than those in Singapore or Australia. There can be no assurance that prospective or current tenants will not seek properties in locations outside of Singapore or Australia, which could have an adverse effect on

AA REIT's business, financial condition, results of operations and/or prospects, with a consequential adverse effect on AA REIT's ability to fulfil its payment obligations under the Securities.

Any loss of major tenants or any breach by the major tenants of their obligations under the tenancy agreements may have an adverse effect on AA REIT's business, financial condition, results of operations and/or prospects

AA REIT is directly dependent on the tenants of its properties for revenue. For the quarter ended 30 September 2018, AA REIT's top 10 tenants contributed 54.2% of the gross rental income of the Properties. There is a risk that a major tenant may prematurely terminate its lease or that it may not renew its lease upon expiry. It may be challenging to secure replacement tenants at short notice or on similar tenancy terms. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed may be less favourable than those of the current leases. The loss of major tenants in any one of the Properties or future properties acquired by AA REIT could result in periods of vacancy.

Furthermore, there is also a risk that one or more major tenants of AA REIT may be unable to pay their rent and/or otherwise breach their obligations under the lease agreements. The performance of the major tenants' businesses could also have an impact on their ability to make rental payments to AA REIT. The occurrence of any such adverse events may adversely affect AA REIT's business, financial condition, results of operations and/or prospects.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

(a) ability of such major tenants to compete with its competitors;

(b) adverse changes in the local economies in which they have business operations;

(c) downturn in their business operations or their financial position including but not limited to bankruptcy or insolvency proceedings; and

(d) external factors such as acts of God, wars, terrorists' attacks, riots, civil commotions, adverse political developments, widespread communicable diseases or other events beyond the control of such major tenants where they may have business dealings in.

This would adversely affect AA REIT's operating results and its ability to generate revenue, which may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

A substantial number of the Properties' leases are for terms of three years which expose the Properties to significant rates of lease expiries each year

The Properties have lease cycles in which a substantial number of the leases expire each year. Vacancies following the non-renewal of leases may lead to reduced occupancy rates. AA REIT may be adversely affected if a large number of tenants do not renew their leases in a year in which a substantial number of leases expire, and this may in turn affect AA REIT's business, financial condition, results of operations and/or prospects.

The cash flow of AA REIT may be adversely affected by declining rental rates

The amount of cash flow available to AA REIT will depend in part on its ability to continue to lease the properties held by AA REIT on economically favourable terms. As most of the income generated from AA REIT's properties is derived from rentals, AA REIT's cash flow may be adversely affected by any significant decline in the rental rates at which AA REIT is able to lease its properties and to renew existing leases or attract new tenants. There can be no assurance that the rental rates will not decline at some point during the period from each issue of the Securities until their redemption and that such decline will not have an adverse effect on the cash flow of AA REIT, which may in turn affect AA REIT's business, financial condition, results of operations and/or prospects.

The properties held by AA REIT may face competition from other properties

There are many existing and new industrial properties in Singapore and Australia that compete with AA REIT's properties in attracting and retaining tenants. Whenever competing properties in the vicinity of the properties held by AA REIT are developed or substantially upgraded and refurbished, the attractiveness of such properties may be affected. The properties held by AA REIT will also compete with properties that may be developed in the future which may adversely affect the demand and rental rates for space in AA REIT's properties and consequently the business, financial condition, results of operations and/or prospects of AA REIT, which may in turn affect the availability of cash flows and AA REIT'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 income from, and market value of, AA REIT's properties will be largely dependent on the relative competitiveness of its properties as compared to 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 their future operating results and market values of AA REIT's properties. If competing properties are more successful in attracting and retaining tenants or similar properties in their vicinity are substantially upgraded and refurbished, this may in turn affect the availability of cash flows and AA REIT's ability to fulfil its payment obligations under the Securities.

The revenue stream and the value of AA REIT's properties may be adversely affected by a number of factors

The revenue stream and the value of AA REIT's properties, and consequently AA REIT's business, results of operations, financial condition and/or prospects, may be adversely affected by a number of factors, including:

(a) vacancies following expiry or termination of leases or licences that lead to lower occupancy rates which reduce AA REIT's revenue stream and its ability to recover certain operating costs through charge-out collections;

(b) the AA REIT Manager's ability to collect rent or licence fees from tenants and licencees on a timely basis or at all;

(c) the amount and extent to which AA REIT is required to grant rebates on rental rates to tenants, due to market pressure;

(d) tenants seeking the protection of bankruptcy laws which could result in delays in receipt of rent payments, inability to collect rentals at all 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;

(e) 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;

(f) 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 governments of those jurisdictions in which AA REIT operates, changes in market rental rates and operating expenses for AA REIT's properties);

(g) the AA REIT Manager's ability to provide adequate management and maintenance or to purchase adequate insurance;

(h) tenants or sub-tenants failing to comply with the terms of their leases or sub-leases;

(i) master lessees and/or tenants in multi-tenanted properties may not renew their respective lease(s);

(j) vacancies following the expiry or termination of leases that lead to reduced occupancy rates;

(k) bankruptcy, insolvency or downturn in the business of tenants or sub-tenants which may cause any of them not to renew their leases or sub-leases or to terminate them before they expire;

(l) competition for tenants from other similar properties which may affect rental levels or occupancy levels at AA REIT's properties;

(m) 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 operating 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 building standards laws or town planning laws, or the enactment of new laws relating to contamination and redevelopment; and

(n) acts of God, wars, terrorists' attacks, riots, civil commotions, adverse political developments, widespread communicable diseases or other events beyond the control of the AA REIT Manager.

Properties held by AA REIT may be subject to increases in operating and other expenses

AA REIT's ability to fulfil its payment obligations under the Securities could be adversely affected if operating and other expenses increase without a corresponding increase in revenues or tenant reimbursements of operating and other costs.

Factors which could increase operating and other costs include:

(a) increases in the rate of inflation;

(b) increases in payroll expenses and labour costs;

(c) increases in property taxes and other statutory charges;

(d) increases in annual rents and/or service charges payable to the lessors under the land leases for the properties held by AA REIT;

(e) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;

(f) increases in sub-contracted service costs;

(g) increases in agent commission expenses for procuring new tenants;

(h) increases in repair and maintenance costs;

(i) increases in insurance premiums;

(j) increases in the cost of energy and utilities;

(k) costs arising from litigation claims; and

(l) defects affecting or environmental pollution in connection with AA REIT's properties which need to be rectified.

AA REIT relies on third parties to provide various services

AA REIT engages and relies on third-party contractors to provide various services in connection with the day-to-day operation of its properties. The facility management services provided by these third-party contractors may be inadequate and this may adversely affect tenant satisfaction. If competing properties of a similar type provide better facility management services, the attractiveness of AA REIT's properties may be adversely affected and this could in turn result in a drop in tenant retention rates.

AA REIT also engages and relies on third-party contractors to carry out its development and asset enhancement works. These asset enhancement and/or development works may be subject to delays in completion or cost overruns beyond estimates due to several factors, including disputes with the contractors and suppliers, industrial accidents, work stoppages arising from accidents at the worksite, and shortages of labour, equipment and construction materials. This may in turn result in excess costs which may have to be borne by AA 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 projects, or the inability to continue with the project. This may result in additional costs to AA REIT as AA 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, adequately covered by insurance or match AA REIT's targeted quality levels. All of these factors could adversely affect AA REIT's business, financial condition, results of operations and/or prospects.

AA REIT's properties might be adversely affected if the AA REIT Manager or the AA REIT Property Manager do not provide adequate management and maintenance services

Should the AA REIT Manager or the AA REIT Property Manager fail to provide adequate management and maintenance services, the value of AA REIT's properties might be adversely affected and this may result in a loss of tenants. This would adversely affect the cash flow of AA REIT and may, in turn, affect AA REIT's ability to make payments under the Securities.

Existing or planned amenities and transportation infrastructure near AA REIT's properties may be closed, relocated, terminated, delayed or not completed

There is no assurance that amenities, transportation, infrastructure and public transport near AA REIT's properties will not be closed, relocated, terminated, delayed or left uncompleted in the future, or that there will be no impediment to the traffic flow in the vicinity. If such an event were to occur, it would adversely impact the accessibility of AA REIT's properties, the attractiveness and marketability of AA REIT's properties to tenants and the occupancy rates of AA REIT's properties, which will consequently affect AA REIT's business, financial condition, results of operations and/or prospects.

Leases from JTC, Ascendas Land (Singapore) Pte Ltd and the President of the Republic of Singapore in relation to the Properties contain certain provisions that may have an adverse effect on the business, financial condition, results of operations and/or prospects of AA REIT

Properties which are held on land leases from JTC (a "**JTC Lease**") each contain a clause that requires AA REIT to surrender free of cost to the Singapore Government portions of the respective Properties that may be required in the future for certain public uses, such as roads, drainage and other public improvements. There have been previous instances in which lessees of land from JTC have been required to surrender portions of their land to the Singapore Government for roads, without compensation, pursuant to similar provisions in the relevant land leases. If AA REIT is required to surrender a portion of one of the Properties to the Singapore Government, it may have an adverse impact on the gross revenue and the value of the Properties.

Each Property which is held under a lease from JTC is subject to terms and conditions ordinarily found in building agreements or agreements for lease entered into or leases granted by JTC such as provisions requiring the lessee:

(a) to pay a yearly rent to JTC;

(b) not to use or permit the Property to be used otherwise than for such purposes as approved by JTC; and

(c) not to demise, assign, mortgage, let, sublet or underlet or grant a licence or part with or share the possession or occupation of the whole or part of the Property and/or not to effect any form of reconstruction including any form of amalgamation or merger with or take-over by another company, firm, body or party without first obtaining JTC's prior written consent.

The Property which is held under a lease from Ascendas Land (Singapore) Pte Ltd ("**Ascendas**") (the "**Ascendas Lease**") is subject to terms such as provisions requiring the lessee:

(a) to pay a yearly rent to Ascendas;

(b) not to use or permit the Property to be used otherwise than for such purposes as approved by Ascendas; and

(c) not to demise, assign, mortgage, let, sublet or underlet or grant a licence or part with or share the possession or occupation of the whole or part of the Property without first obtaining Ascendas' prior written consent.

Each Property which is held under a lease from the President of the Republic of Singapore (a "**State Lease**") is subject to terms and conditions ordinarily found in leases granted by the President of the Republic of Singapore, such as provisions:

(a) preventing the lessee, without the written approval of the lessor, from using or permitting the Property to be used otherwise than as permitted by the terms of the State Lease or in accordance with the written approval obtained from the lessor and the competent planning authority;

(b) granting the lessor the right of re-entry if the lessee fails to perform or observe any of the terms and conditions of the State Lease. Upon re-entry, the term of the State Lease will cease but without prejudice to any right of action or other remedy that the lessor may have; and

(c) requiring the lessee to surrender free of cost to the Singapore Government portions of the Property that may be required from time to time for certain public uses, such as roads, drainage and other public improvements as may be declared or notified to the lessee.

Compliance with the terms of such leases may restrict AA REIT's ability to respond to changing real estate market conditions, re-let a Property to tenants in certain industries 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 AA REIT's business, financial condition, results of operations and/or prospects, which may in turn affect the ability of AA REIT to fulfil its payment obligations under the Securities.

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

Some of the Properties are and may be sub-tenanted by the anchor tenants. Some of the 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, Ascendas under the Ascendas Lease or any other head lessor, or where approval is necessary and has been obtained, the terms of the approval (including the duration of the sub-tenancy, the term of the sub-tenancy or the permitted use under such sub-tenancy) may not reflect the actual terms of the sub-tenancy (including the duration of the sub-tenancy, the term of the sub-tenancy or the permitted use under such sub-tenancy). This may be a breach of the relevant JTC Lease, Ascendas Lease or lease with any head lessor, which may give rise, *inter alia*, to a right of re-entry by JTC, Ascendas or 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 gross floor area to be occupied by approved anchor tenant(s) with a minimum requirement of 1,000 square metres per anchor tenant and a minimum occupation period of 3 years per term. In view of the aforementioned change, there may be a potential risk of the sub-tenancies in respect of the Properties with existing anchor tenant(s) and/or sub-tenants not being in compliance.

Any breach of JTC Leases, the Ascendas Lease or any other head lease or non-compliance with JTC sub-letting policies could result in significant financial loss and adversely affect AA REIT's business, financial condition, results of operations and/or prospects, which may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

AA REIT may not have legal rights of access to the roads which give access to Yishun Industrial Park A, Defu Lane 10 and Bukit Batok Street 22

AA REIT had received confirmations from the relevant authorities that Yishun Industrial Park A (along which 61 Yishun Industrial Park A and 541 Yishun Industrial Park A are situated), Defu Lane 10 (along which 103 Defu Lane 10 is situated) and Bukit Batok Street 22 (along which 1 Bukit Batok Street 22 is situated) are not public roads, but are nevertheless open to vehicular access. In addition, the public is allowed access to Yishun Industrial Park A, Defu Lane 10 and Bukit Batok Street 22 and hence to and from 61 Yishun Industrial Park A, 541 Yishun Industrial Park A, 103 Defu Lane 10 and 1 Bukit Batok Street 22 respectively. However, there is no assurance that such confirmations will not be revoked or withdrawn in the future. In the event of such revocation or withdrawal, AA REIT may find itself unable to gain and grant proper access to 61 Yishun Industrial Park A, 541 Yishun Industrial Park A, 103 Defu Lane 10 and 1 Bukit Batok

Street 22. This may have an adverse impact on the value of 61 Yishun Industrial Park A, 541 Yishun Industrial Park A, 103 Defu Lane 10 and 1 Bukit Batok Street 22 and may consequently have an adverse impact on the business, financial condition, results of operations and/or prospects of AA REIT.

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 lessee 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 AA REIT's ability to acquire properties to be leased under JTC or to dispose of its Properties which are held under JTC's leases.

AA 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 land 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 that certain fixed investment criteria in respect of the Properties are fulfilled. There is no assurance that such conditions for extension will be satisfied or that AA REIT's tenants while in occupation of the premises will not be in breach of the terms and conditions of the underlying leases or that such breach will be rectified in time or at all. If AA REIT for whatever reason is not able to extend the lease term of the underlying leases of any of these Properties, AA REIT will have to surrender such Property to its lessor upon expiry of the original lease term. The value of such Property may be substantially reduced upon such surrender. Any potential income expected after the extension of the lease term will not be realised. In addition, AA REIT may be required to incur substantial amounts of money to reinstate such Property to a state and condition acceptable to the lessor, including the demolition of any existing building and/or reinstatements thereof on such Property. Where applicable, AA REIT has sought to address this risk at the point of acquisition by providing as a condition precedent to completion of sale in respect of the relevant Properties that JTC has given written confirmation that the pertinent fixed investment criteria have been fulfilled.

AA REIT's properties or part thereof may be acquired compulsorily

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

(a) for any public purpose;

(b) where the acquisition is of public benefit or of public utility or in the public interest; or

(c) 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); and

(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 will be less than its market value and this may have an adverse effect on the revenue stream of AA REIT and the value of AA REIT's portfolio and its ability to fulfil its payment obligations under the Securities.

Further, the laws of other 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. Accordingly, to the extent AA REIT owns any properties located in such foreign countries, such compulsory acquisitions would have an adverse effect on AA REIT's revenue stream and the value of AA REIT's portfolio.

AA REIT may be involved in boundary disputes and there may be encroachment by, or affecting, AA REIT's properties

AA 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 area of the land or liability for damages arising in relation to its properties. Some of the properties are encroaching on, or being encroached upon, by adjoining properties. Such encroachment by, or affecting, the properties may restrict the use of the land or lead to claims from neighbours and may adversely affect AA REIT's rental income and cause additional expense to be incurred by AA REIT in the removal of the encroachment or reinstatement of the relevant land. These risks may have an adverse effect on AA REIT's business, financial condition, results of operations and/or prospects, which may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

The due diligence exercise on buildings prior to their acquisition may not have identified all material defects, breaches of laws and regulations and other deficiencies

The AA REIT Manager believes that reasonable due diligence investigations with respect to AA REIT's properties have been and will be conducted prior to their acquisitions. However, there is no assurance that such properties will not have 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). 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 AA REIT's earnings and cash flows. This may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

The experts' reports that the AA REIT Manager relies upon as part of its due diligence investigations of AA REIT's properties 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.

Some of AA REIT's properties may be in breach of laws and regulations or fail to comply with certain regulatory requirements. AA REIT may incur financial or other obligations in relation to such breaches or non-compliance, and this may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

The representations, warranties and indemnities granted in favour of AA REIT by the vendors of AA REIT's properties during their acquisitions are subject to limitations as to their scope and as to the amount and timing of claims which can be made. There is no assurance that AA REIT would 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 AA REIT's ability to fulfil its payment obligations under the Securities.

The appraisals of the Properties are based on various assumptions and the price at which AA REIT is able to sell a Property in future may be different from the value determined by the independent valuers or the initial acquisition value of such Property

The consideration paid by AA REIT is based on the acquisition value of the Properties. AA REIT is also required under the Property Funds Appendix to conduct an independent valuation of the properties in its portfolio at least once every financial year. Optus Centre and the property at 3 Tuas Avenue 2, Singapore were last valued as at 31 March 2018 by Jones Lang LaSalle Advisory Services Pty Ltd and Jones Lang LaSalle Property Consultants Pte Ltd, respectively. The Singapore Properties (except for the property at 3 Tuas Avenue 2, Singapore) in AA REIT's portfolio were last valued as at 30 September 2018 by Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd.

There can be no assurance that the assumptions relied on for the valuations are accurate measures of the market, and the values of the Properties may be evaluated inaccurately. The independent valuers may have included a subjective determination of certain factors relating to the Properties such as their relative market positions, financial and competitive strengths, and physical condition, and accordingly, the property valuation (which affects the net asset value per Unit) may be subjective. The market values of the Properties may therefore differ from the values of the Properties as determined by the independent valuers.

General property prices, including that of industrial properties, are subject to the volatilities of the property market and the appraised value of any of the Properties is not an indication of, and does not guarantee, a sale price at that value at present or in the future. The price at which AA REIT may sell a Property may be lower than its value as determined by the independent valuers or its purchase price at the time of acquisition by AA REIT.

The market values of the Properties may be revalued downwards

There can be no assurance that AA REIT will not be required to make a downward revaluation of its Properties in the future. Any fall in the gross revenue or net property income earned from the Properties will result in their downward revaluation. Further downward revaluations could negatively impact AA REIT's gearing which could in turn trigger a default under certain loan covenants and/or impact AA REIT's ability to refinance its existing borrowings or its ability to secure additional borrowings.

In addition, AA REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of its investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on AA REIT's financial results if there is a significant decrease in the valuation of AA REIT's investment properties which will result in revaluation losses that will be charged to its statements of total return.

Renovation or redevelopment works or physical damage to AA REIT's properties may disrupt the business and operations of those properties and collection of rental income or otherwise have an adverse effect on the business, financial condition, results of operations and/or prospects of AA REIT

The quality and design of AA REIT's properties have a direct influence on the demand for space in, and the rental rates of such properties. AA REIT's 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 because 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 buildings age. 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, redevelopment works, maintenance or repairs. This may adversely affect the business, financial condition, results of operations and/or prospects of AA REIT, and in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

Physical damage to any of AA REIT's 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 business, financial condition, results of operations and/or prospects of AA REIT, which may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

Significant capital expenditure may be required periodically beyond the AA REIT Manager's current estimates and AA REIT may not be able to secure funding

The Properties and properties to be acquired by AA REIT may require periodic capital expenditure beyond the AA REIT Manager's current estimates for refurbishment, renovation and improvements in order to remain competitive. AA REIT may not be able to fund capital improvements solely from cash provided from its operating activities and AA REIT may not be able to obtain additional equity or debt financing or be able to obtain such financing on favourable terms. If AA REIT is not able to obtain such financing, the marketability of AA REIT's properties or the attractiveness of AA REIT's properties to new or existing tenants may be affected.

Redevelopment of 3 Tuas Avenue 2, Singapore may be delayed or remain uncompleted and the AA REIT Manager may not be able to secure tenants for this redeveloped Property

Redevelopment works of 3 Tuas Avenue 2, Singapore are currently being undertaken and there can be no assurance that the redevelopment works will be completed on time as planned and within budget. The counterparty may also fail to deliver and/or perform its obligations in connection with the redevelopment works, thus resulting in delay or failed completion. Although the AA REIT Manager has sought to mitigate some of the risks associated with the redevelopment works including providing for liquidated damages for delay in the relevant contract, there is no assurance that the counterparty will be able to perform its obligations.

There is no guarantee that the AA REIT Manager will be able to secure tenants or obtain a favourable rental rate for this Property upon completion of the redevelopment.

In the event that the redevelopment works do not complete on time and within budget as planned and/or the AA REIT Manager fails to secure tenants or obtain a favourable rental rate, the business, financial condition, results of operations and/or prospects of AA REIT may be adversely affected.

Please also see the risk factors titled "*AA REIT is exposed to general risks associated with the development and asset enhancement works on AA REIT's properties*" and "*Renovation or redevelopment works or physical damage to AA REIT's properties may disrupt the business and operations of those properties and collection of rental income or otherwise have an adverse effect on the business, financial condition, results of operations and/or prospects of AA REIT*".

AA REIT may suffer material losses in excess of insurance proceeds or may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties

The Properties could suffer physical damage caused by fire or natural disaster or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties and loss of rent from the inability to use such Properties, resulting in losses which may not be fully compensated by insurance. In addition, certain types of risks (such as war risk) 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, AA REIT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property. AA REIT would also remain liable for any debt or other financial obligation related to that property. There can be no assurance 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 limited occurs, AA REIT may not be able to rent out such affected property and this would in turn have an adverse effect on AA REIT's revenue stream and the value of AA REIT's portfolio. In addition, should AA REIT fail to put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties, AA REIT may be exposed to various liabilities and losses to the extent that such assets and liabilities are not adequately insured.

Major natural catastrophes may materially disrupt and adversely affect the business and operations of AA REIT's properties

Severe weather conditions and natural disasters such as earthquakes and floods may affect the operations of AA REIT's 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 AA REIT's business, financial condition, results of operations and/or prospects, which may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

AA REIT's properties may be affected by contamination and other environmental issues

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

(a) the risk of prosecution by relevant authorities;

(b) the requirement for unbudgeted additional expenditure to remedy such issues;

(c) the liability for the costs of removal or remediation of such substances, which could be substantial; and

(d) 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.

There can be no assurance that potential environmental liability does not exist or will not arise in the future. The presence of contamination or hazardous substances on AA REIT's properties could adversely affect AA REIT's liability to lease or sell such properties or to borrow using these properties as collateral, and AA REIT may be required to incur unbudgeted capital expenditure to remedy such issues, which could have an adverse impact on AA REIT's business, financial condition, results of operations and/or prospects and may in turn affect AA REIT's ability to fulfil its payment obligations under the Securities.

RISKS RELATING TO AN INVESTMENT IN THE SECURITIES

Risks relating to an investment in the Securities generally

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:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained in this Information Memorandum or any applicable supplement to this Information Memorandum;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant 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;

- understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets;

- understand thoroughly the nature of all those risks before making a decision to invest in the Securities; and

- 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 and such instruments may be purchased as a way to reduce risks or enhance yield with an understood, measured and appropriate addition of risks 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 such Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations 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 seek independent legal advice to determine whether and to what extent (a) Securities are legal investments for the potential investor, (b) Securities can be used as collateral for various types of borrowing and (c) 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.

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 or 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 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 would generally have a more limited secondary market and more price volatility than conventional debt securities.

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, the financial condition and/or the future prospects of the Issuer, AA REIT, its subsidiaries, associated companies (if any) and/or joint venture companies (if any), the market for similar securities, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, AA REIT, its subsidiaries, associated companies (if any) and/or joint venture companies (if any) generally. Adverse economic developments in Singapore as well as countries in which the Issuer, AA REIT, its subsidiaries, associated companies (if any) and/or joint venture companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Issuer, AA REIT and its subsidiaries, associated companies (if any) and/or joint venture 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.

Investments in the Securities are subject to 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 the price of the Securities, 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, the price of the Securities may rise. The Securityholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

Securities carrying an interest rate linked to "benchmarks" may be exposed to any changes to the relevant "benchmark"

The London Interbank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. For example, 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 indicates that the continuation of LIBOR on the current basis cannot be guaranteed after 2021. On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "a risk free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts.

Following the implementation of any such potential reforms, the manner of administration of LIBOR, EURIBOR or other benchmark indices may change, with the result that it may perform differently than in the past, or benchmarks could be eliminated entirely, which could have a material adverse effect on the value of any Securities where the interest rate is calculated with reference to the relevant benchmark indices or may have other consequences that cannot be predicted.

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.

AA REIT may not fully hedge the currency risks associated with Securities denominated in foreign currencies

AA REIT's revenue is generally denominated in Singapore dollars and its operating expenses are generally incurred in Singapore dollars. As Securities issued under the Programme can be denominated in currencies other than Singapore dollars, AA REIT's business, financial conditions, results of operations and/or prospects 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 AA REIT will be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

Investments in the Securities are subject to 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 quantum of actual returns.

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

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the AA REIT Manager, the Trustee, the Principal Paying Agent, the Non-CDP Paying Agent, the CDP Transfer Agent, the

Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfill their respective obligations to the Securityholders and Couponholders.

The Securities are subject to modification

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 terms and conditions of the Securities also provide that the Trustee may agree, without the consent of the 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 and/or CDP and/or any other clearing system in which the 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 Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and the Couponholders and such modification, authorisation or waiver shall be notified to the Securityholders as soon as practicable.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System(s)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, a Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP and/or such other clearing system, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities or Certificates. The relevant Clearing System(s) will maintain records of their direct account holders in relation to the Global Securities and Global Certificates.

While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to CDP or such other clearing system, as the case may be, for distribution to their account holders. A holder of beneficial interest in the Global Securities or Global Certificates must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates 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(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities will not have a direct right under the Global Securities to take enforcement action against the Issuer in the event of a default or an enforcement event under the relevant Securities but will have to rely upon their rights under the Trust Deed.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest, distributions and/or principal than expected

The Issuer will pay principal and interest or distributions on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholders' 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 (a) the Investor's Currency equivalent yield on the Securities, (b) the Investor's Currency equivalent value of the amount payable on the Securities, if any, and (c) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less principal, interest and/or distributions than expected, or no principal, interest and/or distributions at all.

The value of the Securities could be adversely affected by a change in Singapore law or administrative practice

The terms and conditions of the Securities are based on 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 and any such change could materially adversely impact the value of any Securities affected by it.

Securityholders should be aware that Definitive Securities and Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade.

In relation to any issue of Securities which have a denomination consisting of a minimum Denomination Amount (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Securities may be traded in amounts in excess of the minimum Denomination Amount that are not integral multiples of such minimum Denomination Amount. In such a case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Denomination Amount will not receive a Definitive Security or Certificate in respect of such holding (should Definitive Securities or Certificates be printed) and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Denomination Amounts. If Definitive Securities or Certificates are issued, holders should be aware that Definitive Securities or Certificates which have a denomination that is not an integral multiple of the minimum Denomination Amount may be illiquid and difficult to trade. Definitive Securities and Certificates will in no circumstances be issued to any person holding Securities in an amount lower than the minimum denomination and such Securities will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or distribution or to vote or attend meetings of Securityholders) in respect of such Securities.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (including, without limitation, pursuant to Condition 11 of the Notes and Condition 9(c) of the Perpetual Securities), the Trustee may at its discretion request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not first indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding 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 and/or security and/or pre-funding 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 action directly.

Securities may be issued at a substantial discount or premium

The market value of securities issued at a substantial discount or premium from 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 are not secured

The Securities and Coupons of all Series constitute direct, unconditional, unsubordinated (except in the case of Subordinated Perpetual Securities and the Coupons relating thereto) 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.

Accordingly, on a winding-up or termination of the Issuer and/or AA REIT, the Securityholders will not have recourse to any specific assets of the Issuer or AA REIT 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 Issuer and/or AA 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.

Application of Singapore insolvency and related laws to AA REIT may result in a material adverse effect on the Securityholders

There can be no assurance that AA REIT will not become bankrupt or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. As of now, it is unclear whether the provisions of Singapore insolvency and related laws applicable to corporates can be applied to REITs. If Singapore insolvency and related laws applicable to corporates were to be applied to REITs, this could result in a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where AA REIT is insolvent or close to insolvent and the AA REIT Trustee undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the AA REIT Trustee. It may also be possible that if a company related to the AA REIT Trustee proposes a creditor scheme of arrangement and obtains an order for a moratorium, the AA REIT Trustee may also seek a moratorium even if the AA REIT Trustee is not itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, additionally with the permission of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the AA REIT Trustee, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, recent amendments have introduced cram-down provisions for where there is a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

Enforcement against the AA REIT Trustee is subject to limitations

Securityholders should note that the Securities are issued by the AA REIT Trustee and not AA REIT, as the latter is not a legal entity. Securityholders should note that under the terms of the Securities, Securityholders shall only have recourse to the assets of AA REIT and not the personal assets of HSBC Institutional Trust Services (Singapore) Limited nor any other asset held by HSBC Institutional Trust Services (Singapore) Limited as trustee of any trust other than AA REIT. Furthermore, Securityholders do not have direct access to the assets of AA REIT but may only have recourse to such assets through the AA REIT Trustee and if necessary seek to subrogate the AA REIT Trustee's right of indemnity out of the assets of AA REIT, and accordingly, any claim to such assets is derivative in nature. A Securityholder's right of subrogation could be limited by the AA REIT Trustee's right of indemnity under the AA REIT Trust Deed. Securityholders should also note that such right of indemnity of the AA REIT Trustee may be lost by virtue of fraud, gross negligence, wilful default of the AA REIT Trustee, breach of any provisions of the AA REIT Trust Deed or breach of trust by the AA REIT Trustee.

In this regard, the Trust Deed, the Programme Agreement, the Agency Agreement and the Securities (the "**Relevant Documents**") provide that any liability of or indemnity given by the AA REIT Trustee under the Relevant Documents is limited to the assets of AA REIT and shall not extend to any personal assets of HSBC Institutional Trust Services (Singapore) Limited, or any assets held by HSBC Institutional Trust Services (Singapore) Limited as trustee of any trust other than AA REIT. They also provide that the foregoing shall not restrict or prejudice the rights or remedies of any of the other parties to the Relevant Documents under law or equity.

The Securities may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Securities. During any period when the Issuer may elect to redeem Securities issued by it, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest rate on the Securities. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest 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.

The Issuer's ability to comply with its obligation to repay the Securities may be dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group

The Issuer's ability to comply with its obligation to repay the Securities may depend on the earnings of the Group and the distribution of funds amongst members of the Group, primarily in the form of dividends. Whether or not the members of the Group can make distributions to the Issuer will depend on distributable earnings, cash flow conditions, restrictions that may be contained in the debt instruments of its members, applicable law and other arrangements. These restrictions could reduce the amount of distributions that the Issuer receives from its members, which would restrict the Group's ability to fund its business operations and the Issuer's ability to comply with its payment obligations under the Securities.

Further, the ability of the Issuer to make scheduled principal, distribution or interest payments on its indebtedness, including the Securities, and to fund its growth aspirations, will depend on the Group's future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this section "Risk Factors", many of which are beyond the control of the Issuer. If the Issuer's future cash flow from operations and other capital resources are insufficient to pay its debt obligations, including the Securities, or to fund its other liquidity needs, it may be forced to sell assets, attempt to restructure or refinance its existing indebtedness. No assurance can be given that the Issuer would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

RISK RELATING TO THE NOTES

Investments in the Notes may be subject to Singapore taxation

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 2023 are, pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by MAS on 31 May 2018, intended to be "qualifying debt securities" for the purpose of the ITA subject to the fulfilment of certain conditions more particularly described in the "Taxation – Singapore Taxation" section of this Information Memorandum.

However, there is no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws or MAS circulars be amended or revoked at any time.

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.

RISKS RELATING TO THE PERPETUAL SECURITIES

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

The Perpetual Securities have no fixed final maturity date. Perpetual Securityholders have no right to require the 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, holders of Perpetual Securities 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 specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion and subject to certain conditions, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the 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 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 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 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 Group's business, financial condition, results of operations and/or prospects.

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

The Perpetual Securities have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the 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 (but excluding) the date fixed for redemption. In addition, if specified in the relevant Pricing Supplement, the 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. See the section "Terms and Conditions of the Perpetual Securities – Redemption and Purchase".

The date on which the 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 holder of Perpetual Securities. 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 default under the Perpetual Securities

Any scheduled distribution will not be due if the 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 Winding-Up proceedings of the Issuer and/or AA REIT, and/or prove in the Winding-Up of the Issuer and/or AA REIT, and/or claim in the liquidation of the Issuer and/or AA REIT is limited to circumstances where payment has become due and the Issuer fails to make the payment when due and such failure continues for a period of three business days after the due date. The only remedy against the Issuer and/or AA REIT available to the Trustee or, where the Trustee has failed to proceed against the Issuer and/or AA REIT as provided in the Conditions of the Perpetual Securities, 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 instituting proceedings for the Winding-Up and/or proving in such Winding-Up and/or claiming in the liquidation of the Issuer and/or AA REIT in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

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

The Issuer 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 Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the 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 holders of Perpetual Securities on a winding-up of the Issuer, 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 holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. Subject to the insolvency laws of Singapore and all other applicable laws, in the event of the Winding-Up of the Issuer and/or AA REIT, 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 the Issuer and/or AA REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of AA REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the "**AA REIT Notional Preferred Units**") having an equal right to return of assets in the Winding-Up of the Issuer and/or AA 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 the Issuer and/or AA REIT, 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 AA REIT Notional Preferred Unit on a return of assets in such Winding-Up of the Issuer and/or AA REIT were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Subordinated Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c) of the Perpetual Securities) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with the Conditions of the Perpetual Securities. In the event of a shortfall of funds or a Winding-Up of the Issuer and/or AA REIT, there is a real risk that an investor in 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 or accrued distributions.

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 Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer 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 the Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Any future change in the accounting treatment of the Perpetual Securities may entitle the Issuer to redeem such Securities

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 AA REIT (the "**Relevant Accounting Standards**") which results in the Perpetual Securities not being regarded as "equity" of AA REIT will allow the Issuer to redeem such Perpetual Securities.

The date on which the 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 Securityholder. 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.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as "debt securities" by IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "Taxation – Singapore Taxation") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. In addition, in the event that IRAS does not regard the Relevant Tranche of the Perpetual Securities as "debt securities" for Singapore income tax purposes, payments in respect of the Relevant Tranche of the Perpetual Securities (including, without limitation, the distributions, Optional Distributions, Arrears of Distribution and Additional Distribution Amounts) may be subject to Singapore income tax in the same manner as distributions on ordinary units of AA REIT, and the Issuer may be obliged (in certain circumstances) to withhold or deduct tax at the prevailing rate (currently 10.0% or 17.0%) under Section 45G of the ITA on such payments. In that event, the Issuer will not pay any additional amounts in respect of any such withholding or deduction from such payments in respect of the Relevant Tranche of the Perpetual Securities in connection therewith for or on account of any such taxes or duties. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

AIMS AMP CAPITAL INDUSTRIAL REIT

1. HISTORY AND BACKGROUND

AA REIT is a real estate investment trust that was first listed on the SGX-ST on 19 April 2007 (the "**Listing Date**"), and has the investment objective of owning and investing in a diversified portfolio of high quality income-producing real estate assets located throughout the Asia-Pacific region that is used for industrial purposes including, but not limited to, warehousing and distribution, business park and manufacturing activities.

AA REIT was constituted on 5 December 2006 under the AA REIT Trust Deed.

AA REIT has a market capitalisation of S$939.2 million as at the Latest Practicable Date.

The property portfolio (the "**Portfolio**") of AA REIT comprises 26 industrial properties (25 located in Singapore (the "**Singapore Properties**") and a 49.0% interest in one business park property located in Macquarie Park, New South Wales, Australia (the "**Optus Centre**")) with total value of S$1.45 billion and an aggregate net lettable area ("**NLA**") of approximately 634,144 square metres[1] as at 30 September 2018.

The Portfolio is diversified across the key industrial sub-sectors of logistics and warehouse, business park, high technology, light industrial and general industrial spaces. The tenants of the Properties comprise international and local companies that are engaged in a diversified range of trade sectors including, *inter alia*, logistics, telecommunications, engineering, infrastructure, biotech/life sciences, consumer products, fast moving consumer goods, information technology/electronics, pharmaceutical/healthcare/ cosmetics, self-storage and data centre.

AA REIT is managed by the AA REIT Manager, a joint-venture REIT management company equally owned by AIMS Financial Group and AMP Capital (collectively, the "**Sponsors**"). As disclosed in the AA REIT Manager's announcement on 21 November 2018, AMP Capital has agreed to sell its 50.0% shareholding in the management entities of AA REIT[2] to AIMS Financial Group (the "**Share Sale**"). If the Share Sale is completed, the AA REIT Manager will be solely owned by AIMS Financial Group.

The AA REIT Manager is committed to providing a competitive total return for Unitholders comprising strong and stable distributions and potential capital growth over the long term. Its goal at all times is to enhance Unitholders' wealth by growing distributable income and to maximise the value of the Portfolio. To achieve this objective, AA REIT's strategy focuses on the following strategic pillars: (i) active asset and leasing management; (ii) portfolio growth; and (iii) prudent capital and risk management. For more information on investment strategy, please refer to the section "Strategies".

As at the date of this Information Memorandum, AA REIT has an investment grade credit rating of "BBB-" which was assigned by Standard & Poor's on 16 April 2012 and reaffirmed annually since 2013, with the latest reaffirmation being on 14 May 2018.

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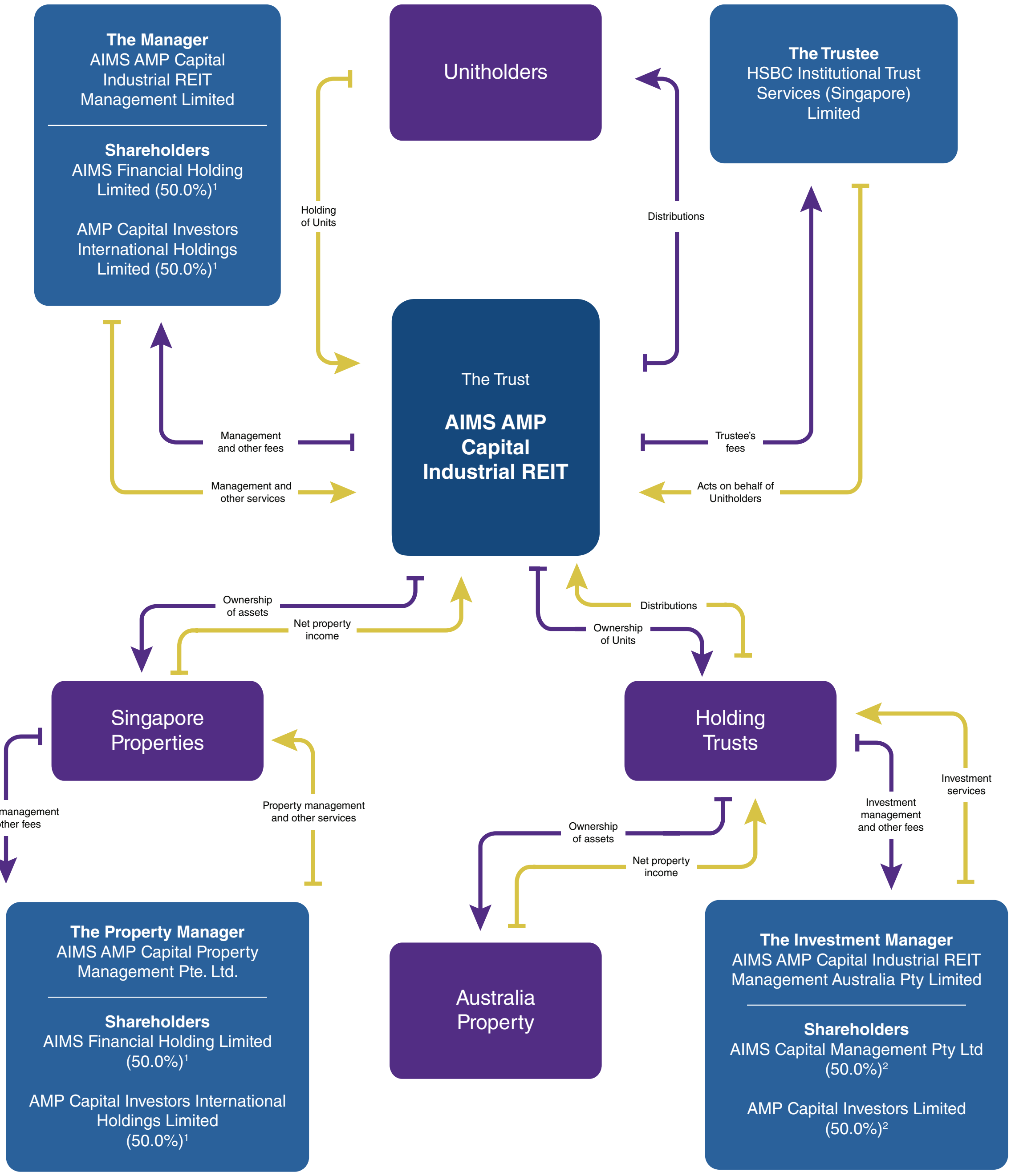
[1] Excluding the property at 3 Tuas Avenue 2, Singapore which is currently under redevelopment.

[2] The management entities of AA REIT means the AA REIT Manager, the AA REIT Investment Manager and the AA REIT Property Manager.

2. STRUCTURE OF AA REIT

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



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

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

3. STRATEGIES

The principal investment objectives of AA REIT are to own and invest in a diversified portfolio of high quality income-producing industrial real estate located throughout the Asia-Pacific region and to ensure that Unitholders' capital is protected, their distributions remain stable and their long-term value is enhanced. The AA REIT Manager plans to achieve these objectives through the following strategies:

(i) Active Asset and Leasing Management Strategy

As part of its active asset and leasing management strategy, the AA REIT Manager will actively manage the Properties, together with the AA REIT Property Manager (for the Singapore Properties) and the AA REIT Investment Manager (for the Optus Centre), to enhance the competitive strengths of the Properties and improve returns from the Portfolio through prudent control of property outgoings, active marketing and leasing of any vacant Properties or Properties whose leases are expiring, an annual maintenance programme to maintain and enhance the Properties, and asset refurbishment and enhancement projects to increase the competitive positioning of the assets. As part of its proactive asset management strategy, the AA REIT Manager also constantly reviews its Portfolio for efficiencies and growth opportunities. For instance, the AA REIT Manager had on 29 March 2018 completed the divestment of the property at 10 Soon Lee Road for a consideration of S$8.17 million (which was approximately 28% above the property's last valuation) as a strategic review of the Portfolio showed that the property was ready for divestment. This allowed the AA REIT Manager to pare down existing debt to reduce aggregate leverage and create additional headroom for future acquisitions, asset enhancement initiatives and development opportunities. A business continuity plan has also been put in place to minimise the potential impact from disruptions to critical businesses in the event of emergencies such as terrorism, haze and pandemics.

In addition, the AA REIT Manager, together with the AA REIT Property Manager (for the Singapore Properties) and the AA REIT Investment Manager (for the Optus Centre), will provide value-added property-related services to, and work closely with, the tenants of the Properties so as to establish the strong relationships necessary for maintaining high tenant retention levels and minimising vacancy levels.

The AA REIT Manager plans to meet its objective of increasing the yields of the Properties and maximising returns from the Portfolio through the following strategies:

- **Asset enhancements and development initiatives** – In order to ensure that the Properties remain relevant and contemporary to existing and potential tenants and enable AA REIT to enhance its occupancy rates and rental rates, the AA REIT Manager will aim to enhance the intrinsic value of the Properties via implementing a proactive asset management strategy, which includes exploring redevelopment and asset enhancement opportunities within the Portfolio and carrying out redevelopment and asset enhancement projects.

- **Managing lease expiry profile and implementing asset management programmes** – The AA REIT Manager intends to maintain high occupancy rates by actively marketing any vacancies, pursuing new leasing opportunities and promptly managing lease renewals through conducting negotiations with tenants in advance of their lease expiry. The AA REIT Manager's leasing strategy will target new tenants for AA REIT's existing Properties while exploring the expansion needs of existing tenants. The AA REIT Manager will also conduct active asset management programmes on Properties reverting to multi-tenancy Properties to ensure high occupancy is maintained with a view to achieving positive rental reversions on these Properties. For the quarter ended 30 September 2018 ("**2Q FY2019**"), the AA REIT Manager successfully executed 14 new and renewed leases, representing 27,086 square metres or approximately 4.3% of AA REIT's total NLA as at 30 September 2018. This has been built on the momentum of the successful execution of 94 new and renewed leases (representing 209,957 square metres or approximately a third of AA REIT's total NLA) for the financial year ended 31 March 2018 and 15 new and renewed leases representing 31,886 square metres for the first quarter ended 30 June 2018, despite the keen market competition and oversupply situation in Singapore. As a result, AA REIT's portfolio achieved a healthy Portfolio occupancy rate of 93.6%[1] as at 30 September 2018, which is well above the industrial property market average of 89.1%[2].

- **Leveraging on existing relationships with tenants** – The AA REIT Manager intends to leverage on existing relationships with tenants to manage lease renewals and create asset acquisition and leasing opportunities as these tenants expand in Singapore and in the Asia-Pacific region. Regular feedback is also obtained from tenants to foster close landlord-tenant relationships.

(ii) Portfolio Growth Strategy

The AA REIT Manager aims to pursue accretive investment opportunities in the Asia-Pacific region, particularly in Singapore and Australia. Accordingly, the AA REIT Manager will continue to monitor economic and property market trends in potential target markets in the Asia-Pacific region for suitable investment opportunities. Within the limits and requirements of the Property Funds Appendix, the AA REIT Manager also aims to pursue development and/or build-to-suit projects when appropriate opportunities arise.

In evaluating potential acquisition and/or development opportunities, the AA REIT Manager will focus on the following factors, including:

- pursuing strategic growth opportunities that complement the Portfolio and enhance AA REIT's capacity for long-term growth;

- enhancing the geographic spread and tenant base of the Portfolio. In assessing overseas acquisitions, the AA REIT Manager will consider additional factors such as sovereign and market risks of the business environment, the currency and taxation regime of the jurisdiction and asset-specific risks such as land tenure, tenant and building specifications; and

- maintaining a diversified tenant profile with a wide industry base through a mix of stable long-term master leases and shorter multi-tenanted leases with staggered lease expiries to enhance income stability.

(iii) Prudent Capital and Risk Management Strategy

The AA REIT Manager aims to optimise AA 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 to fund future acquisitions and asset enhancement initiatives in AA REIT's portfolio. The objectives of the AA REIT Manager in relation to capital management will be to:

- maintain a strong balance sheet by adopting and maintaining a target gearing ratio;

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[1] Excluding the property at 3 Tuas Avenue 2, Singapore which is currently under redevelopment.

[2] Based on JTC's statistics for the third quarter of 2018.

- diversify funding sources from both financial institutions and capital markets;
- employ an appropriate mix of debt and equity in the financing of acquisitions and asset enhancement initiatives;
- secure diversified funding sources from both financial institutions and capital markets;
- minimise the cost of debt financing;
- maintain a well-staggered debt maturity profile; and
- manage the exposure arising from adverse market movements in interest rates and foreign exchange rates through appropriate hedging strategies.

The AA REIT Manager will continue to evaluate opportunities to appropriately extend the term of some of AA REIT's existing debt and to actively manage the risk of potential interest rate volatility through the use of interest rate swap contracts and/or currency hedging strategies.

4. COMPETITIVE STRENGTHS OF AA REIT

(i) Strategically Located Portfolio

As at 30 September 2018, the Portfolio comprises 26 Properties, 25 of which are strategically located in Singapore's established industrial areas and a 49.0% interest in one business park property, Optus Centre, which is located in Macquarie Park, New South Wales, Australia. The Singapore Properties are easily accessible by major highways and are in close proximity to sea ports, airports, amenities and public transportation, making these properties attractive to both existing and potential new tenants. AA REIT's overseas property, Optus Centre, is located in Macquarie Park, north-west of the Sydney central business district which is the second largest business zone in New South Wales. For 2Q FY2019, approximately 86.4% of AA REIT's Gross Rental Income ("**GRI**") was contributed by the Singapore Properties[1] and the balance 13.6% was contributed by Optus Centre.

(ii) Master Lease and Multi-tenancy Properties

As at 30 September 2018, AA REIT had nine[2] Properties under master lease arrangements and 17[2] Properties under multi-tenancy lease arrangements. The master lease arrangements typically provide for longer lease durations ranging from 5 to 10 years over the entire property or majority of the premises within a property, which allows for built-in rental escalations thus providing a stable growth of income stream for the Portfolio. Multi-tenancy properties, with typically shorter leases of around 3 to 5 years, allow the opportunity for AA REIT to reposition the Portfolio according to volatile market conditions, and enjoy potential positive rental reversion and potential organic income growth within the Portfolio. The diversity in lease structures allows AA REIT to minimise risks associated with reliance on a particular lease property or customer.

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1 Excluding the property at 3 Tuas Avenue 2, Singapore which is currently under redevelopment.

2 20 Gul Way, Singapore is partially under master lease and partially multi-tenanted and excludes the property at 3 Tuas Avenue 2, Singapore which is currently under redevelopment.

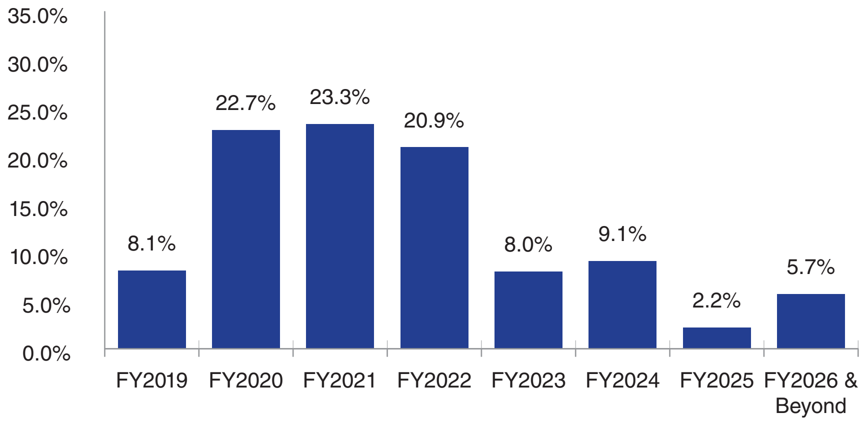
For 2Q FY2019, the AA REIT Manager successfully executed 14 new and renewed leases, representing 27,086 square metres or approximately 4.3% of AA REIT's total NLA. This has enabled AA REIT to maintain a healthy Portfolio occupancy rate of 93.6%[1] as at 30 September 2018, which is well above the industrial property market average of 89.1%[2].

For 2Q FY2019, the Properties with multi-tenancy leases contributed to approximately 63.5% of the GRI whilst the master lease Properties contributed to the balance.

(iii) Portfolio Lease Expiry Profile

As at 30 September 2018, the weighted average lease term to expiry ("**WALE**") by GRI of the Portfolio stood at 2.75 years[3]. With a well-staggered lease expiry profile, the Portfolio enjoys stability of income as more than 45%[1] of the total Portfolio leases (by 2Q FY2019 GRI) are committed until FY2022 and beyond, reducing AA REIT's exposure to near term lease expiries. The AA REIT Manager carries out active asset and lease management programmes to ensure high occupancy is maintained with a view to achieving positive rental reversions on the Properties.

The chart below shows the lease expiry profile for the Properties (by percentage of GRI for 2Q FY2019) as at 30 September 2018:



(iv) High Occupancy Levels

The occupancy rate of the Properties stood at 93.6%[1] as at 30 September 2018, exceeding JTC's industrial property market average across all sub-sectors.

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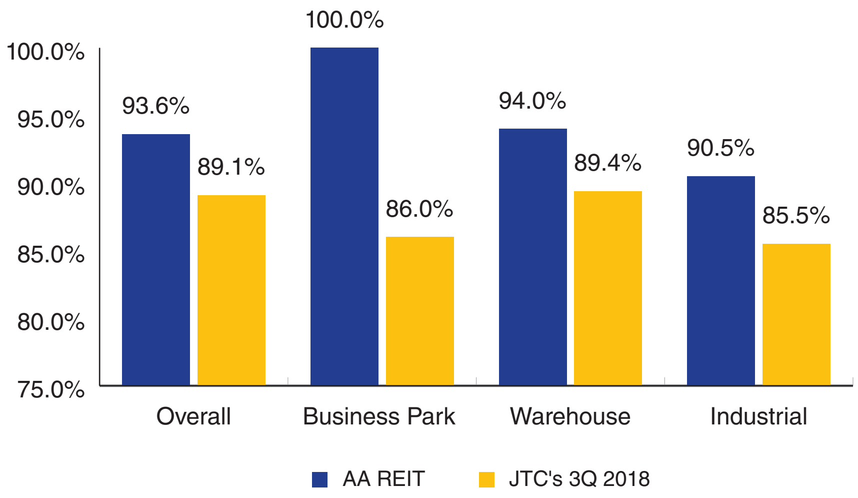
1 Excluding the property at 3 Tuas Avenue 2, Singapore which is currently under redevelopment.

2 Based on JTC's statistics for the third quarter of 2018.

3 Computation included forward committed leases. Excluding forward committed leases, the WALE is 2.66 years as at 30 September 2018.

The chart below shows the occupancy rate for the Properties as at 30 September 2018:

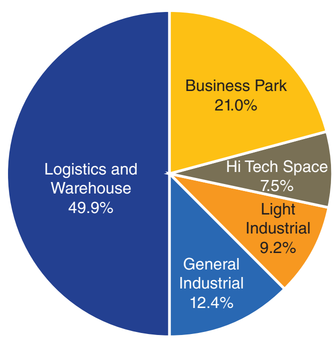


(v) Diversification

Diversified Property Usage

AA REIT owns a spectrum of business space and industrial properties across different industrial sub-sectors, comprising logistics and warehouse, business park, high technology, light industrial and general industrial spaces. These Properties serve the spatial requirements of various segments of the economy. As at 2Q FY2019, most of AA REIT's Properties are located in Singapore, with logistics and warehouse (comprising cargo lift warehouses and ramp-up warehouses) being the largest sector, supporting Singapore as one of the world's busiest ports. The diversity in end-user mix of the Properties allows AA REIT to minimise risk associated with reliance on a single industrial sub-sector.

The chart below shows the industrial sub-sectors to which the Properties relate (by GRI) for 2Q FY2019:



Diversified Income Base

The Portfolio has a diversified high-quality tenant base, which includes a mixture of large multinational companies, publicly listed companies and private companies. The top 10 tenants accounted for approximately 54.2% of GRI for 2Q FY2019.

The table below shows the top 10 tenants (by GRI) for 2Q FY2019:

Tenant	**%**
Optus Administration Pty Limited	13.6
CWT Pte. Limited	9.1
Eurochem Corporation Pte Ltd	7.4
Illumina Singapore Pte Ltd	7.2
Schenker Singapore (Pte) Ltd	5.0
Beyonics International Pte Ltd	3.8
Focus Network Agencies (Singapore) Pte Ltd	2.9
CIT Cosmeceutical Pte Ltd	2.2
King Plastic Pte Ltd	1.6
DHL Supply Chain Singapore Pte Ltd	1.4
Total	**54.2**

As at 30 September 2018, AA REIT's tenant base consists of an aggregate of 163 tenants.

Diversified Tenant Mix

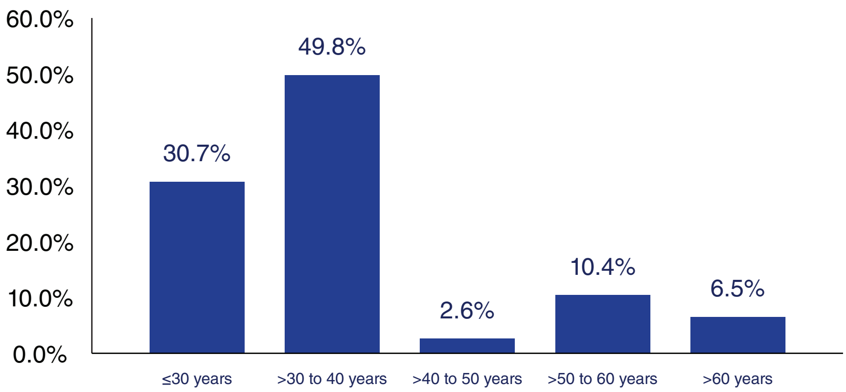
The tenants of the Properties comprise international and local companies that are engaged in a diversified range of trade sectors including, *inter alia*, logistics, telecommunications, engineering, infrastructure, biotech/life sciences, consumer products, fast moving consumer goods, information technology/electronics, pharmaceutical/healthcare/cosmetics, self-storage and data centre. The diversity in tenant trade mix of the Properties allows AA REIT to minimise risks associated with reliance on a single trade sector.

(vi) Long Leasehold for Expiry of Underlying Land Leases

As at 30 September 2018, the Portfolio enjoys well-distributed long underlying land leases, with a weighted average land lease to expiry of 36.9 years[1], weighted by NLA.

[1] For the calculation of the weighted average land lease to expiry of AA REIT, AA REIT's interest in the freehold property, Optus Centre, has been assumed as a 99-year leasehold interest. This also excludes the property at 3 Tuas Avenue 2, Singapore which is currently under redevelopment.

The chart below shows the land lease expiry profile (by NLA) for the Properties as at 30 September 2018:



(vii) Proven track record in delivering on asset enhancement strategy

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

Through its strategic asset enhancement and development initiatives in Singapore over the past seven years, the AA REIT Manager has added approximately 1.8 million square feet of industrial space to its portfolio:

July 2011	**20 Gul Way (Phases One and Two)** • Redevelopment of a five-storey ramp-up warehouse (approximately 1.16 million square feet) • Project size: S$150.1 million • Temporary Occupation Permit ("**TOP**") of Phase One: 29 October 2012 • TOP of Phase Two: 7 May 2013
January 2013	**103 Defu Lane 10** • Redevelopment of a modern six-storey industrial facility (approximately 203,000 square feet) • Project size: S$21.7 million • TOP: 28 May 2014
June 2013	**20 Gul Way (Phases Two Extension and Three)** • Further development of additional 497,000 square feet • Project size: S$73.0 million • TOP of Phase Two Extension: 14 June 2014 • TOP of Phase Three: 9 September 2014
May 2015	**30 Tuas West Road** • Redevelopment of a five-storey ramp-up warehouse (approximately 289,000 square feet) • Project size: S$40.6 million • TOP: 27 December 2016
April 2016	**8 Tuas Avenue 20** • Redevelopment of a three-storey industrial facility (approximately 159,000 square feet) • Project size: S$26.5 million (including land cost) • TOP: 29 August 2017

August 2016	**51 Marsiling Road** • Greenfield build-to-suit development of an industrial facility (approximately 232,000 square feet) • Project size: S$34.9 million (including land cost) • TOP: 27 October 2017
May 2018	**3 Tuas Avenue 2** • Redevelopment of a four-storey ramp-up industrial facility (approximately 268,000 square feet) • Project size: S$48.2 million (including land cost) • Target completion: Second half of 2019

(viii) Prudent capital and risk management

The AA REIT Manager adopts a prudent approach towards capital and risk management.

AA REIT has access to diversified sources of funding, including the equity capital markets, debt capital markets and its financial institution partners, with whom it maintains strong and healthy relationships.

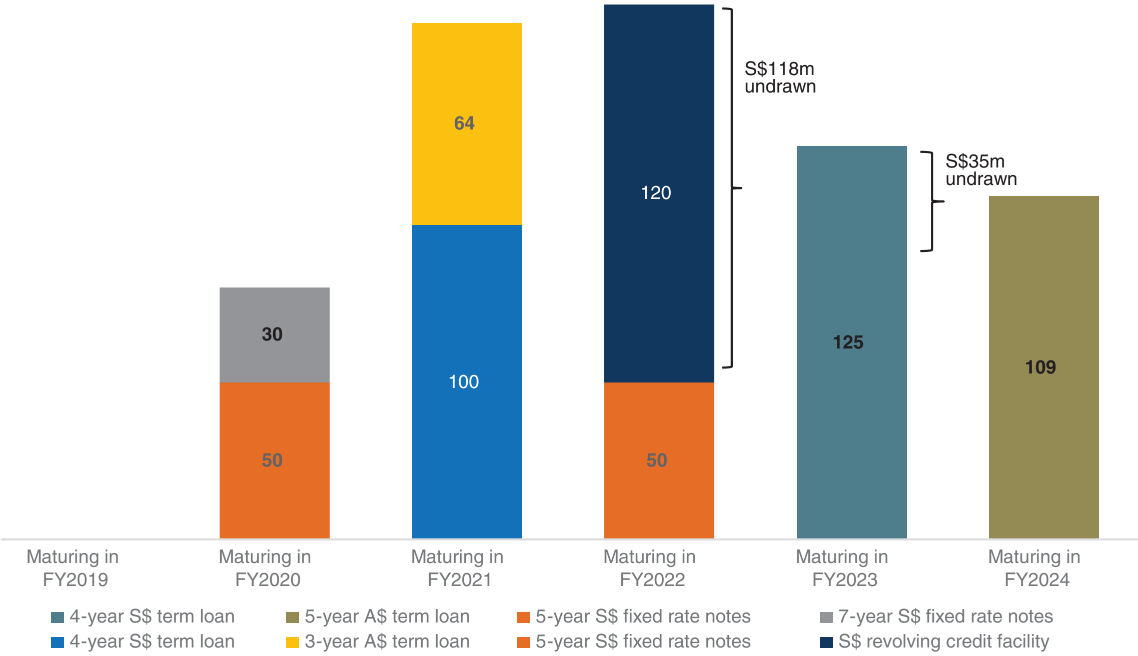
As at 30 September 2018, AA REIT's key borrowing metrics are as follows:

Key borrowing metrics (in S$' million unless otherwise stated)	
Total borrowings(note 1)	494.8
Undrawn available bank facilities	153.0
Aggregate leverage (%)	33.6
All-in-cost of financing (%)	3.6
2Q FY2019 interest cover ratio (times)	5.2
Weighted average term to maturity (years)	2.9
Fixed rate borrowings as a percentage of total borrowings (%)	87.3

Note 1: Total borrowings exclude unamortised loan transaction costs.

The AA REIT Manager adopts a proactive interest rate management approach in managing risk associated with adverse movements in interest rates on borrowings which carry floating interest rates. As part of risk management, the AA REIT Manager enters into hedging transactions to partially mitigate the risk of such interest rate fluctuations through the use of interest rate swaps and/or fixed rate borrowings. As at 30 September 2018, 87.3% of AA REIT's total borrowings were on fixed rates taking into account interest rate swaps entered into and fixed rates medium term notes issued.

The AA REIT Manager also adopts a proactive approach of refinancing AA REIT's debt ahead of maturity. In July 2018, AA REIT drew down on its new four-year/five-year term loan facilities to refinance its secured facilities which were due in November 2018 and February 2019, respectively. This has enabled AA REIT to maintain a well-spread debt maturity profile with no debt due for refinancing until May 2019. The debt maturity profile of AA REIT as at 30 September 2018 is set out below:



To mitigate the foreign exchange risk arising from its Australian investment in Optus Centre, the AA REIT Manager had substantially funded the investment through the use of Australian dollar denominated borrowings which form a natural hedge for the capital invested. In addition, the Australian dollar denominated borrowings also effectively hedge more than half of the Australian dollar income from Optus Centre.

(ix) Ability to tap on AIMS Financial Group's strong capabilities and expertise in the operation of the Properties and the management of AA REIT

If the Transaction is completed, AMP Capital will dispose of all its ownership interests in the management entities of AA REIT[1] as well as its principal stake in AA REIT. AIMS Financial Group will consequently become the 100% owner of the management entities of AA REIT and hold 17.88% of the units in AA REIT. The AA REIT Manager will be solely owned by AIMS Financial Group.

The AA REIT Manager is and will continue to be able to tap into the capabilities and expertise of AIMS Financial Group in the areas of real estate funds management, corporate governance, debt structuring and development/asset enhancement. AIMS Financial Group is a diversified financial services and investment group active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, private equity, venture capital, stock broking and high-tech investment, and is also a strategic investor on the Sydney Stock Exchange.

[1] The management entities of AA REIT means the AA REIT Manager, the AA REIT Investment Manager and the AA REIT Property Manager.

5. AWARDS AND ACCOLADES

AA REIT has achieved various awards and accolades as a testament to its commitment towards excellence and holding itself to best practices. The various awards and accolades conferred on AA REIT from 1 April 2017 up to the Latest Practicable Date are as follows:

(i) Traditional Annual Report (REIT): Commercial/Industrial/Office Award (Honors) at the 2017 International ARC Awards, highlighting AA REIT's commitment to excellence and delivering value to its Unitholders;

(ii) Shareholder Communications Excellence Award (Mid Cap) by the Securities Investors Association (Singapore) ("**SIAS**") at the SIAS 18th Investors' Choice Awards 2017, in recognition of its adoption of good corporate governance and investor relations practices; and

(iii) Gold Awards at The Asset Corporate Awards 2017 and The Asset Corporate Awards 2018, in recognition of its continued commitment to uphold high standards of corporate governance, environmental responsibility and investor relations.

The AA REIT Manager believes that, in its drive towards operational excellence for AA REIT, best practices on sustainability matters and sound corporate governance are integral in bringing long-term sustainable returns to its Unitholders.

6. THE PROPERTIES

As at 30 September 2018, the Portfolio consisted of 26 properties (25 located in Singapore and one located in Australia) and comprised an aggregate NLA of approximately 634,144 square metres[1] . The total appraised value of the Singapore Properties as at 30 September 2018 was S$1.21 billion[2] as determined by Jones Lang LaSalle Property Consultants Pte Ltd or Colliers International Consultancy & Valuation (Singapore) Pte Ltd. The total appraised value of Optus Centre as at 31 March 2018 was A$450.0 million (of which AA REIT's 49.0% interest in the property was A$220.5 million) as determined by Jones Lang LaSalle Advisory Services Pty Ltd.[3]

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1 As at 30 September 2018 and excluding the property at 3 Tuas Avenue 2, Singapore which is currently under redevelopment.

2 Based on the desktop valuation of the Singapore Properties as at 30 September 2018 and excluding the property at 3 Tuas Avenue 2, Singapore which is currently under redevelopment.

3 There was no desktop valuation conducted for Optus Centre as at 30 September 2018.

Certain information about the Portfolio

The table below sets out certain information with respect to each of the Properties of AA REIT as at 30 September 2018[1]:

No.	Property Name	Land Area (sqm)	Gross Floor Area (sqm)	NLA (sqm)	Leasehold Title Expiry Date	Type of Lease	Valuation (S$' million)	Valuation Date
Logistics and Warehouse								
1	20 Gul Way, Singapore	76,946.1	153,892.2	149,046.2	15 January 2041	Part Master, Part Multi-tenancy	250.4	30 September 2018
2	27 Penjuru Lane, Singapore	38,297.0	95,758.4	95,091.0	15 October 2049	Multi-tenancy	169.0	30 September 2018
3	8 & 10 Pandan Crescent, Singapore	32,376.5	80,940.0	65,889.3	31 May 2068	Multi-tenancy	148.5	30 September 2018
4	30 Tuas West Road, Singapore	12,894.9	26,817.5	26,817.5	31 December 2055	Master	59.1	30 September 2018
5	103 Defu Lane 10, Singapore	7,541.0	18,852.5	17,604.6	30 June 2043	Multi-tenancy	35.5	30 September 2018
6	3 Toh Tuck Link, Singapore	10,724.4	12,492.4	11,956.1	15 November 2056	Multi-tenancy	22.5	30 September 2018
7	10 Changi South Lane, Singapore	9,219.1	14,793.0	12,612.9	15 June 2056	Multi-tenancy	22.3	30 September 2018
8	11 Changi South Street 3, Singapore	8,832.6	14,187.3	11,791.5	31 March 2055	Multi-tenancy	21.4	30 September 2018
9	56 Serangoon North Avenue 4, Singapore	4,999.1	11,751.0	9,899.9	15 May 2055	Multi-tenancy	19.5	30 September 2018
10	7 Clementi Loop, Singapore	9,998.3	9,081.3	8,099.3	15 June 2053	Multi-tenancy	12.4	30 September 2018

[1] Based on desktop valuations as at 30 September 2018, unless otherwise stated.

No.	Property Name	Land Area (sqm)	Gross Floor Area (sqm)	NLA (sqm)	Leasehold Title Expiry Date	Type of Lease	Valuation (S$' million)	Valuation Date
Business Park								
11	Optus Centre, 1-5 Lyonpark Road, Macquarie Park, New South Wales, Australia	75,860.0	84,194.0	84,194.0	Freehold	Master	217.7[1]	31 March 2018
12	1A International Business Park, Singapore	7,988.4	19,949.6	16,697.0	31 May 2059	Master	87.0	30 September 2018
Hi-Tech								
13	29 Woodlands Industrial Park E1, Singapore[2]	17,955.5	45,481.0	36,627.0	8 January 2055	Multi-tenancy	103.0	30 September 2018
Light Industrial								
14	15 Tai Seng Drive, Singapore	9,077.9	22,594.0	17,886.5	31 March 2051	Multi-tenancy	35.3	30 September 2018
15	1 Bukit Batok Street 22, Singapore	6,399.3	15,978.4	14,115.9	30 June 2055	Multi-tenancy	25.7	30 September 2018
16	23 Tai Seng Drive, Singapore	3,813.6	9,493.1	8,456.4	31 July 2050	Multi-tenancy	22.8	30 September 2018
17	135 Joo Seng Road, Singapore	5,420.1	12,385.0	9,666.4	30 June 2054	Multi-tenancy	20.3	30 September 2018
18	1 Kallang Way 2A, Singapore	3,231.4	8,029.3	6,583.5	30 June 2055	Multi-tenancy	12.2	30 September 2018

[1] Based on 49.0% interest in the property appraised by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2018 and capitalised capital expenditure, at the exchange rate of A$1.00 = S$0.987442. The total appraised value of the property was A$450.0 million as at 31 March 2018. There was no desktop valuation conducted for Optus Centre as at 30 September 2018.

[2] Currently undergoing asset enhancement initiative works. However, the property's GRI is not expected to be affected given that the property remains operational while the enhancement works are being carried out.

No.	Property Name	Land Area (sqm)	Gross Floor Area (sqm)	NLA (sqm)	Leasehold Title Expiry Date	Type of Lease	Valuation (S$' million)	Valuation Date
General Industrial								
19	51 Marsiling Road, Singapore	8,611.6	21,529.0	21,529.0	31 July 2044	Master	43.0	30 September 2018
20	8 Tuas Avenue 20, Singapore	10,560.0	14,757.8	13,335.2	15 November 2051	Multi-tenancy	28.0	30 September 2018
21	61 Yishun Industrial Park A, Singapore	5,921.8	14,601.0	11,916.9	31 August 2052	Multi-tenancy	20.0	30 September 2018
22	541 Yishun Industrial Park A, Singapore	6,851.4	8,770.9	8,017.5	30 June 2054	Master	16.0	30 September 2018
23	2 Ang Mo Kio Street 65, Singapore	5,610.2	7,325.0	6,255.0	31 March 2047	Master	15.7	30 September 2018
24	8 Senoko South Road, Singapore	7,031.3	9,249.0	7,278.8	31 October 2054	Master	12.3	30 September 2018
25	26 Tuas Avenue 7, Singapore	5,823.3	6,642.2	5,715.1	31 December 2053	Master	11.5	30 September 2018
Investment Property Under Development								
26	3 Tuas Avenue 2, Singapore	17,802.7	24,890.0 (upon completion in second half of 2019)	23,400.0 (upon completion in second half of 2019)	15 March 2055	Multi-tenancy	19.6[1]	31 March 2018

[1] Based on 31 March 2018 valuation appraised by Jones Lang LaSalle Property Consultants Pte Ltd and capitalised capital expenditure.

A brief description of each of the Properties is set out below:

20 Gul Way, Singapore

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

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

27 Penjuru Lane, Singapore

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

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

8 & 10 Pandan Crescent, Singapore

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

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

30 Tuas West Road, Singapore

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

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

103 Defu Lane 10, Singapore

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

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

3 Toh Tuck Link, Singapore

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

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

10 Changi South Lane, Singapore

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

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

11 Changi South Street 3, Singapore

11 Changi South Street 3 comprises a four-storey light industrial building which has 60 car park lots and industrial/warehouse space located at the basement. The property is served by two passenger lifts, two cargo lifts and three common loading and unloading bays with dock-levellers.

The property is located in a well-established industrial estate on the southern end of Changi South Street 3, north of Xilin Avenue within the Changi South Industrial Estate. It is approximately 15.5 km from the city centre and is a short drive from Changi International Airport. The property is in close proximity to Expo MRT station and is well-served by Pan Island Expressway, East Coast Parkway and Tampines Expressway.

56 Serangoon North Avenue 4, Singapore

56 Serangoon North Avenue 4 comprises a seven-storey light industrial building incorporating warehouse, production and ancillary office areas. The building is served by one passenger lift, two cargo lifts and six loading and unloading bays with four dock-levellers.

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

7 Clementi Loop, Singapore

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

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

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

Optus Centre is a secure campus style A Grade business park and comprises six four and five-storey buildings and parking for 2,100 cars. The buildings are serviced by a total of 15 passenger lifts and two goods lifts. Amenities include a secure central courtyard featuring extensive landscaping, water feature, paved seating areas and a basketball court. The business park also provides various cafes, a retail food court area, bar, automated teller machines, a convenience store and a childcare centre for the exclusive use of employees.

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

1A International Business Park, Singapore

1A International Business Park comprises a 13-storey high-technology business park building with a basement car park. The building is designated for business park use and incorporates ancillary office and warehouse areas that are serviced by four passenger lifts and two loading and unloading bays located on the first storey.

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

29 Woodlands Industrial Park E1, Singapore

29 Woodlands Industrial Park E1 (NorthTech) comprises an L-shaped four-storey high-technology light industrial building with a basement car park. The building is serviced by nine passenger lifts, nine cargo lifts and six lift lobbies with an ancillary canteen and café located on the first storey and basement respectively.

The property is currently undergoing asset enhancement initiative ("**AEI**") works, as part of the AA REIT Manager's ongoing asset enhancement strategy. The AEI will further enhance NorthTech as a modern and energy efficient facility with improvements such as upgrades to the passenger lift lobbies, toilets, drop-off area, external landscaping, creation of a new carpark entrance with better vehicular circulation and the implementation of sustainable strategies such as the installation of an energy efficient air-conditioning system and light fittings as well as water efficient fittings. The property's rental income is not expected to be affected by the AEI as the property will remain operational while the enhancement works are being carried out.

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

15 Tai Seng Drive, Singapore

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

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

1 Bukit Batok Street 22, Singapore

1 Bukit Batok Street 22 comprises an eight-storey light industrial building incorporating a four-storey factory and an eight-storey ancillary office space. The building is served by two passenger lifts and two cargo lifts. There is loading and unloading area provided within the development.

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

23 Tai Seng Drive, Singapore

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

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

135 Joo Seng Road, Singapore

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

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

1 Kallang Way 2A, Singapore

1 Kallang Way 2A comprises an eight-storey building used for light industrial production and ancillary offices. The building is served by two passenger lifts, one cargo lift, one fireman's lift and three loading and unloading bays.

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

51 Marsiling Road, Singapore

51 Marsiling Road is a five-storey purpose-built industrial building which is fully air-conditioned with cargo lift access and ancillary canteen. The building is served by two passenger lifts, one fireman lift, two cargo lifts as well as four loading and unloading bays with dock-levellers. It was AA REIT's first third-party greenfield build-to-suit development. The property achieved its TOP on 27 October 2017.

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

8 Tuas Avenue 20, Singapore

8 Tuas Avenue 20 is a three-storey versatile industrial facility with ramp and cargo lift access. The building has 12 loading and unloading bays with dock-levellers and direct vehicular access to the second storey via a ramp. It achieved TOP on 29 August 2017.

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

61 Yishun Industrial Park A, Singapore

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

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

541 Yishun Industrial Park A, Singapore

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

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

2 Ang Mo Kio Street 65, Singapore

2 Ang Mo Kio Street 65 comprises an L-shaped three-storey detached factory building incorporating production area, laboratories, warehouses and office areas. The building is served by a cargo lift and a passenger lift. There are ongoing asset enhancement works for the property, including the upgrading of existing lifts and installation of an additional cargo lift. These works are expected to be completed by end of 2018.

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

8 Senoko South Road, Singapore

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

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

26 Tuas Avenue 7, Singapore

26 Tuas Avenue 7 comprises a two-storey purpose-built factory with a mezzanine office level. The building has four loading and unloading bays and one cargo lift.

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

3 Tuas Avenue 2, Singapore

3 Tuas Avenue 2 is currently being redeveloped into a modern and versatile four-storey ramp-up industrial facility suitable for both production and storage and is expected to be completed in the second half of 2019. The redevelopment will also increase the ease of sub-dividing the property for multi-tenancy usage, enhancing the property's flexibility for customisation and leasing.

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

7. INSURANCE

The Properties are insured in accordance with industry practices in Singapore or Australia, as the case may be. Insurance policies taken up include insurance against all risks of physical damage and business interruption including acts of terrorism and sabotage, public liability and work injury compensation. 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, electronic data, certain types of consequential losses, environmental damage and breaches of environmental laws and regulations.

8. THE AA REIT TRUSTEE

The trustee of AA REIT is HSBC Institutional Trust Services (Singapore) Limited ("**HSBCIT**"). HSBCIT is a limited liability company incorporated in Singapore and holds a trust business licence 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 date of this Information Memorandum, HSBCIT has a share capital of S$5,150,000 and has a place of business in Singapore at 21 Collyer Quay, #13-02, HSBC Building, Singapore 049320.

Powers, Duties and Obligations of the AA REIT Trustee

The AA REIT Trustee's powers, duties and obligations are set out in the AA REIT Trust Deed. The powers and duties of the AA REIT Trustee include amongst others:

(a) acting as trustee of AA REIT and, in such capacity, safeguarding the rights and interests of the Unitholders;

(b) holding the assets of AA REIT on trust for the benefit of the Unitholders in accordance with the AA REIT Trust Deed; and

(c) exercising all the powers of a trustee and the powers that are incidental to the ownership of the assets of AA REIT.

The AA REIT Trustee has covenanted in the AA REIT Trust Deed that it will exercise all due care, diligence and vigilance in carrying out its functions and duties as trustee of AA REIT, and in safeguarding the rights and interests of the Unitholders.

In the exercise of its powers under the AA REIT Trust Deed, the AA REIT Trustee may (on the recommendation of the AA REIT Manager) and subject to the provisions of the AA REIT Trust Deed, acquire or dispose of any real or personal property, borrow and encumber any asset.

The AA REIT Trustee may, subject to the provisions of the AA REIT Trust Deed, appoint and engage:

(a) a person or an entity to exercise any of its powers or to perform its obligations; and

(b) on the recommendation of the AA REIT Manager, any real estate agents or managers, including a related party of the AA REIT Manager, in relation to the management, development, leasing, purchase or sale of any of the assets of AA REIT.

The AA REIT Trustee must carry out its functions and duties and comply with all the obligations imposed on it and set out in the AA REIT Trust Deed, the Listing Manual, the CIS Code (including the Property Funds Appendix), any tax ruling and all other relevant laws. It must retain AA REIT's assets, or cause AA REIT's assets to be retained, in safe custody, and cause the accounts relating to AA REIT to be audited.

The AA REIT Trustee is not personally liable to a Unitholder in connection with the office of the AA REIT Trustee except in respect of its own fraud, gross negligence, wilful default, breach of the AA REIT Trust Deed or breach of trust by the AA REIT Trustee. Any liability incurred and any indemnity to be given by the AA REIT Trustee shall be limited to the assets of AA REIT over which the AA REIT Trustee has recourse, provided that the AA REIT Trustee has acted without fraud, gross negligence, wilful default or is not in breach of the AA REIT Trust Deed. The AA REIT Trust Deed contains certain indemnities in favour of the AA REIT Trustee under which it will not be liable to Unitholders or any other persons for certain acts or omissions. These indemnities are subject to any applicable laws.

Retirement and Replacement of the AA REIT Trustee

The AA REIT Trustee may retire or be replaced under the following circumstances:

(a) The AA REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the AA REIT Trust Deed).

(b) The AA REIT Trustee may be removed by notice in writing to the AA REIT Trustee given by the AA REIT Manager in any of the following events:

  (i) if the AA REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the AA REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the AA REIT Trustee;

  (ii) if the AA REIT Trustee ceases to carry on business;

  (iii) if the AA REIT Trustee fails or neglects after reasonable notice from the AA REIT Manager to carry out or satisfy any material obligation imposed on the AA REIT Trustee by the AA REIT Trust Deed;

  (iv) if the Unitholders by Extraordinary Resolution (as defined in the AA REIT Trust Deed) duly passed at a meeting of Unitholders held in accordance with the provisions of the AA REIT Trust Deed and of which not less than 21 days' notice has been given to the AA REIT Trustee and the AA REIT Manager shall so decide; and

  (v) if MAS directs that the AA REIT Trustee be removed.

9. THE AA REIT MANAGER

The AA REIT Manager was incorporated in Singapore under the Companies Act on 25 October 2006. As at the Latest Practicable Date, it has an issued capital of S$1.0 million and its registered office is located at One George Street #23-03, Singapore 049145.

As of the Latest Practicable Date, the AA REIT Manager is a joint venture REIT management company owned by AIMS Financial Holding Limited and AMP Capital Investors International Holdings Limited, each with a 50.0% stake. AIMS Financial Holding Limited is part of AIMS Financial Group, which is a privately owned Australian, non-bank financial services and investment group. AMP Capital Investors International Holdings Limited is a subsidiary of the Australian Securities Exchange listed AMP Limited, one of Australia's largest retail and corporate pension providers and one of the region's most significant investment managers. As disclosed in the AA REIT Manager's announcement on 21 November 2018, AMP Capital has agreed to sell its 50.0% shareholding in the management entities of AA REIT[1] to AIMS Financial Group. The AA REIT Manager will be solely owned by AIMS Financial Group upon completion of the Share Sale.

[1] The management entities of AA REIT means the AA REIT Manager, the AA REIT Investment Manager and the AA REIT Property Manager.

Roles and Responsibilities of the AA REIT Manager

The AA REIT Manager has general powers of management over the assets of AA REIT. The AA REIT Manager's main responsibility is to manage AA REIT's assets and liabilities in the best interests of the Unitholders.

The primary role of the AA REIT Manager is to determine the strategic direction of AA REIT and to give recommendations to the AA REIT Trustee on the acquisition, divestment and enhancement of assets in accordance with its stated investment strategy.

The AA REIT Manager has covenanted in the AA REIT Trust Deed to use its best endeavours to ensure that the business of AA REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or for AA REIT at arm's length and on normal commercial terms.

Other main functions and responsibilities of the AA REIT Manager include:

(a) ensuring compliance with relevant laws and regulations, including the Listing Manual, the applicable provisions of the SFA, CIS Code (including the Property Funds Appendix), written directions, notices, codes and other guidelines that may be issued by MAS from time to time, the Trust Deed and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of AA REIT and its Unitholders;

(b) preparing annual business plans for review by the Board of Directors of the AA REIT Manager (collectively, the "**Board**"), including forecasts on revenue, net property income, capital expenditure, explanation of major variances to previous plan(s), commentary on key issues and relevant assumptions. These plans explain the performance of AA REIT's assets;

(c) managing the finances of AA REIT, including accounts preparation, capital management, coordination of the budget process, forecast modelling and corporate treasury functions;

(d) attending to all regular communications with the Unitholders; and

(e) supervising the AA REIT Property Manager which performs the day-to-day property management functions (including lease management, property management, maintenance and administration) pursuant to the property management agreements.

The AA REIT Manager holds a capital market services licence issued by MAS to conduct real estate investment management activities.

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

In the absence of fraud, gross negligence, wilful default or breach of the AA REIT Trust Deed by the AA REIT Manager, the AA 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 AA REIT Trust Deed. In addition, the AA 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 AA 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 AA REIT Trust Deed by the AA REIT Manager.

Board of Directors

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

The Board as at the Latest Practicable Date comprised:

Name	**Designation**
Mr George Wang	Chairman, Non-Executive Non-Independent Director and Member of the Nominating and Remuneration Committee
Mr Norman Ip Ka Cheung	Non-Executive Lead Independent Director, Chairman of the Audit, Risk and Compliance Committee and Member of the Nominating and Remuneration Committee
Mr Eugene Paul Lai Chin Look	Non-Executive Independent Director, Member of the Audit, Risk and Compliance Committee and Chairman of the Nominating and Remuneration Committee
Mr Peter Michael Heng	Non-Executive Independent Director, Member of the Audit, Risk and Compliance Committee and Member of the Nominating and Remuneration Committee
Mr Chong Teck Sin	Non-Executive Independent Director, Member of the Audit, Risk and Compliance Committee and Member of the Nominating and Remuneration Committee
Mr Nicholas Paul McGrath	Non-Executive Non-Independent Director and Member of the Nominating and Remuneration Committee
Mr Koh Wee Lih	Executive Director and Chief Executive Officer

Information on the business and working experience of the Directors as at the Latest Practicable Date is set out below:

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

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

Mr Wang is the founding Executive Chairman of AIMS Financial Group and an active participant in both the Australian and Chinese financial services industries. Mr Wang is also the Deputy Chairman of Sydney Stock Exchange. Mr Wang is the Executive Chairman of AIMS Fund Management Limited, the responsible entity for AIMS Property Securities Fund, a diversified real estate securities fund which is listed on the Australian Securities Exchange and the Singapore Stock Exchange.

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

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

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

Mr Ip is a Chartered Accountant by training and has over 36 years of experience in finance, accounting and general management. From 2000 to 2009, he held the position of the President and Group Chief Executive Officer of The Straits Trading Company Limited ("**STC**") which main activities are in real estate, mining and hospitality. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

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

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

Mr Eugene Paul Lai Chin Look
Non-Executive Independent Director, Member of the Audit, Risk and Compliance Committee and Chairman of the Nominating and Remuneration Committee

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

Mr Lai began his career as an attorney in New York and in Singapore and has a wealth of over 30 years' experience in law, investment banking, real estate and private equity. He is currently a Managing Director and Co-Managing Partner at Southern Capital Group and was previously a Managing Director and Senior Country Officer at JP Morgan, Malaysia as well as the Managing Director and Chief Executive Officer of The Ascott Group Limited. He has also held the position of Managing Director at The Carlyle Group Asia and Managing Director at Citigroup, Singapore.

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

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

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

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

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

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

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

Mr Chong was appointed as a Director on 1 October 2018.

Mr Chong has 32 years of experience in technology, business, finance and general management. From 1986 to 2004, Mr Chong served in various directorial and management positions with Seksun Corporation Ltd (subsequently known as Enporis Greenz Limited), Glaxo Wellcome Asia Pacific, China-Singapore Suzhou Industrial Park Development Co., Ltd, Standard Chartered Bank and the Economic Development Board. He also served as a board member of the Accounting and Corporate Regulatory Authority ("**ACRA**") from 2004-2010 and the National Kidney Foundation from 2008-2010, and as ACRA's Investment Committee Chairman.

Mr Chong has over 19 years of experience as an independent director and currently serves as independent director and Audit Committee Chairman for Civmec Limited, InnoTek Ltd, and Accordia Golf Trust Management Pte. Ltd. He is also an independent director of Changan Minsheng APLL Logistics Co., Ltd, a leading automobile logistics firm in China which is listed on the mainboard of the Hong Kong Stock Exchange. He has also served as independent director of various companies listed on the Singapore and Australian stock exchanges.

Mr Chong holds a Bachelor of Engineering from the University of Tokyo, Japan, and a Master of Business Administration from the National University of Singapore.

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

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

Mr McGrath held the position of Chief Executive Officer of the AA REIT Manager from 12 January 2009 until 31 December 2013. He remains on the Board of the AA REIT Manager in the capacity of a Non-Executive Non-Independent Director. Mr McGrath is currently the fund manager of the AMP Capital Wholesale Office Fund, an A$5.6 billion prime commercial office fund with assets located in Sydney, Melbourne and Perth.

Prior to joining AMP Capital and the AA REIT Manager, Mr McGrath was the Chief Executive Officer of the Allco Commercial REIT (now known as Frasers Commercial Trust) and Managing Director of Allco (Singapore) Limited. Mr McGrath moved to Singapore in 2005 to establish Allco (Singapore) Limited's real estate funds management business and was responsible for growing its assets under management in excess of S$2.0 billion. Prior to that, he spent over 5 years with Allco Finance Group in Australia in a range of senior executive roles in its property funds management and structured finance divisions. Mr McGrath has over 18 years of experience in real estate investment and fund management.

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

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

Mr Koh Wee Lih
Executive Director and Chief Executive Officer

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

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

Mr Koh has over 22 years of experience in investment, corporate finance and asset management, of which more than 14 years are in direct real estate, covering investments, developments, asset management and real estate private equity in the Asia Pacific region.

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

Management of the AA REIT Manager

The key management of the AA REIT Manager as at the Latest Practicable Date comprised:

Name	Designation
Mr Koh Wee Lih	Chief Executive Officer
Ms Stella Yeak	Vice President, Finance and Joint Company Secretary
Ms Toh Lay Gan	Vice President, Asset Management
Mr Heng Khiam Yeong	Vice President, Development & Facility Management
Mr Terence Lim	Vice President, Investment and Investor Relations

Information on the business and working experience of the key management team as at the Latest Practicable Date is set out below:

Mr Koh Wee Lih
Chief Executive Officer

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

Ms Stella Yeak
Vice President, Finance and Joint Company Secretary

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

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

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

Ms Toh Lay Gan
Vice President, Asset Management

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

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

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

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

Mr Heng Khiam Yeong
Vice President, Development & Facility Management

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

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

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

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

Mr Terence Lim
Vice President, Investment & Investor Relations

Mr Lim joined the Manager in July 2018 and has over 21 years of advisory experience with various financial institutions, with an emphasis on capital markets and corporate finance advisory activities such as equity fund-raising activities, corporate finance advisory services, mergers and acquisitions and various corporate exercises for SGX-listed entities.

As Vice President, Investment & Investor Relations, Mr Lim is responsible for developing and executing AA REIT's investment strategies to enhance the portfolio returns, as well as managing the investor relations function. He also supports the capital markets activities of AA REIT.

Mr Lim holds a Bachelor of Business Administration from the National University of Singapore and is a member of the Singapore Institute of Directors.

Retirement and Removal of the AA REIT Manager

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

Also, the AA REIT Manager may be removed by notice given in writing by the AA REIT Trustee if:

(a) the AA REIT Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the AA REIT Trustee) or a receiver is appointed over its assets or a judicial manager is appointed in respect of the AA REIT Manager;

(b) the AA REIT Manager ceases to carry on business;

(c) the AA REIT Manager fails or neglects after reasonable notice from the AA REIT Trustee to carry out or satisfy any material obligation imposed on the AA REIT Manager by the AA REIT Trust Deed;

(d) the Unitholders, by a resolution passed by a simple majority of Unitholders present and voting (with no Unitholders being disenfranchised) at a Unitholders' meeting duly convened and held in accordance with the provisions of the AA REIT Trust Deed, shall so decide;

(e) for good and sufficient reason, the AA REIT Trustee is of the opinion, and states so in writing, that a change of the AA REIT Manager is desirable in the interests of the Unitholders; or

(f) MAS directs the AA REIT Trustee to remove the AA REIT Manager.

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

10. THE AA REIT PROPERTY MANAGER

AA REIT has appointed AIMS AMP Capital Property Management Pte Ltd, a company related to the AA REIT Manager, as the property manager to operate, maintain and market all of the Singapore Properties.

The services provided by the AA REIT Property Manager for each Property under its management include, among other things, the following:

(a) property management services, recommending third party contracts for provision of property maintenance services, supervising the performance of contractors, arranging for adequate insurances and ensuring compliance with building and safety regulations;

(b) lease management services, including coordinating tenants' fitting-out requirements, administration of rental collection, management of rental arrears, and administration of all property tax matters;

(c) marketing and marketing coordination services, including initiating lease renewals and negotiation of terms; and

(d) project management services in relation to the development or redevelopment (unless otherwise prohibited by the Property Funds Appendix or any other laws or regulations), the refurbishment, retrofitting and renovation works to a property, including recommendation of project budget and project consultants, and supervision and implementation of the project.

11. THE AA REIT INVESTMENT MANAGER

AA REIT has appointed AIMS AMP Capital Industrial REIT Management Australia Pty Limited, a company related to the AA REIT Manager, as the investment manager to perform investment management services in relation to the Australian assets in Australia for AA REIT's subsidiary AIMS AMP Capital Industrial REIT (Australia) Trust. The services provided by the AA REIT Investment Manager include, among other things, to manage and invest the assets of AA REIT in Australia.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The table sets forth selected consolidated financial information of the Group as at and for the financial years ended 31 March 2016 ("**FY2016**"), 31 March 2017 ("**FY2017**"), 31 March 2018 ("**FY2018**"), and the six months ended 30 September 2018 ("**1H FY2019**") and 30 September 2017 ("**1H FY2018**") respectively. This selected financial information has been derived from, and should be read in conjunction with, the Audited Consolidated Financial Statements of the Group for the Financial Year Ended 31 March 2017, the Audited Consolidated Financial Statements of the Group for the Financial Year Ended 31 March 2018 and Unaudited Financial Statements of the Group for the Six-Month Financial Period Ended 30 September 2018, including the notes thereto, which appear in Appendices II, III and IV of this Information Memorandum.

CONSOLIDATED STATEMENTS OF TOTAL RETURN

	Audited			Unaudited	
	FY2016 $'000	FY2017 $'000	FY2018 $'000	1H FY2018 $'000	1H FY2019 $'000
Gross revenue	124,389	120,119	116,916	60,017	58,341
Property operating expenses	(42,060)	(40,686)	(40,499)	(20,502)	(19,618)
Net property income	82,329	79,433	76,417	39,515	38,723
Foreign exchange gain/(loss)	2	39	(149)	(12)	(84)
Interest and other income	523	2,387	189	151	79
Borrowing costs	(20,152)	(18,602)	(19,417)	(9,643)	(9,404)
Manager's management fees					
– Base fees	(7,325)	(7,405)	(7,385)	(3,682)	(3,695)
– Performance fees	(1,459)	–	–	–	–
Other trust expenses	(1,935)	(1,755)	(1,881)	(865)	(1,021)
Non-property expenses	(30,871)	(27,762)	(28,683)	(14,190)	(14,120)
Net income before joint venture's results	51,983	54,097	47,774	25,464	24,598
Share of results of joint venture (net of tax)	36,769	14,758	17,418	7,401	6,888
Net income	88,752	68,855	65,192	32,865	31,486
Net change in fair value of investment properties and investment properties under development	(42,405)	(54,317)	(4,682)	(14,761)	1,811
Net change in fair value of derivative financial instruments	(692)	470	506	(666)	(1,107)
Gain on divestment of investment property	–	–	1,597	–	–
Total return before income tax	45,655	15,008	62,613	17,438	32,190
Income tax expense	(4,846)	(1,529)	(1,421)	(618)	(647)
Total return after income tax	40,809	13,479	61,192	16,820	31,543

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Audited			Unaudited
	31 March 2016 $'000	31 March 2017 $'000	31 March 2018 $'000	30 September 2018 $'000
Non-current assets				
Investment properties	1,172,400	1,175,100	1,210,100	1,213,400
Investment properties under development	44,900	37,600	18,600	19,593
Joint venture	225,213	232,113	220,763	215,818
Trade and other receivables	2,719	2,599	3,569	4,233
Derivative financial instruments	–	408	512	758
	1,445,232	1,447,820	1,453,544	1,453,802
Current assets				
Trade and other receivables	6,731	5,928	6,525	6,191
Cash and cash equivalents	7,490	11,727	17,550	14,013
	14,221	17,655	24,075	20,204
Total assets	**1,459,453**	**1,465,475**	**1,477,619**	**1,474,006**
Non-current liabilities				
Trade and other payables	9,921	7,424	9,735	11,004
Interest-bearing borrowings	371,578	444,921	305,043	442,161
Derivative financial instruments	3,528	2,760	95	1,531
Deferred tax liabilities	5,237	5,849	6,411	6,579
	390,264	460,954	321,284	461,275
Current liabilities				
Trade and other payables	28,430	33,271	28,094	24,121
Interest-bearing borrowings	99,906	82,585	188,164	49,957
Derivative financial instruments	132	218	1,118	–
	128,468	116,074	217,376	74,078
Total liabilities	**518,732**	**577,028**	**538,660**	**535,353**
Net assets	**940,721**	**888,447**	**938,959**	**938,653**
Represented by:				
Unitholders' funds	**940,721**	**888,447**	**938,959**	**938,653**
Units in issue and to be issued ('000)	636,624	639,337	684,119	686,352
Net asset value per Unit attributable to Unitholders ($)	1.48	1.39	1.37	1.37

REVIEW OF RESULTS OF OPERATIONS

1H FY2019 vs 1H FY2018

The gross revenue achieved for 1H FY2019 of S$58.3 million was S$1.7 million lower compared to the gross revenue for 1H FY2018 of S$60.0 million. This was mainly due to lower rental contribution from 20 Gul Way (as two additional phases of the property reverted to multi-tenancy leases since 30 September 2017), 27 Penjuru Lane and 1 Bukit Batok Street 22 as well as the loss of revenue from 10 Soon Lee Road following the divestment of the property on 29 March 2018. The drop was partially offset by maiden rental contribution from 51 Marsiling Road from 27 April 2018 and the rental contribution from 8 Tuas Avenue 20 as the property became income producing in third quarter of FY2018.

Property operating expenses for 1H FY2019 of S$19.6 million was S$0.9 million lower than the property expenses for 1H FY2018 mainly due to lower costs incurred for the Group's portfolio of properties including lower costs incurred for 10 Soon Lee Road following its divestment on 29 March 2018 and lower costs incurred for 3 Tuas Avenue 2 following the commencement of the redevelopment in the first quarter of FY2019. This was partially offset by higher property operating expenses at 51 Marsiling Road and 8 Tuas Avenue 20 which became income producing in the first quarter of FY2019 and third quarter of FY2018 respectively.

Net property income for 1H FY2019 stood at S$38.7 million, or S$0.8 million lower compared to 1H FY2018.

Borrowing costs for 1H FY2019 of S$9.4 million was S$0.2 million lower than borrowing costs for 1H FY2018 mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019, respectively.

The share of results of joint venture (net of tax) comprised the contribution from the Group's 49.0% interest in Optus Centre. Share of results of joint venture (net of tax) for 1H FY2019 of S$6.9 million was S$0.5 million lower compared to 1H FY2018 mainly due to the strengthening of the Singapore dollar against the Australian dollar.

Total return after income tax for 1H FY2019 was S$31.5 million, an increase of S$14.7 million compared to 1H FY2018 of S$16.8 million. This was mainly due to a higher revaluation deficit recognised from the net change in fair value of investment properties recorded in 1H FY2018 which was partially offset by lower net property income, share of results of joint venture (net of tax) and net change in fair value of derivative financial instruments in 1H FY2019.

FY2018 vs FY2017

The gross revenue achieved for FY2018 of S$116.9 million was S$4.3 million lower than the gross revenue for FY2017 of S$121.2 million (excluding property tax refund of S$1.1 million)[1]. This was mainly due to lower rental and recoveries from 20 Gul Way as five phases of the property reverted to multi-tenancy leases and the expiry of the master lease at 3 Tuas Avenue 2. The decrease was partially offset by rental contribution from 30 Tuas West Road as it became income producing from 27 February 2017 and the maiden rental contribution from 8 Tuas Avenue 20 in the third quarter of FY2018.

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

Property operating expenses for FY2018 of S$40.5 million was S$1.3 million lower than the property operating expenses for FY2017 of S$41.8 million (excluding property tax refund of S$1.1 million)[1] mainly due to lower property tax and land rent expenses on certain properties offset by higher costs arising from the reversion of the five phases of 20 Gul Way to multi-tenancy leases and higher costs in line with the increase in revenue from 30 Tuas West Road and 8 Tuas Avenue 20.

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

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

The share of results of joint venture (net of tax) in FY2018 included the share of revaluation surplus of S$2.6 million recognised from the valuation of Optus Centre. In FY2018, the valuation of the property stood at A$450.0 million (equivalent to approximately S$453.1 million) based on the independent valuation carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2018, as compared to A$445.0 million (equivalent to approximately S$474.8 million) in FY2017 based on the independent valuation carried out by CBRE Valuations Pty Limited as at 31 March 2017.

Total return after income tax for FY2018 was S$61.2 million, an increase of S$47.7 million compared to FY2017 of S$13.5 million. This was mainly due to a lower revaluation deficit recognised from the net change in fair value of investment properties and investment properties under development recorded in FY2018, higher share of results of joint venture (net of tax) and gain on divestment of 10 Soon Lee Road which was partially offset by lower net property income in FY2018 and the FY2017 other income of S$2.4 million arising from the insurance proceeds received for the property at 8 Tuas Avenue 20 due to a fire incident in 2015.

FY2017 vs FY2016

The gross revenue of S$121.2 million[1] achieved for FY2017 was S$1.9 million lower than that of the previous year of S$123.1 million[2] mainly due to lower rental contributions for the properties at 27 Penjuru Lane, 8 &10 Pandan Crescent, 135 Joo Seng Road and 61 Yishun Industrial Park A as well as the loss in revenue due to the redevelopment of 8 Tuas Avenue 20. This was partially offset by higher rental and recoveries for the properties at 29 Woodlands Industrial Park E1 and 20 Gul Way.

Property operating expenses of S$41.8 million[1] for FY2017 were S$1.1 million higher than FY2016 of S$40.7 million[2] mainly due to higher expenditure to maintain the properties as well as higher costs arising from the reversion of master leases to multi-tenancy leases for two phases of 20 Gul Way upon the expiry of the master leases on 28 December 2016 and 13 February 2017.

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

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

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

Borrowing costs for FY2017 of S$18.6 million were S$1.6 million lower than the borrowing costs for FY2016 mainly due to lower interest costs incurred on the new S$100.0 million four-year term loan facility which was drawn down to redeem the S$100.0 million 4.9% unsecured medium term notes matured in August 2016.

The share of results of joint venture (net of tax) in FY2016 included the share of revaluation surplus of S$22.5 million recognised from the valuation of Optus Centre. In FY2017, the valuation of property was maintained at A$445.0 million based on the independent valuation carried out by CBRE Valuations Pty Limited as at 31 March 2017.

Total return after income tax for FY2017 was S$13.5 million, a decrease of S$27.3 million compared to FY2016 of S$40.8 million. This was mainly due to a higher revaluation deficit recognised from the net change in fair value of investment properties and investment properties under development recorded in FY2017 and lower share of results of joint venture (net of tax). This was partially offset by lower income tax expense and the absence of performance fees in FY2017.

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 general corporate purposes of the Group, including to finance the general working capital, capital expenditure and investments of the Group and the partial or full refinancing of existing bank borrowings of the Group, or such other purposes 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 or global certificate 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 second 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 distribution 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 Issuer, the Principal 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 Principal Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

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 IRAS and MAS 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 the relevant tax authorities or the courts could later disagree 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. Holders or prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, 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 Issuer, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that IRAS regards each tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA, or any distribution payment made under any tranche of the Perpetual Securities is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

Singapore Taxation

1. Interest and Other Payments

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 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.

However, 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.

In addition, as the Programme as a whole is arranged by Standard Chartered Bank, Standard Chartered Bank (Singapore) Limited and United Overseas Bank Limited, each of which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any tranche of the Securities (the "**Relevant Securities**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be, pursuant to the ITA and the MAS Circular FDD Cir 11/2018 entitled "Extension of Tax Concessions for Promoting the Debt Market" issued by MAS on 31 May 2018 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities 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 qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such 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 Securities paid by the 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 Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Qualifying Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the AA REIT Manager, such Relevant Securities would not qualify as QDS; and

(B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer or the AA REIT Manager, Qualifying Income derived from such Relevant Securities held by:

(I) any related party of the Issuer or the AA REIT Manager; or

(II) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer or the AA REIT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax 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.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying 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;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"break cost", in relation to debt securities and qualifying 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.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities 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 Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest (including distributions which are regarded as interest for Singapore income tax purposes), discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as 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

    (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.

However, even if a particular tranche of the Relevant Securities are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50.0% or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer or the AA REIT Manager, Qualifying Income from such Relevant Securities derived by:

(i) any related party of the Issuer or the AA REIT Manager; or

(ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer or the AA REIT Manager,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

Pursuant to the Singapore Budget Statement 2018 and the MAS Circular, the QDS Plus Scheme will be allowed to lapse after 31 December 2018, but debt securities with tenures of at least 10 years which are issued on or before 31 December 2018 can continue to enjoy the tax concessions under the QDS Plus Scheme if the conditions of such scheme as set out above are satisfied.

2. Capital Gains

Any gains considered to be in the nature of capital made 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.

Holders of the Securities who apply or who are required to apply Singapore Financial Reporting Standard ("**FRS**") 39 or FRS 109 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 or FRS 109. Please see the section below on "Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes".

3. Adoption of FRS 39 and FRS 109 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. IRAS has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement".

FRS 109 is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109, subject to certain exceptions. IRAS has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA 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.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (the "**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions, including Singapore, have entered into, or have agreed in substance to, intergovernmental agreements with United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Securities, such withholding would not apply prior to 1 January 2019 and Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Securities that are not distinguishable from previously issued Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities, including the Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Securityholders should consult their own tax advisers regarding how these rules may apply to their investment in Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

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 Issuer and the relevant Dealer(s). The obligations of the Dealer(s) under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

The Arrangers, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for the Issuer, AA REIT, the AA REIT Manager and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, AA REIT, the AA REIT Manager and/or their respective affiliates in the ordinary course of the Issuer' business. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

The Dealer(s) and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Dealer(s) and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer, AA REIT, the AA REIT Manager or their respective subsidiaries, jointly controlled entities or associated companies, including Securities issued under the Programme, may be entered into at the same time or proximate to offers and sales of Securities or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Securities. Securities issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer(s) or any affiliate of the Dealer(s) are licensed brokers or dealers in that jurisdiction, the offering shall be deemed to be made by that Dealer(s) or their affiliates on behalf of the Issuer in such jurisdiction.

United States

The Securities 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 transactions not subject to the registration requirements of the Securities Act ("**Regulation S**"). Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

The Bearer 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 and regulations thereunder.

In respect of Securities offered or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Securities within the United States, except as permitted by the Programme Agreement.

In respect of Securities offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Programme Agreement, it will not offer, sell or, in the case of Bearer Securities, deliver 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 Principal 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 Principal 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 the preceding sentence have the meanings given to them by Regulation S.

The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on 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 (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

This Information Memorandum has been prepared by the Issuer for use in connection with the offer and sale of the Securities outside the United States. The Issuer and the Dealer(s) reserve the right to reject any offer to purchase the Securities, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

European Union

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(i) the expression retail investor means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(b) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities.

If the Pricing Supplement in respect of any Securities specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Securities which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

(i) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**an offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) in relation to any Securities which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 ("**FSMA**") by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

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 any person in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or to any person pursuant to Section 275(1A) of the SFA 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.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

The selling restrictions herein contained may be modified, varied or amended from time to time by notification from the Issuer to the Dealer(s).

Each Dealer has agreed that it will comply with all applicable securities 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 or publishes any prospectus, circular, advertisement or any other document (including this Information Memorandum) or any Pricing Supplement.

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 adviser(s) 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. The name and position of each of the Directors of the AA REIT Manager are set out below:

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

2. No Director of the AA 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.

ISSUED UNITS

3. As at the date of this Information Memorandum, there is only one class of units in AA REIT. The rights and privileges attached to the units are stated in the AA REIT Trust Deed.

BORROWINGS

4. Save as disclosed in Appendix IV, as at 30 September 2018, AA REIT had no other borrowings or indebtedness in the nature of borrowings.

WORKING CAPITAL

5. The Directors of the AA 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, AA REIT will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

6. The Group had adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2018. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact to the financial statements of the Group since its most recent audited consolidated financial statements for the financial year ended 31 March 2018.

LITIGATION

7. There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Issuer, AA REIT, the AA REIT Manager or any of their respective subsidiaries the outcome of which 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 Issuer, AA REIT or the Group.

MATERIAL ADVERSE CHANGE

8. There has been no material adverse change in the financial condition or business of the Issuer, AA REIT or the Group since 31 March 2018.

CONSENT

9. KPMG LLP, the auditors of AA REIT, have given and have not withdrawn their written consent to the issue of this Information Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

LEGAL ENTITY IDENTIFIER

10. The Legal Entity Identifier of the Issuer is 549300MGNQOBQ3KVN734.

DOCUMENTS AVAILABLE FOR INSPECTION

11. Copies of the following documents may be inspected at the registered office of the AA REIT Manager at 1 George Street, #23-03 One George Street, Singapore 049145 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Constitution of the Issuer;

    (b) the AA REIT Trust Deed;

    (c) the Trust Deed;

    (d) the letter of consent referred to in paragraph 9 above;

    (e) the audited financial statements of AA REIT and its subsidiaries for the financial years ended 31 March 2017 and 31 March 2018; and

    (f) the unaudited financial statements of AA REIT and its subsidiaries for the first half ended 30 September 2018.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

12. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

AUDITED FINANCIAL STATEMENTS OF AIMS AMP CAPITAL INDUSTRIAL REIT AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The information in this Appendix II has been extracted and reproduced from the audited financial statements of AA REIT and its subsidiaries for the financial year ended 31 March 2017 and has not been specifically prepared for inclusion in this Information Memorandum.

Financial Statements

Report of the Trustee

Year ended 31 March 2017

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

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

For and on behalf of the Trustee
HSBC Institutional Trust Services (Singapore) Limited

Esther Fong
Senior Vice President, Trustee Services

Singapore
31 May 2017

Statement by the Manager

Year ended 31 March 2017

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

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

Koh Wee Lih
Director

Singapore
31 May 2017

Independent Auditors' Report

Unitholders of AIMS AMP Capital Industrial REIT
(Constituted in the Republic of Singapore pursuant to a Trust Deed)

Report on the financial statements

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

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

Basis for opinion

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

Key audit matters

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

Independent Auditors' Report

Valuation of investment properties and investment properties under development
(Refer to Notes 4 and 5 to the financial statements)

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

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

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

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

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

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

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

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

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

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

The disclosures in the financial statements are appropriate.

Independent Auditors' Report

Other Information

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of financial statements

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

Independent Auditors' Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Independent Auditors' Report

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 May 2017

Statements of Financial Position

As at 31 March 2017

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

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

Statements of Total Return

Year ended 31 March 2017

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

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

Distribution Statements

Year ended 31 March 2017

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

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

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

Distribution Statements

Year ended 31 March 2017

Note A - Net effect of tax adjustments

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

Note B – Other adjustments

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

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

Statements of Movements in Unitholders' Funds

Year ended 31 March 2017

	Note	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Balance at beginning of the year		940,721	962,095	922,731	963,073
Operations					
Total return after income tax		13,479	40,809	12,274	23,180
Foreign currency translation reserve					
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	14	1,291	238	–	–
Hedging reserve					
Effective portion of changes in fair value of cash flow hedges	14	741	1,101	–	–
Unitholders' contributions					
Issuance of Units (including Units to be issued):					
- Manager's base fees in Units		3,700	1,869	3,700	1,869
- Manager's performance fees in Units		–	1,459	–	1,459
- Distribution Reinvestment Plan		–	3,632	–	3,632
- Property Manager's fees in Units		–	1,232	–	1,232
Distributions to Unitholders		(71,485)	(71,684)	(71,485)	(71,684)
Issue expenses	14	–	(30)	–	(30)
Change in Unitholders' funds resulting from Unitholders' transactions		(67,785)	(63,522)	(67,785)	(63,522)
Total decrease in Unitholders' funds		(52,274)	(21,374)	(55,511)	(40,342)
Balance at end of the year		888,447	940,721	867,220	922,731

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

Portfolio Statements

As at 31 March 2017

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

1 Includes the period covered by the relevant options to renew.
2 The occupancy rates shown are on committed basis.
3 The carrying value of investment properties and investment properties under development are stated at valuation.
4 On 3 September 2015, the Group started the redevelopment of 30 & 32 Tuas West Road and transferred it to "Investment properties under development". The property was classified as "Investment properties under development" as at 31 March 2016. It was transferred to "Investment properties" during the year ended 31 March 2017 upon achieving its Temporary Occupation Permit on 27 December 2016. The property is now known as 30 Tuas West Road.

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

Portfolio Statements

As at 31 March 2017

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

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

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

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

Portfolio Statements

As at 31 March 2017

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

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

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

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

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

Consolidated Statements of Cash Flows

Year ended 31 March 2017

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

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

Consolidated Statements of Cash Flows

Year ended 31 March 2017

Note:

A Significant non-cash transactions

There were the following significant non-cash transactions:

(i) During the financial year ended 31 March 2017, the Trust issued an aggregate of 2,202,650 (2016: 1,151,826) new Units amounting to \$3.0 million (2016: \$1.7 million) as partial payment for the base fee element of the Manager's management fees incurred.

(ii) During the financial year ended 31 March 2017, the Trust issued an aggregate of 1,089,469 new Units (2016: 1,991,579) amounting to \$1.5 million (2016: \$2.9 million) as payment for the performance component of the Manager's management fees for the financial year ended 31 March 2016.

(iii) During the financial year ended 31 March 2016, the Trust issued an aggregate of 2,463,314 new Units amounting to \$3.6 million as partial payment of the distributions, pursuant to the Trust's Distribution Reinvestment Plan.

(iv) During the financial year ended 31 March 2016, the Trust issued an aggregate of 824,373 new Units amounting to \$1.2 million to AIMS AMP Capital Property Management Pte. Ltd. ("Property Manager") as payment for marketing services provided by the Property Manager in respect of securing tenants at two properties, namely 20 Gul Way and 29 Woodlands Industrial Park E1.

Refer to note 15 of the financial statements.

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

Notes to the Financial Statements

Year ended 31 March 2017

These notes form an integral part of the financial statements.

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

1. GENERAL

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

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

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

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

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

1.1 Trustee's fees

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

The Trustee's fee is accrued daily and is payable out of the value of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

1.2 Manager's fees

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

Base fee

Under clause 14.1.1 of the Trust Deed, the Manager is entitled to a base fee of 0.5% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders.

The base fee is payable in the form of cash and/or Units as the Manager may elect. In accordance with clauses 14.1.4 (i) and (ii) of the Trust Deed, where the base fee (or any part or component thereof) is payable in the form of cash, such payment shall be made out of the Deposited Property within 30 days of the last day of each calendar month in arrears; and where the base fee (or any part or component thereof) is payable in the form of Units, such payment shall be made within 30 days of the last day of each calendar half-year in arrears.

Notes to the Financial Statements

Year ended 31 March 2017

1. GENERAL (continued)

1.2 Manager's fees (continued)

Performance fee

Under clause 14.1.2 of the Trust Deed, the Manager is also entitled to a performance fee of 0.1% per annum of the value of the Deposited Property, provided that growth in distribution per Unit ("DPU") in a given financial year (calculated before accounting for the performance fee in that financial year) relative to the DPU in the previous financial year exceeds 2.5%. The performance fee is 0.2% per annum if the growth in DPU in a given financial year relative to the DPU in the previous financial year exceeds 5.0%. In accordance with clause 14.1.4 (iii) of the Trust Deed, the payment of the performance fee, whether in the form of cash or Units, shall be made out of the Deposited Property within 60 days of the last day of every financial year in arrears.

For a period of 60 months from the Listing Date (save for the period from Listing Date to 31 March 2008 whereby no performance fee is payable), 100% of the performance fee shall be paid to the Manager in Units and thereafter, at the Manager's discretion.

Acquisition and divestment fee

Under clause 14.2 of the Trust Deed, the Manager is entitled to receive the following fees:

(a) An acquisition fee of 1.0% of the acquisition price of any Authorised Investment (as defined in the Trust Deed), acquired directly or indirectly by the Trust or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders; and

(b) A divestment fee of 0.5% of the sale price of any Authorised Investment sold or divested by the Trustee or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The acquisition and divestment fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition or disposal.

1.3 Property Manager's fees

The Manager and the Trustee have appointed AIMS AMP Capital Property Management Pte. Ltd., a company related to the Manager, as the property manager (the "Property Manager") to operate, maintain and market all of the properties of the Group. The following fees are payable to the Property Manager in respect of all of the investment properties in Singapore:

(i) A property management fee of 2.0% per annum of the rental income of each of the relevant properties.

(ii) A lease management fee of 1.0% per annum of the rental income of each of the relevant properties.

(iii) A marketing services commission equivalent to:

(a) one month's gross rent for securing a tenancy of three years or less;
(b) two months' gross rent for securing a tenancy of more than three years;
(c) half of one month's gross rent for securing a renewal of tenancy of three years or less; and
(d) one month's gross rent for securing a renewal of tenancy of more than three years.

If a third party agent secures a tenancy, the Property Manager will be responsible for all marketing services commissions payable to such third party agent, and the Property Manager shall be entitled to a marketing services commission equivalent to:

(a) 1.2 months' gross rent for securing a tenancy of three years or less; and
(b) 2.4 months' gross rent for securing a tenancy of more than three years.

Notes to the Financial Statements

Year ended 31 March 2017

The gross rental, where applicable, includes service charge, reimbursements, which are the contributions paid by tenants towards covering the operating maintenance expenses of the property, and licence fees.

(iv) A project management fee in relation to development or redevelopment, the refurbishment, retrofitting and renovation works on a property equivalent to:

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

(v) A property tax service fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property. The fee shall be determined as follows:

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

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

The Property Manager's fees are payable monthly, in arrears.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Notes to the Financial Statements

Year ended 31 March 2017

2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

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

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

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

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance.

Notes to the Financial Statements

Year ended 31 March 2017

Investments in joint ventures (equity-accounted investees)

A joint venture is an entity over which the Group has joint control established by contractual arrangement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture is accounted for under the equity method and is recognised initially at cost. The cost of the investment includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in statement of total return, except for the foreign currency differences which are recognised in Unitholders' funds arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation and a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Foreign currencies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Foreign currency differences are recognised within Unitholders' funds, and are presented in the foreign currency translation reserve. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its investment in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture which includes a foreign operation while retaining significant influence or joint control; the relevant proportion of the cumulative amount is reclassified to the statement of total return.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in the Unitholders' funds, and are presented in the foreign currency translation reserve.

Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Trust's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Unitholders' funds to the extent that the hedge is effective, and are presented in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the gain or loss on disposal.

3.3 Investment properties

Investment properties and investment properties under development

Investment properties are properties held either to earn rental income or capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Investment properties and investment properties under development are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter.

Cost includes expenditure that is directly attributable to the investment property or investment property under development. Transaction costs shall be included in the initial measurement. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Notes to the Financial Statements

Year ended 31 March 2017

Fair value is determined in accordance with the Trust Deed, which requires the investment properties and investment properties under development to be valued by independent registered valuers in the following events:

(i) in such manner and frequency as required under the CIS Code issued by MAS; and

(ii) at least once in each period of 12 months following the acquisition of each parcel of real estate property.

Any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties and investment properties under development.

Subsequent expenditure relating to investment properties or that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

3.4 Financial instruments

Non-derivative financial assets

The Group recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayment).

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

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise interest-bearing borrowings, and trade and other payables (excluding rental received in advance).

Derivative financial instruments, including hedge accounting

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

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

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

Cash flow hedges

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

Notes to the Financial Statements

Year ended 31 March 2017

Other non-trading derivatives

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

3.5 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through the statement of total return is assessed at the end of each reporting year to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amount are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.5(ii). An impairment is recognised in the statement of total return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and investment properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental cost, directly attributable to the issuance, offering and placement of Units in the Trust are deducted directly against Unitholders' funds.

3.8 Revenue recognition

(i) Rental income and service charge from operating leases

Rental income and service charges receivable under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Distribution income

Distribution income is recognised in the statement of total return on the date that the Group's or the Trust's right to receive payment is established.

Notes to the Financial Statements

Year ended 31 March 2017

3.9 Expenses

(i) Manager's fees

Manager's fees are recognised on an accrual basis based on the applicable formula stipulated in note 1.2.

(ii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses is the Property Manager's fee which is based on the applicable formula stipulated in note 1.3.

(iii) Other trust expenses

Other trust expenses are recognised on an accrual basis.

(iv) Borrowing costs

Borrowing costs comprise interest expenses on borrowings and amortisation of borrowing related transaction costs which are recognised in the statement of total return using the effective interest rate method over the period for which the borrowings are granted.

3.10 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- differences related to investments in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Income tax expense (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience with tax authorities. The assessment of these factors relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee will not be assessed to tax on the taxable income of the Trust that is distributed to the Unitholders. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Distributions made by the Trust out of such taxable income to individuals and Qualifying Unitholders (as defined below) are distributed without deducting any income tax. This treatment is known as the "tax transparency" treatment.

For distributions made to foreign non-individual Unitholders (as defined below) during the period from 18 February 2010 to 31 March 2020, the Trustee is required to withhold tax at the reduced rate of 10.0% on distributions made out of the Trust's taxable income (that is not taxed at the Trust level).

For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the Trustee.

Any portion of the taxable income that is not distributed, known as retained taxable income, tax will be assessed on the Trustee in accordance with section 10(1)(a) of the Singapore Income Tax Act, Chapter 134. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

A "Qualifying Unitholder" is a Unitholder who is:

- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association);
- A Singapore branch of a foreign company; or
- An international organisation that is exempt from tax.

Notes to the Financial Statements

Year ended 31 March 2017

A "foreign non-individual Unitholder" is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Singapore Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

The Trust's foreign-sourced trust distributions and interest income to be received in Singapore by the Trust from its Australian subsidiary, where such income originate from property rental income from its investment in Optus Centre, Macquarie Park, New South Wales, Australia and income derived from property-related activities or other activities in line with the regulatory requirements imposed on the Trust, are exempted from Singapore income tax under section 13(12) of the Singapore Income Tax Act.

This tax exemption is granted by the IRAS but is subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

3.11 Distribution policy

The Manager's distribution policy is to distribute at least 90.0% of the Trust's taxable income other than gains from sale of real estate that are determined by IRAS to be trading gains and net overseas income. Taxable income comprised substantially the Trust's income from the letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion.

The Trust makes distributions to Unitholders on a quarterly basis, with the amount calculated as at 30 June, 30 September, 31 December and 31 March in each distribution year for the three-month period ending on each of those dates. Under the Trust Deed, the Manager shall pay distributions within 90 days after the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

In the event that there are gains arising from sale of real estate properties, and only if such gains are surplus to the business requirements and needs of the Group, the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property. The Trustee shall not distribute any gain arising from the sale of real estate properties until IRAS agrees on the nature of the gain and its taxability.

On 20 April 2012, the Manager announced the implementation of the Distribution Reinvestment Plan ("DRP"), which provides eligible Unitholders with the option to elect to receive Units in lieu of the cash amount of any distribution (including any interim, final, special or other distribution declared on their holding of Units (after the deduction of applicable income tax, if any)). The Manager may, in its absolute discretion, determine that the DRP will apply to any particular distribution.

3.12 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of units outstanding during the period. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of units outstanding for the effects of all dilutive potential units.

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors including the Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise foreign exchange gain/loss, interest and other income, borrowing costs, trust expenses and income tax expense.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, investment properties and investment properties under development.

3.14 New standards, interpretations not yet adopted and revised recommended accounting practice

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2016, and early application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

(i) Applicable to financial statements for the year ending 31 March 2018

- Revision to RAP 7

  RAP 7 was revised in June 2016 and March 2017 to take into account, amongst others, the changes made to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosures* in relation to the offsetting of financial assets and liabilities; and new standards issued after 2012 including FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interest in Other Entities* and FRS 113 *Fair Value Measurement*. Certain additional disclosures would be required by the RAP 7 (Revised June 2016 and March 2017) ("Revised RAP 7"). The Revised RAP 7 is applicable to unit trusts with annual periods beginning on or after 1 July 2016. The Group plans to adopt the Revised RAP 7 in the financial statements for the year ending 31 March 2018.

(ii) Applicable to financial statements for the year ending 31 March 2019

- FRS 115 *Revenue from Contracts with Customers*

  FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

  When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

  FRS 115 is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. The Group does not expect the impact on the financial statements to be significant. The Group plans to adopt the standard when it becomes effective in 2018.

Notes to the Financial Statements

Year ended 31 March 2017

- FRS 109 *Financial Instruments*

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

  FRS 109 *Financial Instruments* is effective for annual periods beginning on or after 1 April 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 April 2018.

  Overall, the Group does not expect a significant impact on its opening Unitholders' funds. The Group's initial assessment of the three elements of FRS 109 *Financial Instruments* is as described below.

  Classification and measurement

  The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109 *Financial Instruments*. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109 *Financial Instruments*.

  For derivative instruments currently held at fair value, the Group expects to continue measuring these derivative instruments at fair value under FRS 109 *Financial Instruments*.

  Impairment

  The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of FRS 109 *Financial Instruments*, the Group does not expect a significant increase in the impairment loss allowance.

  The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109. The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

(iii) Applicable to financial statements for the year ending 31 March 2020

- FRS 116 *Leases*

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

  FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However FRS 116 requires more extensive disclosures to be provided by a lessor.

  When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Notes to the Financial Statements

Year ended 31 March 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 New standards, interpretations not yet adopted and revised recommended accounting practice (continued)

(iii) Applicable to financial statements for the year ending 31 March 2020 (continued)

- FRS 116 *Leases (continued)*

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

  The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, total assets and total liabilities are expected to increase from the implementation of FRS 116. This would increase the gearing ratio of the Group.

  The Group plans to adopt the standard when it becomes effective for the year ending 31 March 2020. The Group will continue to perform a detailed assessment of the standard, including the transition options and practical expedients.

4. INVESTMENT PROPERTIES

	Note	Group and Trust 2017 $'000	2016 $'000
At 1 April		1,172,400	1,233,470
Capital expenditure capitalised		1,502	4,870
Net change in fair value of investment properties recognised in the statement of total return		(59,502)	(40,320)
Transfer from/(to) investment properties under development	5	60,700	(25,620)
At 31 March		1,175,100	1,172,400

At the reporting date, 13 investment properties of the Group and the Trust with carrying amount totalling $779,500,000 (2016: $673,200,000) had been pledged as security for interest-bearing borrowings (note 12).

Fair value hierarchy

Investment properties with level 3 fair value of $1,175,100,000 (2016: $1,172,400,000) as at 31 March 2017, were measured by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

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

Level 3 fair value measurements

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

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

Notes to the Financial Statements

Year ended 31 March 2017

(ii) Valuation techniques

Investment properties are stated at fair value based on valuations performed by independent professional valuers, CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd on 31 March 2017 (2016: CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd on 31 March 2016). The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-collaborated discount rate, terminal capitalisation rate and capitalisation rate. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered valuation techniques including the discounted cash flow analysis, capitalisation method and/or direct comparison method in arriving at the open market value as at the reporting date.

The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow analysis requires the valuers to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted against anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised at an appropriate investment yield. The direct comparison method is used as a secondary method and is a comparative analysis which considers the relativity of various aspects of the property including (not necessarily limited to) location, tenure, size, configuration, quality of improvements and the date of transaction and the circumstances surrounding the sale. Transactions of comparable properties have been considered and capital value rates analysed. Thereafter, appropriate adjustments have been included and a capital value rate adopted for the property.

(iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows analysis	• Discount rate of 7.75% to 8.00% (2016: 7.75% to 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.25% to 7.00% (2016: 6.50% to 7.50%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 6.00% to 7.00% (2016: 6.25% to 7.00%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).

Notes to the Financial Statements

Year ended 31 March 2017

5. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Note	Group and Trust 2017 $'000	Group and Trust 2016 $'000
At 1 April		44,900	–
Development expenditure capitalised		48,215	21,365
Net change in fair value of investment properties under development recognised in statement of total return		5,185	(2,085)
Transfer (to)/from investment properties	4	(60,700)	25,620
At 31 March		37,600	44,900

Included in development expenditure capitalised are borrowing costs and acquisition fees paid to the Manager capitalised during the year of $662,284 (2016: $187,720) and $97,160 (2016: Nil) respectively.

Fair value hierarchy

Investment properties under development with fair value of $37,600,000 (2016: $44,900,000) as at 31 March 2017 were measured by an independent professional valuer, CBRE Pte. Ltd. (2016: Savills Valuation And Professional Services (S) Pte Ltd), who has the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

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

Level 3 fair value measurement

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

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

(ii) Valuation techniques

In determining the fair value of investment property under development, the valuers have adopted the residual method whereby the estimated development costs to be incurred and developer's profit are deducted from the gross development value to arrive at the residual value. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation and is determined using the discounted cash flow analysis, capitalisation method and direct comparison methods (see note 4).

The key assumptions include the estimation of net income based on rental assumptions which are considered in line with prevailing market conditions and general market practice within Singapore, a market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and estimated development costs to be incurred.

Notes to the Financial Statements

Year ended 31 March 2017

(iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Residual method	Discounted cash flows analysis • Discount rate of 8.00% (2016: 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.75% (2016: 6.75% to 7.00%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	Capitalisation methods • Capitalisation rate of 6.50% (2016: 6.50% to 6.75%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
	• Estimated development costs to be incurred	The estimated fair value would increase (decrease) if estimated development costs to be incurred were lower (higher).

6. SUBSIDIARIES

	Trust 2017 $'000	Trust 2016 $'000
Unquoted equity, at cost	85,200	85,200

Details of the subsidiaries are as follows:

	Country of incorporation or constitution/ Principal place of business	Effective equity interest held by the Group 2017 %	Effective equity interest held by the Group 2016 %
Subsidiaries of the Trust			
AACI REIT MTN Pte. Ltd.[1]	Singapore	100.0	100.0
AACI REIT Opera Pte. Ltd.[2]	Singapore	100.0	100.0
AIMS AMP Capital Industrial REIT (Australia) Trust[3]	Australia	100.0	100.0
AA REIT Macquarie Park Investment Trust[4]	Australia	100.0	100.0

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

Notes to the Financial Statements

Year ended 31 March 2017

6. SUBSIDIARIES (continued)

AACI REIT MTN Pte. Ltd.

AACI REIT MTN Pte. Ltd. ("AACI MTN"), a wholly-owned subsidiary, was incorporated on 28 May 2012. Its principal activity is to issue notes under an unsecured multi-currency medium term note programme for and on behalf of the Trust, provide financial and treasury services in connection with such issuance and lend the proceeds from the issuance of such notes to the Trust.

AACI REIT Opera Pte. Ltd.

AACI REIT Opera Pte. Ltd., a wholly-owned subsidiary, was incorporated on 23 October 2013. Its principal activity is that of an investment holding company.

AIMS AMP Capital Industrial REIT (Australia) Trust

AIMS AMP Capital Industrial REIT (Australia) Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

AA REIT Macquarie Park Investment Trust

AA REIT Macquarie Park Investment Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

7. JOINT VENTURE

	Group	
	2017	2016
	$'000	$'000
Joint venture	232,113	225,213

Details of the joint venture are as follows:

Name of entity	Country of constitution/ Principal place of business	Nature of relationship with the Group	Effective equity interest held by the Group 2017 %	2016 %
Macquarie Park Trust ("MPT")[1]	Australia	Investment in real estate	49.0	49.0

[1] Audited by PricewaterhouseCoopers Australia.

MPT is an unlisted joint arrangement in which the Group has joint control via unitholders' agreement with a joint venture partner and 49.0% equity interest. MPT holds Optus Centre, a Grade A business park complex located in Macquarie Park, New South Wales, Australia. MPT is structured as a trust vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in MPT as a joint venture, which is equity-accounted.

Notes to the Financial Statements

Year ended 31 March 2017

The following table summarises the financial information of MPT based on its financial statements prepared in accordance to FRS, modified for differences in the Group's accounting policies and adjusted for the percentage ownership held by the Group:

	2017 $'000	2016 $'000
Assets and liabilities		
Non-current assets [a]	232,632	225,353
Current assets [b]	3,192	3,641
Total assets	235,824	228,994
Current liabilities [c]	3,711	3,781
Total liabilities	3,711	3,781
Results		
Revenue	17,017	16,587
Expenses	(2,332)	(2,276)
Net change in fair value of investment property	73	22,458
Total return for the year	14,758	36,769

a Represents the valuation of Optus Centre, Macquarie Park, New South Wales, Australia. The independent valuation of the property was carried out by CBRE Valuations Pty Limited as at 31 March 2017 and the property was valued at AUD445.0 million (equivalent to approximately $474.8 million) (31 March 2016: AUD445.0 million (equivalent to approximately $459.9 million)).

b Includes cash at banks and in hand of $2.6 million (2016: $3.2 million).

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

	2017 $'000	2016 $'000
Group's interest in net assets and carrying amount of joint venture		
At 1 April	225,213	204,894
Investment during the year	–	432
Share of results of joint venture (net of tax) (including share of net change in fair value of investment property)	14,758	36,769
Distributions received/receivable	(15,113)	(14,280)
Foreign currency translation movements	7,255	(2,602)
At 31 March	232,113	225,213

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables	3,028	3,746	3,028	3,746
Impairment losses	(410)	(392)	(410)	(392)
Net trade receivables	2,618	3,354	2,618	3,354
Deposits	26	68	26	68
Distribution receivable from a subsidiary	–	–	679	77
Distribution receivable from a joint venture	1,294	1,201	–	–
Other receivables	–	87	–	87
Loans and receivables	3,938	4,710	3,323	3,586
Prepayments	4,589	4,740	4,583	4,732
	8,527	9,450	7,906	8,318
Non-current	2,599	2,719	2,599	2,719
Current	5,928	6,731	5,307	5,599
	8,527	9,450	7,906	8,318

Notes to the Financial Statements

Year ended 31 March 2017

8. TRADE AND OTHER RECEIVABLES (continued)

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

	Group Gross		Trust Gross		Group and Trust Impairment loss	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Not past due	1,766	1,540	1,151	416	–	–
Past due 1 – 30 days	1,221	1,136	1,221	1,136	–	–
Past due 31 – 90 days	902	318	902	318	–	–
Past due more than 90 days	459	2,108	459	2,108	410	392
	4,348	5,102	3,733	3,978	410	392

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

	Group and Trust	
	2017 $'000	2016 $'000
At 1 April	392	821
Impairment loss recognised/(written back) (net)	18	(241)
Amounts written off	–	(188)
At 31 March	410	392

The Manager believes that no additional impairment allowance is necessary in respect of the remaining loans and receivables as these receivables relate to tenants that have provided sufficient security deposits, bankers' guarantees or other forms of collateral.

9. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-current assets				
Interest rate swaps	408	–	408	–
Non-current liabilities				
Interest rate swaps	(2,760)	(3,528)	(247)	(396)
Current liabilities				
Interest rate swaps	(218)	(132)	(218)	(132)

The Group and the Trust use interest rate swaps to manage their exposures to interest rate movements on floating rate interest-bearing term loans by swapping the interest expense on a portion of interest-bearing borrowings from floating rates to fixed rates.

As at 31 March 2017, the Group had interest rate swap contracts with tenors between three and seven years with total notional amounts of $129.1 million and AUD175.8 million, equivalent to approximately $187.5 million (2016: $75.0 million and AUD175.8 million, equivalent to approximately $181.7 million). Under the contracts, the Group pays fixed interest rates of 1.570% to 3.825% (2016: 1.500% to 3.825%) and receives interest at the three-month Singapore Dollar swap offer rate ("SOR") or Australia Bank Bill Swap Bid Rate ("BBSY").

Notes to the Financial Statements

Year ended 31 March 2017

The Group has designated the interest rate swap contracts with notional amounts of AUD110.7 million (equivalent to approximately $118.1 million) (2016: AUD110.7 million, equivalent to approximately $114.4 million) as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD110.7 million (equivalent to approximately $118.1 million) (2016: AUD110.7 million, equivalent to approximately $114.4 million) five-year floating rate loan.

Offsetting financial assets and financial liabilities

The Group entered into International Swaps and Derivatives Association ("ISDA") master netting agreements with various bank counterparties ("ISDA Master Agreement"). In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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

			Contractual cash flows		
	Carrying amount $'000	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2017					
Non-current assets					
Interest rate swaps	408	510	(409)	919	–
Non-current liabilities					
Interest rate swaps	(2,760)	(3,136)	(1,783)	(1,353)	–
Current liabilities					
Interest rate swaps	(218)	(254)	(254)	–	–
	(2,570)	(2,880)	(2,446)	(434)	–
2016					
Non-current liabilities					
Interest rate swaps	(3,528)	(3,685)	(1,354)	(2,331)	–
Current liabilities					
Interest rate swaps	(132)	(110)	(110)	–	–
	(3,660)	(3,795)	(1,464)	(2,331)	–

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Year ended 31 March 2017

9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities (continued)

	Carrying amount $'000	Contractual cash flows Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2017					
Non-current assets					
Interest rate swap	408	510	(409)	919	–
Non-current liabilities					
Interest rate swaps	(247)	(350)	(254)	(96)	–
Current liabilities					
Interest rate swaps	(218)	(254)	(254)	–	–
	(57)	(94)	(917)	823	–
2016					
Non-current liabilities					
Interest rate swaps	(396)	(317)	(338)	21	–
Current liabilities					
Interest rate swaps	(132)	(110)	(110)	–	–
	(528)	(427)	(448)	21	–

10. CASH AND CASH EQUIVALENTS

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Cash at banks and in hand	6,818	4,583	5,910	4,478
Fixed deposits with financial institutions	4,909	2,907	4,909	2,907
	11,727	7,490	10,819	7,385

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Year ended 31 March 2017

11. TRADE AND OTHER PAYABLES

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Trade payables and accrued expenses	10,222	13,326	10,103	13,170
Trade amounts due to:				
- the Manager	311	1,203	311	1,203
- the Property Manager	1,009	335	1,009	335
- the Trustee	44	45	44	45
- subsidiary	–	–	11	7
- entities controlled by corporate shareholders of the Manager	223	145	–	–
Goods and services tax payable	1,223	742	1,232	789
Rental received in advance	1,476	1,885	1,476	1,885
Rental and security deposits	11,847	11,139	11,847	11,139
Retention sums for development costs	2,779	3,408	2,779	3,408
Accrued development costs	8,774	3,122	8,774	3,122
Interest payable	2,787	3,001	1,976	2,215
	40,695	38,351	39,562	37,318
Non-current	7,424	9,921	7,424	9,921
Current	33,271	28,430	32,138	27,397
	40,695	38,351	39,562	37,318

12. INTEREST-BEARING BORROWINGS

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Non-current				
Secured				
Term loans	316,495	274,417	198,439	160,056
Revolving credit facility	–	19,000	–	19,000
	316,495	293,417	198,439	179,056
Unsecured				
Medium term notes	130,000	80,000	130,000	80,000
	446,495	373,417	328,439	259,056
Less: Unamortised borrowing transaction costs	(1,574)	(1,839)	(1,238)	(1,336)
	444,921	371,578	327,201	257,720
Current				
Secured				
Term loans	69,492	–	69,492	–
Revolving credit facility	13,300	–	13,300	–
	82,792	–	82,792	–
Unsecured				
Medium term notes	–	100,000	–	100,000
	82,792	100,000	82,792	100,000
Less: Unamortised borrowing transaction costs	(207)	(94)	(207)	(94)
	82,585	99,906	82,585	99,906
Total	527,506	471,484	409,786	357,626

Notes to the Financial Statements

Year ended 31 March 2017

12. INTEREST-BEARING BORROWINGS (continued)

As at 31 March 2017, the Group had the following borrowings:

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

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

(i) first legal mortgage over 13 investment properties (2016: 12 investment properties) with carrying amount totalling $779,500,000 (2016: $673,200,000) of the Trust; and

(ii) assignment of rights, title and interest in leases, insurances, rental and sales proceeds of the related mortgage properties.

(b) Secured AUD term loan facility of a subsidiary

On 7 February 2014, AMP Capital AA REIT Investments (Australia) Pty Limited, in its capacity as trustee of AA REIT Macquarie Park Investment Trust (an indirect wholly-owned subsidiary of the Trust) (the "Borrower"), entered into a AUD110,655,000 syndicated facility agreement with two financial institutions for a five-year debt facility ("AUD term loan facility") to partially fund the acquisition of the 49.0% interest in Optus Centre, Macquarie Park, New South Wales, Australia.

The details of the collateral are as follows:

(i) first ranking general security agreement over the current and future assets and undertakings of the Borrower, including the Borrower's units in Macquarie Park Trust; and

(ii) first ranking specific security agreement from AMP Capital Investors Limited in its capacity as trustee of AIMS AMP Capital Industrial REIT (Australia) Trust over the units of the Borrower and all present and future rights and property interests in respect of the units in the Borrower.

(c) Unsecured medium term notes

On 25 July 2012, the Trust, through AACI MTN (the "Issuer"), established a $500 million multi-currency medium term note programme (the "MTN Programme"). Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the notes will be unconditionally and irrevocably guaranteed by HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of the Trust.

At the reporting date, an aggregate of $130 million medium term notes have been issued and remained outstanding as follows:

(i) $50 million five-year medium term notes with a fixed rate of 3.80% per annum, payable semi-annually in arrears, fully repayable on 21 May 2019;

(ii) $30 million seven-year medium term notes with fixed rate of 4.35% per annum, payable semi-annually in arrears, fully repayable on 5 December 2019; and

(iii) $50 million five-year medium term notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears, fully repayable on 22 March 2022.

AACI MTN redeemed the $100 million four-year medium term notes with a fixed rate of 4.90% per annum issued in August 2012 upon their maturity on 8 August 2016.

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The medium term notes shall at all times rank pari passu without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

Terms and debt repayment schedule

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

	Nominal interest rate %	Date of maturity	Group Face value $'000	Group Carrying amount $'000	Trust Face value $'000	Trust Carrying amount $'000
2017						
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,856	50,000	49,856
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,903	30,000	29,903
SGD fixed rate medium term notes	3.60	March 2022	50,000	49,774	50,000	49,774
SGD floating rate term loan	SOR[1] + margin	November 2018	90,000	89,785	90,000	89,785
SGD floating rate term loan	SOR[1] + margin	November 2018	8,439	8,355	8,439	8,355
SGD floating rate term loan	SOR[1] + margin	August 2020	100,000	99,528	100,000	99,528
SGD floating rate revolving credit facility	SOR[1] + margin	November 2017	13,300	13,172	13,300	13,172
AUD floating rate term loan	BBSY[2] + margin	November 2017	69,492	69,413	69,492	69,413
AUD floating rate term loan	BBSY[2] + margin	February 2019	118,056	117,720	–	–
			529,287	527,506	411,231	409,786
2016						
SGD fixed rate medium term notes	4.90	August 2016	100,000	99,906	100,000	99,906
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,788	50,000	49,788
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,867	30,000	29,867
SGD floating rate term loan	SOR[1] + margin	November 2018	90,000	89,656	90,000	89,656
SGD floating rate term loan	SOR[1] + margin	November 2018	2,739	2,605	2,739	2,605
SGD floating rate revolving credit facility	SOR[1] + margin	November 2017	19,000	18,683	19,000	18,683
AUD floating rate term loan	BBSY[2] + margin	November 2017	67,317	67,121	67,317	67,121
AUD floating rate term loan	BBSY[2] + margin	February 2019	114,361	113,858	–	–
			473,417	471,484	359,056	357,626

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

Notes to the Financial Statements

Year ended 31 March 2017

12. INTEREST-BEARING BORROWINGS (continued)

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

	Carrying amount $'000	Contractual cash flows Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2017					
Medium term notes	129,533	(146,512)	(3,855)	(142,657)	–
Term loans	384,801	(409,667)	(79,191)	(330,476)	–
Revolving credit facility	13,172	(13,339)	(13,339)	–	–
Trade and other payables*	39,219	(39,219)	(31,795)	(6,785)	(639)
	566,725	(608,737)	(128,180)	(479,918)	(639)
2016					
Medium term notes	179,561	(192,494)	(103,837)	(88,657)	–
Term loans	273,240	(298,400)	(8,668)	(289,732)	–
Revolving credit facility	18,683	(19,785)	(425)	(19,360)	–
Trade and other payables*	36,466	(36,466)	(26,546)	(8,411)	(1,509)
	507,950	(547,145)	(139,476)	(406,160)	(1,509)
Trust					
2017					
Medium term notes	129,533	(146,512)	(3,855)	(142,657)	–
Term loans	267,081	(283,005)	(75,023)	(207,982)	–
Revolving credit facility	13,172	(13,339)	(13,339)	–	–
Trade and other payables*	38,086	(38,086)	(30,662)	(6,785)	(639)
	447,872	(480,942)	(122,879)	(357,424)	(639)
2016					
Medium term notes	179,561	(192,494)	(103,837)	(88,657)	–
Term loans	159,382	(170,854)	(4,167)	(166,687)	–
Revolving credit facility	18,683	(19,785)	(425)	(19,360)	–
Trade and other payables*	35,433	(35,433)	(25,513)	(8,411)	(1,509)
	393,059	(418,566)	(133,942)	(283,115)	(1,509)

* Excluding rental received in advance.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

Year ended 31 March 2017

13. DEFERRED TAX LIABILITIES

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

	At 1 April 2015 $'000	Recognised in statement of total return (note 21) $'000	At 31 March 2016 $'000	Recognised in statement of total return (note 21) $'000	At 31 March 2017 $'000
Group					
Deferred tax liabilities					
Tax on unrealised profits of subsidiaries	1,134	4,103	5,237	612	5,849

14. UNITHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation as well as the foreign exchange gains and losses arising from monetary items that are considered to form part of the Group's net investment in a foreign operation.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected the statement of total return.

Issue expenses

Issue expenses comprised professional, underwriting, selling commission and other costs relating to issuance of Units in the Trust. These expenses are deducted directly against Unitholders' funds.

15. UNITS IN ISSUE AND TO BE ISSUED

	Note	Group and Trust 2017 $'000	2016 $'000
Units in issue at beginning of the year		635,366	628,935
Issue of new Units:			
Units issued as payment of Manager's base fees	(a)	2,202	1,152
Units issued as payment of Manager's performance fees	(b)	1,090	1,992
Units issued pursuant to Distribution Reinvestment Plan	(c)	–	2,463
Units issued as payment of Property Manager's fees	(d)	–	824
Units in issue at end of the year		638,658	635,366
Units to be issued:			
Manager's performance fees		–	1,090
Manager's base fees		679	168
Total Units in issue and to be issued at end of the year		639,337	636,624

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Year ended 31 March 2017

15. UNITS IN ISSUE AND TO BE ISSUED (continued)

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

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

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

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

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

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

The issue price for management fees paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrued.

(b) On 25 May 2016, the Trust issued 1,089,469 (2016: 1,991,579) new Units at an issue price of $1.3396 (2016: $1.4645) per Unit as payment of the performance component of the Manager's management fees for the year ended 31 March 2016.

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

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

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

(d) On 26 May 2015, the Trust issued 824,373 new Units at an issue price of $1.4949 per Unit as payment of the marketing services provided by the Property Manager in respect of securing tenants at two properties, namely 20 Gul Way and 29 Woodlands Industrial Park E1.

The issue price for marketing services fee paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrued.

Notes to the Financial Statements

Year ended 31 March 2017

16. GROSS REVENUE

	Group and Trust 2017 $'000	Group and Trust 2016 $'000
Property rental income	91,747	94,236
Service charge, land rent and property tax	17,836	19,545
Other property expenses recoverable from tenants and other property income	10,536	10,608
	120,119	124,389

17. PROPERTY OPERATING EXPENSES

	Group and Trust 2017 $'000	Group and Trust 2016 $'000
Land rent	8,901	9,165
Property and lease management fees	2,760	2,845
Property tax	9,369	11,549
Other operating expenses	19,656	18,501
	40,686	42,060

18. BORROWING COSTS

	Group		Trust	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Interest expense	17,292	18,528	11,730	13,064
Amortisation of borrowing transaction costs	1,032	1,112	808	895
Others	278	512	278	512
	18,602	20,152	12,816	14,471

19. MANAGER'S MANAGEMENT FEES

	Group and Trust 2017 $'000	Group and Trust 2016 $'000
Base fees		
- Paid/payable in cash	3,705	5,456
- Paid/payable in Units	3,700	1,869
	7,405	7,325
Performance fees paid/payable in Units	–	1,459

Notes to the Financial Statements

Year ended 31 March 2017

20. OTHER TRUST EXPENSES

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Audit fees paid/payable to:				
- auditors of the Trust	186	183	178	175
- other auditors	19	18	–	–
Non-audit fees paid/payable to auditors of the Trust	59	55	56	52
Trustees' fees	404	403	268	267
Valuation fees	128	123	128	123
Professional fees	69	7	69	7
Non-deal road show expenses	39	74	39	74
Other expenses	851	1,072	521	730
	1,755	1,935	1,259	1,428

21. INCOME TAX EXPENSE

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Singapore current tax	–*	–*	–	–
Overseas deferred tax	612	4,103	–	–
Overseas withholding tax	917	743	917	743
Total tax expense	1,529	4,846	917	743

* less than $1,000.

Reconciliation of effective tax rate:

	Group 2017 $'000	Group 2016 $'000	Trust 2017 $'000	Trust 2016 $'000
Total return before income tax	15,008	45,655	13,191	23,923
Tax calculated using Singapore tax rate of 17% (2016: 17%)	2,551	7,761	2,242	4,067
Non-tax chargeable items	(480)	(84)	(480)	(84)
Non-tax deductible items	10,166	8,369	10,166	8,369
Tax transparency	(11,200)	(11,282)	(11,200)	(11,282)
Foreign-sourced income	(1,037)	(4,764)	(728)	(1,070)
Deferred tax on unrealised profits of subsidiaries	612	4,103	–	–
Overseas withholding tax	917	743	917	743
	1,529	4,846	917	743

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Year ended 31 March 2017

22. EARNINGS PER UNIT

	Group 2017	Group 2016
Earnings per Unit (cents)		
Basic and diluted	2.12	6.44

The earnings per Unit is computed using total return after tax over the weighted average number of Units outstanding as follows:

	Group 2017 $'000	Group 2016 $'000
Total return after income tax	13,479	40,809

	Trust Number of Units 2017 '000	Trust Number of Units 2016 '000
Basic EPU		
Units in issue at beginning of the year	635,366	628,935
Effect of Units issued/issuable relating to:		
- Manager's base fees	816	433
- Manager's performance fees	928	1,701
- Distribution Reinvestment Plan	–	1,790
- Property Manager's fees	–	700
Weighted average number of Units at end of the year	637,110	633,559
Diluted EPU		
Units in issue at beginning of the year	635,366	628,935
Effect of Units issued/issuable relating to:		
- Manager's base fees	875	433
- Manager's performance fees	928	1,701
- Distribution Reinvestment Plan	–	1,790
- Property Manager's fees	–	700
Weighted average number of Units at end of the year	637,169	633,559

23. COMMITMENTS

(a) Lease commitments

The Group leases out its investment properties. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

	Group and Trust 2017 $'000	Group and Trust 2016 $'000
Within 1 year	79,674	87,045
After 1 year but within 5 years	124,796	142,558
After 5 years	2,687	12,572
	207,157	242,175

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Year ended 31 March 2017

23. COMMITMENTS (continued)

(b) Operating lease commitments

The Group is required to pay JTC Corporation ("JTC"), the Housing and Development Board ("HDB") and Ascendas Land (Singapore) Pte Ltd ("Ascendas") annual land rent (including payable for investment properties under development) in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% and 7.6% for leases with JTC or HDB and Ascendas respectively, of the annual land rent for the immediate preceding year. The land rent paid to JTC, HDB and Ascendas amounted to $7,423,000 (2016: $7,486,000), $1,398,000 (2016: $1,422,000) and $464,000 (2016: $431,000) respectively, in relation to 23 (2016: 23) properties for the financial year ended 31 March 2017 (including amounts that have been directly recharged to tenants).

(c) Capital commitments

	Group and Trust	
	2017	2016
	$'000	$'000
Capital expenditure contracted but not provided for	22,196	18,268

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, significant related party transactions carried out on terms agreed between the parties are as follows:

	Group		Trust	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
The Manager				
Manager's management fees				
Base fees	7,405	7,325	7,405	7,325
Performance fees	–	1,459	–	1,459
Acquisition fees	97	–	97	–
Entities controlled by corporate shareholders of the Manager				
Trustees' fees	128	125	–	–
Investment management fees	325	305	–	–
The Property Manager				
Property management fees	1,843	1,888	1,843	1,888
Lease management fees	922	944	922	944
Marketing services commissions	2,324	1,601	2,324	1,601
Project management fees	610	456	610	456
Property tax services fees	9	–	9	–
The Trustee				
Trustee's fees	268	267	268	267
Subsidiaries				
Distribution income	–	–	8,852	7,935
Interest income	–	–	–	189
Interest expense	–	–	4,986	8,127
Service fee expense	–	–	45	55

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager reviews the Group's debt and capital management and financing policy regularly so as to optimise the Group's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS Code ("Property Funds Appendix"). The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. As at 31 March 2017, the Aggregate Leverage of the Group was 36.1% (2016: 32.4%) and had complied with the Aggregate Leverage limit during the financial year.

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

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

Risk management framework

Exposure to credit, interest rate, liquidity and foreign currency risks arises in the normal course of the Group's business. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Rental deposits as a multiple of monthly rent are received either in cash or bank guarantees to reduce credit risk. The Manager also monitors the amount owing by the lessees on an ongoing basis.

Cash is placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

At 31 March 2017, $1,653,000 of net trade receivables related to two tenants (2016: $2,180,000 of net trade receivables related to two tenants). Except for this, concentration of credit risk relating to trade receivables is limited due to the Group's varied tenants' profile and credit policy of obtaining security deposits, banker's guarantees or other forms of collateral from tenants for leasing the Group's investment properties.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations and to mitigate the effect of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

As at 31 March 2017, the Group has unutilised committed credit facilities amounting to $133.3 million (2016: $133.3 million).

The Group also monitors and observes the Property Funds Appendix issued by the MAS concerning limits on total borrowings.

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(i) Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with adverse movement in interest rates on the loan facilities while also seeking to ensure that the Group's cost of debt remains competitive. The policy aims to protect the Group's earnings from the volatility in interest rates and provide stability to Unitholders' returns.

As at 31 March 2017, the Group had interest rate swap contracts with total notional amounts of $129.1 million and AUD175.8 million (2016: $75.0 million and AUD175.8 million) whereby the Group had agreed with counterparties to exchange at specified intervals, the difference between the floating rates pegged to the SOR or BBSY and fixed rate interest amounts calculated by reference to the agreed notional amounts. The swaps are used to manage the exposure to fluctuation in the variable interest rates of its floating rate interest-bearing borrowings.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Trust's interest-bearing financial instruments was as follows:

	Group Nominal amount		Trust Nominal amount	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Financial liabilities	(130,000)	(180,000)	(130,000)	(180,000)
Interest rate swaps	(316,692)	(256,678)	(198,637)	(142,317)
	(446,692)	(436,678)	(328,637)	(322,317)
Variable rate instruments				
Financial liabilities	(399,286)	(293,417)	(281,231)	(179,056)
Interest rate swaps	316,692	256,678	198,637	142,317
	(82,594)	(36,739)	(82,594)	(36,739)

Notes to the Financial Statements

Year ended 31 March 2017

Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statements of total return of the Group and the Trust.

For the variable rate financial liabilities and the derivative financial instruments, a change of 100 basis points ("bps") in interest rate at the reporting date would increase or decrease the statements of total return of the Group and the Trust by $826,000 (2016: Group and Trust by $367,000). This analysis assumes that all other variables remain constant.

(ii) *Foreign currency risk*

Risk management policy

The Group has exposure to foreign currency risks arising from its interest in a joint venture in Australia. Transactions in relation to this investment are mainly denominated in the Australian dollar.

The Manager's strategy is to achieve a natural hedge, wherever possible through the use of Australian dollar denominated borrowing to match its interest in the joint venture to mitigate the currency risk. As at 31 March 2017, the Group's investment in its Australian joint venture is hedged as approximately 81% (2016: 81%) of the interest in joint venture was funded with Australian dollar denominated borrowings.

Exposure to currency risk

The Group's and Trust's exposure to foreign currencies in relation to financial assets and liabilities as at 31 March 2017 and 31 March 2016 were as follows:

	Group		Trust	
	Australian Dollar 2017 $'000	Australian Dollar 2016 $'000	Australian Dollar 2017 $'000	Australian Dollar 2016 $'000
Joint venture	232,113	225,213	–	–
Cash and cash equivalents	1,505	802	609	707
Trade and other receivables	–	–	679	77
Trade and other payables	(359)	(328)	(359)	(328)
Derivative financial instruments	(218)	(227)	(218)	(227)
Interest-bearing borrowings	(187,547)	(181,678)	(69,492)	(67,317)
Net exposure	45,494	43,782	(68,781)	(67,088)

Sensitivity analysis

A strengthening/weakening of the Australian dollar, as indicated below, against the Singapore dollar at the reporting date would have (decreased)/increased total return and Unitholders' funds by the amounts shown below for the Group's and Trust's financial assets and financial liabilities. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Risk management framework (continued)

(ii) Foreign currency risk (continued)

Sensitivity analysis (continued)

	Statements of total return $'000	Unitholders' funds $'000
Group		
2017		
Australian dollar (5% strengthening)	46	2,228
Australian dollar (5% weakening)	(46)	(2,228)
Group		
2016		
Australian dollar (5% strengthening)	12	2,177
Australian dollar (5% weakening)	(12)	(2,177)
Trust		
2017		
Australian dollar (5% strengthening)	(3,439)	–
Australian dollar (5% weakening)	3,439	–
Trust		
2016		
Australian dollar (5% strengthening)	(3,354)	–
Australian dollar (5% weakening)	3,354	–

Notes to the Financial Statements

Year ended 31 March 2017

Classification and fair value of financial instruments

The carrying amounts and the fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2017										
Financial assets not measured at fair value										
Loans and receivables	8	3,938	–	–	–	3,938				
Cash and cash equivalents	10	11,727	–	–	–	11,727				
		15,665	–	–	–	15,665				
Financial assets measured at fair value										
Derivative financial assets	9	–	408	–	–	408	–	408	–	408
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(465)	(2,513)	–	(2,978)	–	(2,978)	–	(2,978)
Financial liabilities not measured at fair value										
Trade and other payables*	11	–	–	–	(39,219)	(39,219)	–	–	(38,647)	(38,647)
Interest-bearing borrowings	12	–	–	–	(527,506)	(527,506)	–	(529,211)	–	(529,211)
		–	–	–	(566,725)	(566,725)				

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

	Note	Carrying amount					Fair value			
		Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2016										
Financial assets not measured at fair value										
Loans and receivables	8	4,710	–	–	–	4,710				
Cash and cash equivalents	10	7,490	–	–	–	7,490				
		12,200	–	–	–	12,200				
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(528)	(3,132)	–	(3,660)	–	(3,660)	–	(3,660)
Financial liabilities not measured at fair value										
Trade and other payables*	11	–	–	–	(36,466)	(36,466)	–	–	(35,589)	(35,589)
Interest-bearing borrowings	12	–	–	–	(471,484)	(471,484)	–	(472,146)	–	(472,146)
		–	–	–	(507,950)	(507,950)				

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2017

Classification and fair value of financial instruments (continued)

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2017										
Financial assets not measured at fair value										
Loans and receivables	8	3,323	–	–	–	3,323				
Cash and cash equivalents	10	10,819	–	–	–	10,819				
		14,142	–	–	–	14,142				
Financial assets measured at fair value										
Derivative financial assets	9	–	408	–	–	408	–	408	–	408
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(465)	–	–	(465)	–	(465)	–	(465)
Financial liabilities not measured at fair value										
Trade and other payables*	11	–	–	–	(38,086)	(38,086)	–	–	(37,514)	(37,514)
Interest-bearing borrowings	12	–	–	–	(409,786)	(409,786)	–	(411,491)	–	(411,491)
		–	–	–	(447,872)	(447,872)				

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

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

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2017

Estimation of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Derivatives

The fair values of interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(ii) Other non-derivative financial assets and liabilities

Other non-derivative financial assets and liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amount of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing. The fair values of the fixed rate notes are based on banks' quotes.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, is computed from the market rates as follows:

	Group and Trust	
	2017	2016
	%	%
Other financial liabilities	2.75	3.45

The Group's policy is to recognise transfers between levels as of the end of the reporting period during which the transfer has occurred. There had been no transfers between the levels during the year.

26. SEGMENT REPORTING

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

Notes to the Financial Statements

Year ended 31 March 2017

26. SEGMENT REPORTING (continued)

Information about reportable segments

	Singapore $'000	Australia $'000	Total $'000
2017			
Revenue and expenses			
Gross revenue	120,119	–	120,119
Property operating expenses	(40,686)	–	(40,686)
Net property income	79,433	–	79,433
Share of results of joint venture (net of tax)	–	14,758[1]	14,758
Net change in fair value of investment properties and investment properties under development	(54,317)	–	(54,317)
Net change in fair value of financial derivatives	461	9	470
			40,344
Unallocated items:			
Foreign exchange gain			39
Interest and other income			2,387
Borrowing costs			(18,602)
Trust expenses			(9,160)
Total return before income tax			15,008
Income tax expense			(1,529)
Total return after income tax			13,479
Non-current assets[2]	1,215,299	232,113	1,447,412
Other segment items:			
Joint venture	–	232,113	232,113
Capital expenditure[3]	(49,717)	–	(49,717)
2016			
Revenue and expenses			
Gross revenue	124,389	–	124,389
Property operating expenses	(42,060)	–	(42,060)
Net property income	82,329	–	82,329
Share of results of joint venture (net of tax)	–	36,769[1]	36,769
Net change in fair value of investment properties and investment properties under development	(42,405)	–	(42,405)
Net change in fair value of financial derivatives	(465)	(227)	(692)
			76,001
Unallocated items:			
Foreign exchange gain			2
Interest and other income			523
Borrowing costs			(20,152)
Trust expenses			(10,719)
Total return before income tax			45,655
Income tax expense			(4,846)
Total return after income tax			40,809
Non-current assets[2]	1,220,019	225,213	1,445,232
Other segment items:			
Joint venture	–	225,213	225,213
Capital expenditure[3]	(26,235)	–	(26,235)

1 Included in the share of results of joint venture (net of tax) is the share of revaluation surplus recognised on the valuation of Optus Centre of $0.1 million (FY2016: $22.5 million).
2 Excluding financial instruments.
3 Capital expenditure consists of additions of investment properties and investment properties under development.

Notes to the Financial Statements

Year ended 31 March 2017

No business segment information has been prepared as all investment properties are used mainly for industrial (including warehousing and business park) purposes and they are similar in terms of purpose, economic characteristics, types of tenants and nature of services provided to tenants. As such, the Group's CODMs are of the view that the Group has only one reportable segment, which is the leasing of investment properties. Accordingly, no operating segment information has been prepared. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Major tenants

Rental income from one major tenant of the Group's reportable segment represents approximately $23,393,000 (2016: $23,721,000 rental income from one major tenant) of the Group's property rental income.

27. FINANCIAL RATIOS

	Group	
	2017	2016
	%	%
Expenses to weighted average net assets[1]		
- Expense ratio excluding performance-related fee	0.97	0.96
- Expense ratio including performance-related fee	0.97	1.11
Portfolio turnover rate[2]	–	–

[1] The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs, changes in fair value of financial derivatives, investment properties, investment properties under development and foreign exchange gains/(losses).

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

28. SUBSEQUENT EVENTS

On 27 April 2017, the Manager announced a distribution of 2.78 cents per Unit, amounting to $17,755,000 in respect of the period from 1 January 2017 to 31 March 2017.

In April 2017, the Trust received commitment from a syndicate of financial institutions to refinance the secured facilities due in November 2017 with a new four-year revolving credit facility and three-year Australian dollar term loan.

AUDITED FINANCIAL STATEMENTS OF AIMS AMP CAPITAL INDUSTRIAL REIT AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The information in this Appendix III has been extracted and reproduced from the audited financial statements of AA REIT and its subsidiaries for the financial year ended 31 March 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

Financial Statements

Report of the Trustee

Year ended 31 March 2018

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of AIMS AMP Capital Industrial REIT (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of AIMS AMP Capital Industrial REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the provisions of the trust deed establishing the Trust dated 5 December 2006, subsequently amended by the supplemental deed of appointment and retirement of Trustee dated 8 March 2007, the first amending and restating deed dated 8 March 2007, the first supplemental deed dated 31 May 2010 and second amending and restating deed dated 17 July 2017 (collectively the "Trust Deed") between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 123 to 180, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

Singapore
31 May 2018

Statement by the Manager

Year ended 31 March 2018

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

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

Koh Wee Lih
Director

Singapore
31 May 2018

Independent Auditors' Report

Unitholders of AIMS AMP Capital Industrial REIT
(Constituted in the Republic of Singapore pursuant to a Trust Deed)

Report on the financial statements

We have audited the accompanying financial statements of AIMS AMP Capital Industrial REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position and portfolio statements of the Group and the Trust as at 31 March 2018, the statements of total return, distribution statements and statements of movements in Unitholders' funds of the Group and the Trust and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 123 to 180.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 March 2018 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

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

Key audit matters

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

Valuation of investment properties and investment properties under development
(Refer to Notes 4 and 5 to the financial statements)

Risk:

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

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

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

Our response:

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

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

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

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

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

Our findings:

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

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

The disclosures in the financial statements are appropriate.

Other Information

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

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

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

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 May 2018

Statements of Financial Position

As at 31 March 2018

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

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

Statements of Total Return

Year ended 31 March 2018

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

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

Distribution Statements

Year ended 31 March 2018

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

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

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

Distribution Statements

Year ended 31 March 2018

Note A - Net effect of tax adjustments

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

Note B – Other adjustments

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

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

Statements of Movements in Unitholders' Funds

Year ended 31 March 2018

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

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

Portfolio Statements

As at 31 March 2018

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)
	Group and the Trust			
	Investment properties in Singapore			
1	20 Gul Way	20 Gul Way	35 years	22.8
2	27 Penjuru Lane	27 Penjuru Lane	45 years	31.5
3	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	50.2
4	NorthTech	29 Woodlands Industrial Park E1	60 years	36.8
5	1A International Business Park	1A International Business Park	52 years	41.2
6	30 Tuas West Road	30 Tuas West Road	60 years	37.8
7	51 Marsiling Road[4]	51 Marsiling Road	70 years and 5 months	26.3
8	Element 14	15 Tai Seng Drive	60 years	33.0
9	103 Defu Lane 10	103 Defu Lane 10	60 years	25.2
10	8 Tuas Avenue 20[5]	8 Tuas Avenue 20	59 years and 1.5 months	33.6
11	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	37.2
12	3 Toh Tuck Link	3 Toh Tuck Link	60 years	38.6
13	10 Changi South Lane	10 Changi South Lane	60 years	38.2
14	23 Tai Seng Drive	23 Tai Seng Drive	60 years	32.3
15	11 Changi South Street 3	11 Changi South Street 3	60 years	37.0
16	135 Joo Seng Road	135 Joo Seng Road	60 years	36.2
17	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	34.4
18	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	37.1
19	King Plastic	541 Yishun Industrial Park A	60 years	36.2
20	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	29.0
21	8 Senoko South Road	8 Senoko South Road	60 years	36.6
22	1 Kallang Way 2A	1 Kallang Way 2A	60 years	37.2
23	7 Clementi Loop	7 Clementi Loop	60 years	35.2
24	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	35.8
25	3 Tuas Avenue 2[6]	3 Tuas Avenue 2	73 years	37.0
26	10 Soon Lee Road[7]	10 Soon Lee Road	60 years	22.9
	Investment properties, at valuation (note 4)			
	Investment properties under development in Singapore			
10	8 Tuas Avenue 20[5]	8 Tuas Avenue 20	59 years and 1.5 month	33.6
7	51 Marsiling Road[4]	51 Marsiling Road	70 years and 5 months	26.3
25	3 Tuas Avenue 2[6]	3 Tuas Avenue 2	73 years	37.0
	Investment properties under development, at valuation (note 5)			
	Portfolio of investment properties and investment properties under development			
	Joint venture (note 7)			
	Investment property in Australia held by a joint venture			
27	Optus Centre[8]	1-5 Lyonpark Road, Macquarie Park, New South Wales	Freehold	N.A.
	Other assets and liabilities (net)			
	Total Unitholders' funds of the Group			

1 Includes the period covered by the relevant options to renew.
2 The occupancy rates shown are on committed basis.
3 The carrying value of investment properties and investment properties under development are stated at valuation.
4 The Group entered into an option agreement with Seiko Instruments Singapore Pte Ltd to acquire the plot of land on 3 August 2016 for a build-to-suit development. It was transferred to "Investment properties" during the year ended 31 March 2018 upon achieving its Temporary Occupation Permit on 27 October 2017.

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

Existing use	Occupancy rate[2] 2018 %	Occupancy rate[2] 2017 %	Carrying value[3] 2018 $'000	Carrying value[3] 2017 $'000	Group percentage of total Unitholders' funds 2018 %	Group percentage of total Unitholders' funds 2017 %	Trust percentage of total Unitholders' funds 2018 %	Trust percentage of total Unitholders' funds 2017 %
Ramp-up Warehouse	87	100	250,400	263,200	26.7	29.6	27.2	30.3
Ramp-up Warehouse	87	96	169,000	170,000	18.0	19.1	18.3	19.6
Cargo Lift Warehouse	90	89	146,000	146,000	15.5	16.4	15.9	16.8
Hi-Tech	100	100	102,000	100,000	10.9	11.3	11.1	11.5
Business Park	100	100	88,500	88,500	9.4	10.0	9.6	10.2
Ramp-up Warehouse	100	100	59,100	60,700	6.3	6.8	6.4	7.0
Manufacturing	100	N.A.	43,000	–	4.6	–	4.7	–
Industrial	100	90	35,300	32,600	3.7	3.7	3.8	3.8
Cargo Lift Warehouse	92	76	35,000	36,000	3.7	4.1	3.8	4.2
Manufacturing	83	N.A.	28,000	–	3.0	–	3.0	–
Industrial	43	85	25,700	26,000	2.7	2.9	2.8	3.0
Cargo Lift Warehouse	100	100	22,500	22,700	2.4	2.6	2.5	2.6
Cargo Lift Warehouse	90	100	22,300	22,300	2.4	2.5	2.4	2.6
Industrial	95	95	22,200	21,000	2.4	2.4	2.4	2.4
Cargo Lift Warehouse	92	63	21,400	21,400	2.3	2.4	2.3	2.5
Industrial	90	70	20,300	20,300	2.2	2.3	2.2	2.3
Industrial	67	64	20,000	20,000	2.1	2.3	2.2	2.3
Cargo Lift Warehouse	98	96	19,500	18,900	2.1	2.1	2.1	2.2
Manufacturing	100	100	16,000	16,000	1.7	1.8	1.7	1.8
Manufacturing	100	100	15,700	15,300	1.7	1.7	1.7	1.8
Manufacturing	100	100	12,300	12,300	1.3	1.4	1.3	1.4
Industrial	96	100	12,200	12,500	1.3	1.4	1.3	1.4
Cargo Lift Warehouse	77	94	12,200	10,900	1.3	1.2	1.3	1.3
Manufacturing	100	100	11,500	11,500	1.2	1.3	1.3	1.3
Manufacturing	N.A.	100	–	20,600	–	2.3	–	2.4
Industrial	N.A.	72	–	6,400	–	0.7	–	0.7
			1,210,100	1,175,100	128.9	132.3	131.3	135.4
–	N.A.	N.A.	–	19,400	–	2.2	–	2.2
–	N.A.	N.A.	–	18,200	–	2.0	–	2.1
–	N.A.	N.A.	18,600	–	2.0	–	2.0	–
			18,600	37,600	2.0	4.2	2.0	4.3
			1,228,700	1,212,700	130.9	136.5		
			220,763	232,113	23.5	26.1		
Business Park	100	100						
			(510,504)	(556,366)	(54.4)	(62.6)		
			938,959	888,447	100.0	100.0		

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

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

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

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

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

Portfolio Statements

As at 31 March 2018

	Description of property	Carrying value 2018 $'000	Carrying value 2017 $'000	Trust percentage of total Unitholders' funds 2018 %	Trust percentage of total Unitholders' funds 2017 %
	Trust				
1-26	**Investment properties, at valuation (pages 128 – 129)**	1,210,100	1,175,100	131.3	135.4
	Investment properties under development, at valuation (pages 128 to 129)	18,600	37,600	2.0	4.3
		1,228,700	1,212,700	133.3	139.7
	Other assets and liabilities (net)	(307,041)	(345,480)	(33.3)	(39.7)
	Total Unitholders' funds of the Trust	921,659	867,220	100.0	100.0

Portfolio statement by industry segment is not presented as the Group's and the Trust's activities for the years ended 31 March 2018 and 31 March 2017 related wholly to investing in real estate in the industrial sector.

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

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

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

Consolidated Statement of Cash Flows

Year ended 31 March 2018

	Group	
	2018	2017
	$'000	$'000
Cash flows from operating activities		
Total return after income tax	61,192	13,479
Adjustments for:		
Share of results of joint venture (net of tax)	(17,418)	(14,758)
Borrowing costs	19,417	18,602
Foreign exchange loss/(gain)	149	(39)
Manager's management fees in Units	3,692	3,700
Net change in fair value of investment properties and investment properties under development	4,682	54,317
Net change in fair value of derivative financial instruments	(506)	(470)
Gain on divestment of investment property	(1,597)	–
Income tax expense	1,421	1,529
Operating income before working capital changes	**71,032**	**76,360**
Changes in working capital		
Trade and other receivables	(1,554)	1,545
Trade and other payables	4,719	1,082
Cash generated from operations	74,197	78,987
Income tax paid	(859)	(917)
Net cash from operating activities	**73,338**	**78,070**
Cash flows from investing activities		
Capital expenditure on investment properties and investment properties under development (including acquisition of land)	(33,181)	(47,990)
Distributions from a joint venture	15,688	14,988
Proceeds from divestment of investment property	7,997	–
Net cash used in investing activities	**(9,496)**	**(33,002)**
Cash flows from financing activities		
Distributions to Unitholders	(67,965)	(71,536)
Proceeds from interest-bearing borrowings	147,350	233,555
Repayments of interest-bearing borrowings	(171,228)	(183,555)
Borrowing costs paid	(19,972)	(19,340)
Proceeds from placement	54,999	–
Issue expenses paid	(1,005)	–
Net cash used in financing activities	**(57,821)**	**(40,876)**
Net increase in cash and cash equivalents	**6,021**	**4,192**
Cash and cash equivalents at beginning of the year	**11,727**	**7,490**
Effect of exchange rate fluctuations on cash held	(198)	45
Cash and cash equivalents at end of the year	**17,550**	**11,727**

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

Note:

A Significant non-cash transactions

There were the following significant non-cash transactions:

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

(ii) During the financial year ended 31 March 2017, the Trust issued an aggregate of 1,089,469 new Units amounting to $1.5 million as payment for the performance component of the Manager's management fees for the financial year ended 31 March 2016.

Refer to note 15 of the financial statements.

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

These notes form an integral part of the financial statements.

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

1. GENERAL

AIMS AMP Capital Industrial REIT (the "Trust") is a Singapore-domiciled real estate unit trust constituted pursuant to the trust deed dated 5 December 2006, subsequently amended by the supplemental deed of appointment and retirement of Trustee dated 8 March 2007, the first amending and restating deed dated 8 March 2007, the first supplemental deed dated 31 May 2010 and second amending and restating deed dated 17 July 2017 (collectively the "Trust Deed"), entered into between AIMS AMP Capital Industrial REIT Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units").

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

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

The principal activity of the Trust is to invest in a diversified portfolio of income-producing real estate located throughout the Asia-Pacific region that is used for industrial purposes, including, but not limited to, warehousing and distribution activities, business park activities and manufacturing activities. The principal activities of the subsidiaries and joint venture are set out in note 6 and note 7 respectively.

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

1.1 Trustee's fees

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

The Trustee's fee is accrued daily and is payable out of the value of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

1. GENERAL (continued)

1.2 Manager's fees

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

Base fee

Under clause 14.1.1 of the Trust Deed, the Manager is entitled to a base fee of 0.5% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders.

The base fee is payable in the form of cash and/or Units as the Manager may elect. In accordance with clauses 14.1.4 (i) and (ii) of the Trust Deed, where the base fee (or any part or component thereof) is payable in the form of cash, such payment shall be made out of the Deposited Property within 30 days of the last day of each calendar month in arrears; and where the base fee (or any part or component thereof) is payable in the form of Units, such payment shall be made within 30 days of the last day of each calendar half-year in arrears.

Performance fee

Under clause 14.1.2 of the Trust Deed, the Manager is also entitled to a performance fee of 0.1% per annum of the value of the Deposited Property, provided that growth in distribution per Unit ("DPU") in a given financial year (calculated before accounting for the performance fee in that financial year) relative to the DPU in the previous financial year exceeds 2.5%. The performance fee is 0.2% per annum if the growth in DPU in a given financial year relative to the DPU in the previous financial year exceeds 5.0%. In accordance with clause 14.1.4 (iii) of the Trust Deed, the payment of the performance fee, whether in the form of cash or Units, shall be made out of the Deposited Property within 60 days of the last day of every financial year in arrears.

For a period of 60 months from the Listing Date (save for the period from Listing Date to 31 March 2008 whereby no performance fee is payable), 100% of the performance fee shall be paid to the Manager in Units and thereafter, at the Manager's discretion.

Acquisition and divestment fee

Under clause 14.2 of the Trust Deed, the Manager is entitled to receive the following fees:

(a) An acquisition fee of 1.0% of the acquisition price of any Authorised Investment (as defined in the Trust Deed), acquired directly or indirectly by the Trust or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders; and

(b) A divestment fee of 0.5% of the sale price of any Authorised Investment sold or divested by the Trustee or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The acquisition and divestment fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition or disposal.

1.3 Property Manager's fees

The Manager and the Trustee have appointed AIMS AMP Capital Property Management Pte. Ltd., a company related to the Manager, as the property manager (the "Property Manager") to operate, maintain and market all of the properties of the Group. The following fees are payable to the Property Manager in respect of all of the investment properties in Singapore:

(i) A property management fee of 2.0% per annum of the rental income of each of the relevant properties.

(ii) A lease management fee of 1.0% per annum of the rental income of each of the relevant properties.

(iii) A marketing services commission equivalent to:

(a) one month's gross rent for securing a tenancy of three years or less;
(b) two months' gross rent for securing a tenancy of more than three years;
(c) half of one month's gross rent for securing a renewal of tenancy of three years or less; and
(d) one month's gross rent for securing a renewal of tenancy of more than three years.

If a third party agent secures a tenancy, the Property Manager will be responsible for all marketing services commissions payable to such third party agent, and the Property Manager shall be entitled to a marketing services commission equivalent to:

(a) 1.2 months' gross rent for securing a tenancy of three years or less; and
(b) 2.4 months' gross rent for securing a tenancy of more than three years.

The gross rental, where applicable, includes service charge, reimbursements, which are the contributions paid by tenants towards covering the operating maintenance expenses of the property, and licence fees.

(iv) A project management fee in relation to development or redevelopment, the refurbishment, retrofitting and renovation works on a property equivalent to:

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

(v) A property tax service fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property. The fee shall be determined as follows:

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

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

The Property Manager's fees are payable monthly, in arrears.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

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

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable data).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Disclosure initiative (Amendments to FRS 7)

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

3.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance.

Investments in joint ventures (equity-accounted investees)

A joint venture is an entity over which the Group has joint control established by contractual arrangement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture is accounted for under the equity method and is recognised initially at cost. The cost of the investment includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in statement of total return, except for the foreign currency differences which are recognised in Unitholders' funds arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation and a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Foreign currency differences are recognised within Unitholders' funds, and are presented in the foreign currency translation reserve. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its investment in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture which includes a foreign operation while retaining significant influence or joint control; the relevant proportion of the cumulative amount is reclassified to the statement of total return.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in the Unitholders' funds, and are presented in the foreign currency translation reserve.

Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Trust's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Unitholders' funds to the extent that the hedge is effective, and are presented in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the gain or loss on disposal.

3.3 Investment properties

Investment properties and investment properties under development

Investment properties are properties held either to earn rental income or capital appreciation or both. Investment properties under development are properties being constructed or developed for future use as investment properties. Investment properties and investment properties under development are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter.

Cost includes expenditure that is directly attributable to the investment property or investment property under development. Transaction costs shall be included in the initial measurement. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties and investment properties under development to be valued by independent registered valuers in the following events:

(i) in such manner and frequency as required under the CIS Code issued by MAS; and

(ii) at least once in each period of 12 months following the acquisition of each parcel of real estate property.

Any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties and investment properties under development.

Subsequent expenditure relating to investment properties or that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments

Non-derivative financial assets

The Group recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayment).

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

Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise interest-bearing borrowings, and trade and other payables (excluding rental received in advance).

Derivative financial instruments, including hedge accounting

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

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

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

Cash flow hedges

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

Other non-trading derivatives

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

3.5 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through the statement of total return is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amount are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of total return.

Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.5(ii). An impairment is recognised in the statement of total return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and investment properties under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental cost, directly attributable to the issuance, offering and placement of Units in the Trust are deducted directly against Unitholders' funds.

3.8 Revenue recognition

(i) Rental income and service charge from operating leases

Rental income and service charges receivable under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Distribution income

Distribution income is recognised in the statement of total return on the date that the Group's or the Trust's right to receive payment is established.

3.9 Expenses

(i) Manager's fees

Manager's fees are recognised on an accrual basis based on the applicable formula stipulated in note 1.2.

(ii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses is the Property Manager's fee which is based on the applicable formula stipulated in note 1.3.

(iii) Other trust expenses

Other trust expenses are recognised on an accrual basis.

(iv) Borrowing costs

Borrowing costs comprise interest expenses on borrowings and amortisation of borrowing related transaction costs which are recognised in the statement of total return using the effective interest rate method over the period for which the borrowings are granted.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;

- differences related to investments in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience with tax authorities. The assessment of these factors relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee will not be assessed to tax on the taxable income of the Trust that is distributed to the Unitholders. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Distributions made by the Trust out of such taxable income to individuals and Qualifying Unitholders (as defined below) are distributed without deducting any income tax. This treatment is known as the "tax transparency" treatment.

For distributions made to foreign non-individual Unitholders (as defined below) during the period from 18 February 2010 to 31 March 2020, the Trustee is required to withhold tax at the reduced rate of 10.0% on distributions made out of the Trust's taxable income (that is not taxed at the Trust level).

For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the Trustee.

Any portion of the taxable income that is not distributed, known as retained taxable income, tax will be assessed on the Trustee in accordance with section 10(1)(a) of the Singapore Income Tax Act, Chapter 134. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

A "Qualifying Unitholder" is a Unitholder who is:

- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association);
- A Singapore branch of a foreign company; or
- An international organisation that is exempt from tax,

A "foreign non-individual Unitholder" is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Singapore Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

The Trust's foreign-sourced trust distributions and interest income to be received in Singapore by the Trust from its Australian subsidiary, where such income originate from property rental income from its investment in Optus Centre, Macquarie Park, New South Wales, Australia and income derived from property-related activities or other activities in line with the regulatory requirements imposed on the Trust, are exempted from Singapore income tax under section 13(12) of the Singapore Income Tax Act.

This tax exemption is granted by the IRAS but is subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Distribution policy

The Manager's distribution policy is to distribute at least 90.0% of the Trust's taxable income other than gains from sale of real estate that are determined by IRAS to be trading gains and net overseas income. Taxable income comprised substantially the Trust's income from the letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion.

The Trust makes distributions to Unitholders on a quarterly basis, with the amount calculated as at 30 June, 30 September, 31 December and 31 March in each distribution year for the three-month period ending on each of those dates. Under the Trust Deed, the Manager shall pay distributions within 90 days after the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

In the event that there are gains arising from sale of real estate properties, and only if such gains are surplus to the business requirements and needs of the Group, the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property. The Trustee shall not distribute any gain arising from the sale of real estate properties until IRAS agrees on the nature of the gain and its taxability.

On 20 April 2012, the Manager announced the implementation of the Distribution Reinvestment Plan ("DRP"), which provides eligible Unitholders with the option to elect to receive Units in lieu of the cash amount of any distribution (including any interim, final, special or other distribution declared on their holding of Units (after the deduction of applicable income tax, if any)). The Manager may, in its absolute discretion, determine that the DRP will apply to any particular distribution.

3.12 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of units outstanding during the period. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of units outstanding for the effects of all dilutive potential units.

3.13 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors including the Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise foreign exchange gain/loss, interest and other income, borrowing costs, trust expenses and income tax expense.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, investment properties and investment properties under development.

3.14 New standards and interpretations not yet adopted

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

Applicable to financial statements for the year ending 31 March 2019

(a) FRS 115 *Revenue from Contracts*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

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

(b) FRS 109 *Financial Instruments*

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

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

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

Impairment

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 New standards and interpretations not yet adopted (continued)

Applicable to financial statements for the year ending 31 March 2020

(a) FRS 116 *Leases*

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

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

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

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

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

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

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

4. INVESTMENT PROPERTIES

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

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

Fair value hierarchy

Investment properties with level 3 fair value of $1,210,100,000 as at 31 March 2018 (2017: $1,175,100,000), were measured by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

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

Level 3 fair value measurements

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

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

(ii) Valuation techniques

Investment properties are stated at fair value based on valuations performed by independent professional valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd on 31 March 2018 (2017: CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd on 31 March 2017). The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific risks inherent in each of the properties are taken into consideration in arriving at the property valuation.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-collaborated discount rate, terminal capitalisation rate and capitalisation rate. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered valuation techniques including the discounted cash flow analysis and/or capitalisation method in arriving at the open market value as at the reporting date.

4. INVESTMENT PROPERTIES (continued)

Level 3 fair value measurements (continued)

(ii) Valuation techniques (continued)

The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow analysis requires the valuers to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted against anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised at an appropriate investment yield.

(iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows analysis	• Discount rate of 7.50% to 8.00% (2017: 7.75% to 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.25% to 7.00% (2017: 6.25% to 7.00%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 6.00% to 6.75% (2017: 6.00% to 7.00%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).

5. INVESTMENT PROPERTIES UNDER DEVELOPMENT

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

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

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

Fair value hierarchy

Investment properties under development with fair value of $18,600,000 (2017: $37,600,000) as at 31 March 2018 were measured by an independent professional valuer, Jones Lang LaSalle Property Consultants Pte Ltd (2017: CBRE Pte. Ltd.), who has the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

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

Level 3 fair value measurement

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

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

(ii) Valuation techniques

In determining the fair value of investment property under development, the valuers have adopted the residual method whereby the estimated development costs to be incurred and developer's profit are deducted from the gross development value to arrive at the residual value. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation and is determined using the discounted cash flow analysis and/or capitalisation method (see note 4).

The key assumptions include the estimation of net income based on rental assumptions which are considered in line with prevailing market conditions and general market practice within Singapore, a market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and estimated development costs to be incurred.

(iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Residual method	Discounted cash flows analysis • Discount rate of 7.75% (2017: 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.75% (2017: 6.75%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	Capitalisation methods • Capitalisation rate of 6.50% (2017: 6.50%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
	Estimated development costs to be incurred (including land costs): $48.2 million (2017: $66.4 million)	The estimated fair value would increase (decrease) if estimated development costs to be incurred were lower (higher).

6. SUBSIDIARIES

	Trust 2018 $'000	Trust 2017 $'000
Unquoted equity, at cost	85,200	85,200

Details of the subsidiaries are as follows:

Subsidiaries of the Trust	Country of incorporation or constitution/ Principal place of business	Effective equity interest held by the Group 2018 %	Effective equity interest held by the Group 2017 %
AACI REIT MTN Pte. Ltd.[1]	Singapore	100.0	100.0
AACI REIT Opera Pte. Ltd.[2]	Singapore	100.0	100.0
AIMS AMP Capital Industrial REIT (Australia) Trust [3]	Australia	100.0	100.0
AA REIT Macquarie Park Investment Trust [4]	Australia	100.0	100.0

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

AACI REIT MTN Pte. Ltd.

AACI REIT MTN Pte. Ltd. ("AACI MTN"), a wholly-owned subsidiary, was incorporated on 28 May 2012. Its principal activity is to issue notes under an unsecured multi-currency medium term note programme for and on behalf of the Trust, provide financial and treasury services in connection with such issuance and lend the proceeds from the issuance of such notes to the Trust.

AACI REIT Opera Pte. Ltd.

AACI REIT Opera Pte. Ltd., a wholly-owned subsidiary, was incorporated on 23 October 2013. Its principal activity is that of an investment holding company.

AIMS AMP Capital Industrial REIT (Australia) Trust

AIMS AMP Capital Industrial REIT (Australia) Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

AA REIT Macquarie Park Investment Trust

AA REIT Macquarie Park Investment Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

7. JOINT VENTURE

	Group 2018 $'000	Group 2017 $'000
Joint venture	220,763	232,113

Details of the joint venture are as follows:

Name of entity	Country of constitution/ Principal place of business	Principal Activity	Effective equity interest held by the Group 2018 %	Effective equity interest held by the Group 2017 %
Macquarie Park Trust ("MPT")[1]	Australia	Investment in real estate	49.0	49.0

[1] Audited by PricewaterhouseCoopers Australia.

MPT is an unlisted joint arrangement in which the Group has joint control via unitholders' agreement with a joint venture partner and 49.0% equity interest. MPT holds Optus Centre, a Grade A business park complex located in Macquarie Park, New South Wales, Australia. MPT is structured as a trust vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in MPT as a joint venture, which is equity-accounted.

The following table summarises the financial information of MPT based on its financial statements prepared in accordance to FRS for the respective financial years ended 31 March.

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

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

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

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

7. JOINT VENTURE (continued)

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

8. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

The Manager believes that no additional impairment allowance is necessary in respect of the remaining loans and receivables as these receivables relate to tenants that have provided sufficient security deposits, bankers' guarantees or other forms of collateral.

9. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group and the Trust use interest rate swaps to manage their exposures to interest rate movements on floating rate interest-bearing term loans by swapping the interest expense on a portion of interest-bearing borrowings from floating rates to fixed rates.

As at 31 March 2018, the Group had interest rate swap contracts with tenors between three and seven years with total notional amounts of $129.1 million and AUD175.7 million, equivalent to approximately $176.9 million (2017: $129.1 million and AUD175.8 million, equivalent to approximately $187.5 million). Under the contracts, the Group pays fixed interest rates of 1.570% to 3.825% (2017: 1.570% to 3.825%) and receives interest at the three-month Singapore Dollar swap offer rate ("SOR") or Australia Bank Bill Swap Bid Rate ("BBSY").

The Group has designated the interest rate swap contracts with notional amounts of AUD175.7 million (equivalent to approximately $176.9 million) (2017: AUD110.7 million (equivalent to approximately $118.1 million) as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD175.7 million (equivalent to approximately $176.9 million) (2017: AUD110.7 million (equivalent to approximately $118.1 million) floating rate loans.

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

9. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Offsetting financial assets and financial liabilities

The Group entered into International Swaps and Derivatives Association ("ISDA") master netting agreements with various bank counterparties ("ISDA Master Agreement"). In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

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

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

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

10. CASH AND CASH EQUIVALENTS

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

11. TRADE AND OTHER PAYABLES

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

12. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-current				
Secured				
Term loans	165,453	316,495	165,453	198,439
Revolving credit facility	11,000	–	11,000	–
	176,453	316,495	176,453	198,439
Unsecured				
Medium term notes	130,000	130,000	130,000	130,000
	306,453	446,495	306,453	328,439
Less: Unamortised borrowing transaction costs	(1,410)	(1,574)	(1,410)	(1,238)
	305,043	444,921	305,043	327,201
Current				
Secured				
Term loans	188,427	69,492	77,000	69,492
Revolving credit facility	–	13,300	–	13,300
	188,427	82,792	77,000	82,792
Less: Unamortised borrowing transaction costs	(263)	(207)	(118)	(207)
	188,164	82,585	76,882	82,585
Total	493,207	527,506	381,925	409,786

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

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

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

(i) first legal mortgage over 14 investment properties and 1 investment property under development (2017: 13 investment properties) with carrying amounts totalling $822,000,000 (2017: $779,500,000) of the Trust; and

(ii) assignment of rights, title and interest in leases, insurances and rental proceeds of the related mortgaged properties.

(b) Secured AUD term loan facility of a subsidiary

On 7 February 2014, AMP Capital AA REIT Investments (Australia) Pty Limited, in its capacity as trustee of AA REIT Macquarie Park Investment Trust (an indirect wholly-owned subsidiary of the Trust) (the "Borrower"), entered into a AUD110,655,000 syndicated facility agreement with two financial institutions for a five-year debt facility ("AUD term loan facility") to partially fund the acquisition of the 49.0% interest in Optus Centre, Macquarie Park, New South Wales, Australia.

12. INTEREST-BEARING BORROWINGS (continued)

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

The details of the collateral are as follows:

(i) first ranking general security agreement over the current and future assets and undertakings of the Borrower, including the Borrower's units in Macquarie Park Trust; and

(ii) first ranking specific security agreement from AMP Capital Investors Limited in its capacity as trustee of AIMS AMP Capital Industrial REIT (Australia) Trust over the units of the Borrower and all present and future rights and property interests in respect of the units in the Borrower.

(c) Unsecured medium term notes

On 25 July 2012, the Trust, through AACI MTN (the "Issuer"), established a $500 million multi-currency medium term note programme (the "MTN Programme"). Under the MTN Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of the notes will be unconditionally and irrevocably guaranteed by HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of the Trust.

At the reporting date, an aggregate of $130 million medium term notes have been issued and remained outstanding as follows:

(i) $50 million five-year medium term notes with a fixed rate of 3.80% per annum, payable semi-annually in arrears, fully repayable on 21 May 2019;

(ii) $30 million seven-year medium term notes with fixed rate of 4.35% per annum, payable semi-annually in arrears, fully repayable on 5 December 2019; and

(iii) $50 million five-year medium term notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears, fully repayable on 22 March 2022.

The medium term notes shall at all times rank pari passu without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

Terms and debt repayment schedule

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

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

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

12. INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule (continued)

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

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

* Excluding rental received in advance.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Reconciliation of changes in liabilities arising from financing activities

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

13. DEFERRED TAX LIABILITIES

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

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

14. UNITHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation as well as the foreign exchange gains and losses arising from monetary items that are considered to form part of the Group's net investment in a foreign operation.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected the statement of total return.

Issue expenses

Issue expenses comprised professional, underwriting, selling commission and other costs relating to issuance of Units in the Trust. These expenses are deducted directly against Unitholders' funds.

15. UNITS IN ISSUE AND TO BE ISSUED

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

(a) On 1 December 2017, the Trust issued 42,145,000 new Units at an issue price of $1.305 per Unit by way of private placement, raising gross proceeds of approximately $55.0 million.

(b) During the financial year ended 31 March 2018, there were the following issuances of Units to the Manager:

(i) 1,321,199 new Units on 28 July 2017 at an average issue price of $1.3869 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2017 to 30 June 2017; and

(ii) 1,327,341 new Units on 16 January 2018 at an average issue price of $1.4089 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2017 to 31 December 2017.

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

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

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

The issue price for management fees paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrued.

(c) On 25 May 2016, the Trust issued 1,089,469 new Units at an issue price of $1.3396 per Unit as payment of the performance component of the Manager's management fees for the year ended 31 March 2016.

16. GROSS REVENUE

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

17. PROPERTY OPERATING EXPENSES

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

18. BORROWING COSTS

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

19. MANAGER'S MANAGEMENT FEES

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

20. OTHER TRUST EXPENSES

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

21. INCOME TAX EXPENSE

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

* less than $1,000.

Reconciliation of effective tax rate:

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

22. EARNINGS PER UNIT

	Group 2018	Group 2017
Earnings per Unit (cents)		
Basic and diluted	9.36	2.12

The earnings per Unit is computed using total return after tax over the weighted average number of Units outstanding as follows:

	Group 2018 $'000	Group 2017 $'000
Total return after income tax	61,192	13,479

	Trust Number of Units 2018 '000	Trust Number of Units 2017 '000
Basic EPU		
Units in issue at beginning of the year	638,658	635,366
Effect of Units issued/issuable relating to:		
- Placement	13,971	–
- Manager's base fees	1,167	816
- Manager's performance fees	–	928
Weighted average number of Units at end of the year	653,796	637,110
Diluted EPU		
Units in issue at beginning of the year	638,658	635,366
Effect of Units issued/issuable relating to:		
- Placement	13,971	–
- Manager's base fees	1,224	875
- Manager's performance fees	–	928
Weighted average number of Units at end of the year	653,853	637,169

23. COMMITMENTS

(a) Lease commitments

The Group leases out its investment properties. The future minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date are as follows:

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

(b) Operating lease commitments

The Group is required to pay JTC Corporation ("JTC")[1] and Ascendas Land (Singapore) Pte Ltd ("Ascendas") annual land rent (including payable for investment properties under development) in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreement limits any increase in the annual land rent from year to year to 5.5% and 7.6% for leases with JTC and Ascendas respectively, of the annual land rent for the immediate preceding year. The land rent paid amounted to $8,806,000 (2017: $9,285,000) in relation to 23 (2017: 23) properties for the financial year ended 31 March 2018 (including amounts that have been directly recharged to tenants).

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

(c) Capital commitments

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

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, significant related party transactions carried out on terms agreed between the parties are as follows:

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

25. FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager reviews the Group's capital management and financing policy regularly so as to optimise the Group's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS Code ("Property Funds Appendix"). The CIS Code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. As at 31 March 2018, the Aggregate Leverage of the Group was 33.5% (2017: 36.1%) and the Group had complied with the Aggregate Leverage limit during the financial year.

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

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

Risk management framework

Exposure to credit, interest rate, liquidity and foreign currency risks arises in the normal course of the Group's business. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a lessee to settle its financial and contractual obligations to the Group, as and when they fall due.

Credit evaluations are performed by the Manager before lease agreements are entered into with the lessees. Rental deposits as a multiple of monthly rent are received either in cash or bank guarantees to reduce credit risk. The Manager also monitors the amount owing by the lessees on an ongoing basis.

Cash is placed with financial institutions which are regulated. Transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

At 31 March 2018, $2,068,000 of net trade receivables related to two tenants (2017: $1,653,000 of net trade receivables related to two tenants). Except for this, concentration of credit risk relating to trade receivables is limited due to the Group's varied tenants' profile and credit policy of obtaining security deposits, banker's guarantees or other forms of collateral from tenants for leasing the Group's investment properties.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations and to mitigate the effect of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

As at 31 March 2018, the Group has unutilised committed credit facilities amounting to $132.3 million (2017: $133.3 million).

The Group also monitors and observes the Property Funds Appendix issued by the MAS concerning limits on total borrowings.

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(i) Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with adverse movement in interest rates on the loan facilities while also seeking to ensure that the Group's cost of debt remains competitive. The policy aims to protect the Group's earnings from the volatility in interest rates and provide stability to Unitholders' returns.

As at 31 March 2018, the Group had interest rate swap contracts with total notional amounts of $129.1 million and AUD175.7 million (2017: $129.1 million and AUD175.8 million) whereby the Group had agreed with counterparties to exchange at specified intervals, the difference between the floating rates pegged to the SOR or BBSY and fixed rate interest amounts calculated by reference to the agreed notional amounts. The swaps are used to manage the exposure to fluctuation in the variable interest rates of its floating rate interest-bearing borrowings.

25. FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Trust's interest-bearing financial instruments was as follows:

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

Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statements of total return of the Group and the Trust.

For the variable rate financial liabilities and the derivative financial instruments, a change of 100 basis points ("bps") in interest rate at the reporting date would increase or decrease the statements of total return of the Group and the Trust by $589,000 (2017: Group and Trust by $826,000). This analysis assumes that all other variables remain constant.

(ii) Foreign currency risk

Risk management policy

The Group has exposure to foreign currency risks arising from its interest in a joint venture in Australia. Transactions in relation to this investment are mainly denominated in the Australian dollar.

The Manager's strategy is to achieve a natural hedge, wherever possible through the use of Australian dollar denominated borrowings to match its interest in the joint venture to mitigate the currency risk. As at 31 March 2018, the Group's investment in its Australian joint venture is hedged as approximately 80% (2017: 81%) of the interest in joint venture was funded with Australian dollar denominated borrowings.

Exposure to currency risk

The Group's and Trust's exposure to foreign currencies in relation to financial assets and liabilities as at 31 March 2018 and 31 March 2017 were as follows:

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

Sensitivity analysis

A strengthening/weakening of the Australian dollar, as indicated below, against the Singapore dollar at the reporting date would have increased/(decreased) total return and Unitholders' funds by the amounts shown below for the Group's and Trust's financial assets and financial liabilities. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Statements of total return $'000	Unitholders' funds $'000
Group		
2018		
Australian dollar (5% strengthening)	212	2,194
Australian dollar (5% weakening)	(212)	(2,194)
2017		
Australian dollar (5% strengthening)	46	2,228
Australian dollar (5% weakening)	(46)	(2,228)
Trust		
2018		
Australian dollar (5% strengthening)	(3,085)	–
Australian dollar (5% weakening)	3,085	–
2017		
Australian dollar (5% strengthening)	(3,439)	–
Australian dollar (5% weakening)	3,439	–

Notes to the Financial Statements

Year ended 31 March 2018

25. FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments

The carrying amounts and the fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

		Carrying amount					Fair value			
	Note	Loans and receivables	Designated at fair value	Fair value – Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
2018										
Financial assets not measured at fair value										
Loans and receivables	8	4,734	–	–	–	4,734				
Cash and cash equivalents	10	17,550	–	–	–	17,550				
		22,284	–	–	–	22,284				
Financial assets measured at fair value										
Derivative financial assets	9	–	512	–	–	512	–	512	–	512
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(64)	(1,149)	–	(1,213)	–	(1,213)	–	(1,213)
Financial liabilities not measured at fair value										
Trade and other payables*	11	–	–	–	(36,322)	(36,322)				
Interest-bearing borrowings	12	–	–	–	(493,207)	(493,207)	–	(493,107)	–	(493,107)
		–	–	–	(529,529)	(529,529)				

* Excluding rental received in advance.

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2017										
Financial assets not measured at fair value										
Loans and receivables	8	3,938	–	–	–	3,938				
Cash and cash equivalents	10	11,727	–	–	–	11,727				
		15,665	–	–	–	15,665				
Financial assets measured at fair value										
Derivative financial assets	9	–	408	–	–	408	–	408	–	408
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(465)	(2,513)	–	(2,978)	–	(2,978)	–	(2,978)
Financial liabilities not measured at fair value										
Trade and other payables*	11	–	–	–	(39,219)	(39,219)				
Interest-bearing borrowings	12	–	–	–	(527,506)	(527,506)	–	(529,211)	–	(529,211)
		–	–	–	(566,725)	(566,725)				

* Excluding rental received in advance.

Notes to the Financial Statements

Year ended 31 March 2018

25. FINANCIAL RISK MANAGEMENT (continued)

Classification and fair value of financial instruments (continued)

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2018										
Financial assets not measured at fair value										
Loans and receivables	8	4,252	–	–	–	4,252				
Cash and cash equivalents	10	16,281	–	–	–	16,281				
		20,533	–	–	–	20,533				
Financial assets measured at fair value										
Derivative financial assets	9	–	512	–	–	512	–	512	–	512
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(64)	(31)	–	(95)	–	(95)	–	(95)
Financial liabilities not measured at fair value										
Trade and other payables*	11	–	–	–	(35,113)	(35,113)				
Interest-bearing borrowings	12	–	–	–	(381,925)	(381,925)	–	(381,825)	–	(381,825)
		–	–	–	(417,038)	(417,038)				

* Excluding rental received in advance.

	Note	Carrying amount					Fair value			
		Loans and receivables $'000	Designated at fair value $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2017										
Financial assets not measured at fair value										
Loans and receivables	8	3,323	–	–	–	3,323				
Cash and cash equivalents	10	10,819	–	–	–	10,819				
		14,142	–	–	–	14,142				
Financial assets measured at fair value										
Derivative financial assets	9	–	408	–	–	408	–	408	–	408
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(465)	–	–	(465)	–	(465)	–	(465)
Financial liabilities not measured at fair value										
Trade and other payables*	11	–	–	–	(38,086)	(38,086)				
Interest-bearing borrowings	12	–	–	–	(409,786)	(409,786)	–	(411,491)	–	(411,491)
		–	–	–	(447,872)	(447,872)				

* Excluding rental received in advance.

25. FINANCIAL RISK MANAGEMENT (continued)

Estimation of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Derivatives

The fair values of interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(ii) Other non-derivative financial assets and liabilities

Other non-derivative financial assets and liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amount of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing. The fair values of the fixed rate notes are based on banks' quotes.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, is computed from the market rates as follows:

	Group and Trust	
	2018	**2017**
	%	**%**
Other financial liabilities	3.15	2.75

The Group's policy is to recognise transfers between levels as of the end of the reporting period during which the transfer has occurred. There had been no transfers between the levels during the year.

26. SEGMENT REPORTING

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

Information about reportable segments

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

1 Included in the share of results of joint venture (net of tax) is the share of revaluation surplus recognised on the valuation of Optus Centre of $2.6 million (FY2017: $0.1 million).
2 Excluding derivative financial instruments.
3 Capital expenditure consists of additions of investment properties and investment properties under development.

26. SEGMENT REPORTING (continued)

No business segment information has been prepared as all investment properties are used mainly for industrial (including warehousing and business park) purposes and they are similar in terms of purpose, economic characteristics, types of tenants and nature of services provided to tenants. As such, the Group's CODMs are of the view that the Group has only one reportable segment, which is the leasing of investment properties. Accordingly, no operating segment information has been prepared. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Major tenants

Rental income from one major tenant of the Group's reportable segment represents approximately $15,183,000 (2017: $23,393,000 rental income from one major tenant) of the Group's rental income.

27. FINANCIAL RATIOS

	Group	
	2018	2017
	%	%
Expenses to weighted average net assets[1]		
- Expense ratio excluding performance-related fee	1.02	0.97
- Expense ratio including performance-related fee	1.02	0.97
Portfolio turnover rate[2]	–	–

1 The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs, changes in fair value of financial derivatives, investment properties, investment properties under development and foreign exchange gains/(losses).

2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

28. SUBSEQUENT EVENTS

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

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

UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT OF AIMS AMP CAPITAL INDUSTRIAL REIT AND ITS SUBSIDIARIES FOR THE FIRST HALF ENDED 30 SEPTEMBER 2018

The information in this Appendix IV has been extracted and reproduced from the unaudited financial statement announcement of AA REIT and its subsidiaries for the first half ended 30 September 2018 and has not been specifically prepared for inclusion in this Information Memorandum.

AIMS AMP CAPITAL INDUSTRIAL REIT	**AIMS AMP CAPITAL INDUSTRIAL REIT** **UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT** **SECOND QUARTER ENDED 30 SEPTEMBER 2018 ("2Q FY2019")**

Introduction

AIMS AMP Capital Industrial REIT ("AA REIT" or the "Trust") is a real estate investment trust which was listed on the Main Board of the SGX-ST on 19 April 2007. AA REIT is externally managed by AIMS AMP Capital Industrial REIT Management Limited (the "Manager"). The principal investment objective of the Manager is to invest in a diversified portfolio of income-producing real estate assets located in Singapore and throughout the Asia-Pacific region that is used for industrial purposes, including, but not limited to warehousing and distribution activities, business park activities and manufacturing activities. The Manager's key objectives are to deliver stable distributions to Unitholders and to provide long-term capital growth.

The Group[1] has a portfolio of 26 industrial properties, 25 of which are located throughout Singapore and one business park property in Macquarie Park, New South Wales ("NSW"), Australia[2].

Summary of AIMS AMP Capital Industrial REIT Group results

	Note	2Q FY2019	1Q FY2019	+/(-)	2Q FY2018	+/(-)	1H FY2019	1H FY2018	+/(-)
		S$'000	S$'000	%	S$'000	%	S$'000	S$'000	%
Gross revenue	(a)	29,416	28,925	1.7	29,514	(0.3)	58,341	60,017	(2.8)
Net property income	(a)	19,292	19,431	(0.7)	19,396	(0.5)	38,723	39,515	(2.0)
Share of results of joint venture (net of tax)	(a)	3,549	3,339	6.3	3,740	(5.1)	6,888	7,401	(6.9)
Distributions to Unitholders	(b)	17,139	17,139	-	16,320	5.0	34,278	32,319	6.1
Distribution per Unit ("DPU") (cents)		2.50	2.50	-	2.55	(2.0)	5.00	5.05	(1.0)

Notes:

(a) Please refer to section 8 on "Review of the performance" for explanation of the variances.

(b) The Manager resolved to distribute S$17.1 million for 2Q FY2019, comprising (i) taxable income of S$15.8 million from Singapore operations; and (ii) tax-exempt income distribution of S$0.6 million and capital distribution of S$0.8 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

AA REIT's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 2Q FY2019, the Manager has resolved to distribute 99.3% of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

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[1] The Group comprises AIMS AMP Capital Industrial REIT, its wholly-owned subsidiaries and its interest in a joint venture.

[2] AA REIT has a 49.0% interest in Optus Centre located in Macquarie Park, NSW, Australia.

Distribution and Books Closure Date

Distribution	For 1 July 2018 to 30 September 2018	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[3]	
Distribution Rate	(a) Taxable Income Distribution: (b) Tax-Exempt Income Distribution: (c) Capital Distribution[3]:	2.30 cents per Unit 0.09 cents per Unit 0.11 cents per Unit 2.50 cents per Unit
Books Closure Date	5 November 2018	
Payment Date	21 December 2018	

1 (a)(i) Consolidated Statements of Total Return

	Note	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	+/(-) %	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000	+/(-) %
Gross revenue	(a)	29,416	29,514	(0.3)	58,341	60,017	(2.8)
Property operating expenses	(a)	(10,124)	(10,118)	0.1	(19,618)	(20,502)	(4.3)
Net property income	(a)	19,292	19,396	(0.5)	38,723	39,515	(2.0)
Foreign exchange (loss)/gain		(89)	-*	>(100.0)	(84)	(12)	>100.0
Interest and other income	(b)	36	132	(72.7)	79	151	(47.7)
Borrowing costs	(a)	(4,583)	(4,882)	(6.1)	(9,404)	(9,643)	(2.5)
Manager's management fees		(1,857)	(1,860)	(0.2)	(3,695)	(3,682)	0.4
Other trust expenses	(a)	(570)	(524)	8.8	(1,021)	(865)	18.0
Non-property expenses		(7,010)	(7,266)	(3.5)	(14,120)	(14,190)	(0.5)
Net income before joint venture's results		12,229	12,262	(0.3)	24,598	25,464	(3.4)
Share of results of joint venture (net of tax)	(a),(c)	3,549	3,740	(5.1)	6,888	7,401	(6.9)
Net income		15,778	16,002	(1.4)	31,486	32,865	(4.2)
Net change in fair value of investment properties	(d)	1,811	(14,761)	>(100.0)	1,811	(14,761)	>(100.0)
Net change in fair value of derivative financial instruments	(e)	(1,499)	423	>(100.0)	(1,107)	(666)	66.2
Total return before income tax		16,090	1,664	>100.0	32,190	17,438	84.6
Income tax expense	(f)	(313)	(385)	(18.7)	(647)	(618)	4.7
Total return after income tax		15,777	1,279	>100.0	31,543	16,820	87.5

*: Less than S$1,000.

[3] This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

Notes:

(a) Please refer to section 8 on “Review of the performance” for explanation of the variances.

(b) Interest and other income in 2Q FY2018 included proceeds of S$0.1 million from insurance claim on capital item for the property at 1A International Business Park.

(c) The share of results of joint venture (net of tax) comprised contribution from the Group’s 49.0% interest in Optus Centre, which is located in Macquarie Park, NSW, Australia. The lower contribution in 2Q FY2019 and 1H FY2019 was mainly due to the strengthening of the Singapore Dollar against the Australian Dollar.

(d) Net change in fair value of investment properties of S$1.8 million for 2Q FY2019 relates to the revaluation of the Trust’s 24 investment properties which were valued as at 30 September 2018. The independent valuation of these properties were carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd. The net change in fair value of investment properties is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(e) This relates to changes in fair value due to the revaluation of certain interest rate swap contracts in accordance with Financial Reporting Standard (“FRS”) 109. Please refer to note (e) of section 1(b)(i) for further details of the swap contracts. The net change in fair value of derivative financial instruments is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(f) Income tax expense relates to withholding tax paid/payable by the Trust on the distribution from Australia, income tax payable by the Trust’s wholly-owned subsidiary, AACI REIT MTN Pte Ltd (“AACI REIT MTN”) as well as provision for deferred tax liabilities for the Trust’s investment in Australia.

1(a)(ii) Distribution Statement

	Note	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	+/(-) %	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000	+/(-) %
Total return before income tax		16,090	1,664	>100.0	32,190	17,438	84.6
Net effect of tax adjustments	(a)	2,231	15,671	(85.8)	3,688	18,270	(79.8)
Other adjustments	(b)	(2,438)	(2,136)	14.1	(4,245)	(4,242)	0.1
Amount available for distribution from Singapore taxable income		15,883	15,199	4.5	31,633	31,466	0.5
Distribution from Singapore taxable income	(c)	15,768	15,040	4.8	31,467	30,399	3.5
Distribution from tax-exempt income	(d)	617	640	(3.6)	1,303	960	35.7
Capital distribution	(e)	754	640	17.8	1,508	960	57.1
Distributions to Unitholders		17,139	16,320	5.0	34,278	32,319	6.1

Notes:

(a) Net effect of tax adjustments

	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	+/(-) %	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000	+/(-) %
Amortisation and write-off of borrowing transaction costs	247	204	21.1	426	405	5.2
Foreign exchange loss/(gain)	97	(1)	>(100.0)	91	6	>100.0
Manager's management fees in Units	1,110	930	19.4	2,029	1,841	10.2
Net change in fair value of investment properties	(1,811)	14,761	>(100.0)	(1,811)	14,761	>(100.0)
Net change in fair value of derivative financial instruments	1,499	(423)	>(100.0)	1,107	666	66.2
Net tax adjustment on foreign sourced income	691	628	10.0	1,252	1,232	1.6
Proceeds from insurance claims	-	(114)	(100.0)	-	(114)	(100.0)
Temporary differences and other tax adjustments	398	(314)	>(100.0)	594	(527)	>(100.0)
Net effect of tax adjustments	2,231	15,671	(85.8)	3,688	18,270	(79.8)

(b) Other adjustments comprised primarily the net accounting results of the Trust's subsidiaries.

(c) The Trust's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 2Q FY2019, the Manager has resolved to distribute 99.3% of the Singapore taxable income available for distribution to the Unitholders.

(d) This relates to tax-exempt income arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

(e) This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

1(b)(i) Statements of Financial Position as at 30 September 2018 vs. 31 March 2018

	Note	Group 30 Sep 2018 S$'000	Group 31 Mar 2018 S$'000	+/(-) %	Trust 30 Sep 2018 S$'000	Trust 31 Mar 2018 S$'000	+/(-) %
Non-current assets							
Investment properties		1,213,400	1,210,100	0.3	1,213,400	1,210,100	0.3
Investment property under development	(a)	19,593	18,600	5.3	19,593	18,600	5.3
Subsidiaries	(b)	-	-	-	86,768	85,200	1.8
Joint venture	(c)	215,818	220,763	(2.2)	-	-	-
Trade and other receivables	(d)	4,233	3,569	18.6	4,233	3,569	18.6
Derivative financial instruments	(e)	758	512	48.0	758	512	48.0
		1,453,802	1,453,544	<0.1	1,324,752	1,317,981	0.5
Current assets							
Trade and other receivables	(d)	6,191	6,525	(5.1)	5,771	6,037	(4.4)
Cash and cash equivalents	(f)	14,013	17,550	(20.2)	12,531	16,281	(23.0)
		20,204	24,075	(16.1)	18,302	22,318	(18.0)
Total assets		**1,474,006**	**1,477,619**	(0.2)	**1,343,054**	**1,340,299**	0.2
Non-current liabilities							
Trade and other payables	(g)	11,004	9,735	13.0	11,004	9,735	13.0
Interest-bearing borrowings	(h)	442,161	305,043	45.0	334,348	305,043	9.6
Derivative financial instruments	(e)	1,531	95	>100.0	1,531	95	>100.0
Deferred tax liabilities	(i)	6,579	6,411	2.6	-	-	-
		461,275	321,284	43.6	346,883	314,873	10.2
Current liabilities							
Trade and other payables	(j)	24,121	28,094	(14.1)	22,982	26,885	(14.5)
Interest-bearing borrowings	(h)	49,957	188,164	(73.5)	49,957	76,882	(35.0)
Derivative financial instruments	(e)	-	1,118	(100.0)	-	-	-
		74,078	217,376	(65.9)	72,939	103,767	(29.7)
Total liabilities		**535,353**	**538,660**	(0.6)	**419,822**	**418,640**	0.3
Net assets		**938,653**	**938,959**	<(0.1)	**923,232**	**921,659**	0.2
Represented by:							
Unitholders' funds		938,653	938,959	<(0.1)	923,232	921,659	0.2
		938,653	**938,959**	<(0.1)	**923,232**	**921,659**	0.2

Notes:

(a) As at 30 September 2018, the investment property under development relates to the redevelopment of 3 Tuas Avenue 2. In 1Q FY2019, the Manager announced plans to redevelop the property into a modern and versatile ramp-up industrial facility suitable for both production and storage. Upon completion, the gross floor area of the property is expected to increase by 52% to approximately 24,890 square metres, improving the plot ratio from the current 0.92 to the maximum of 1.40 and will cost around S$48.2 million including land and associated costs. The redevelopment is targeted to be completed in the second half of 2019.

(b) This relates to the Trust's interest in its wholly-owned subsidiaries, AACI REIT MTN Pte. Ltd., AIMS AMP Capital Industrial REIT (Australia) Trust and AACI REIT Opera Pte. Ltd.

(c) This relates to the Group's 49.0% interest in Macquarie Park Trust, the Australian unit trust which holds Optus Centre, located in Macquarie Park, NSW, Australia. The decrease in the joint venture balances was mainly due to the strengthening of the Singapore dollar against the Australian dollar. As the cost of the Australian investment is substantially hedged through the use of Australian dollar denominated loans, there is a corresponding decrease in Australian dollar interest bearing borrowings of S$3.4 million (see note 1(b)(i)(h) below).

(d) Non-current trade and other receivables relate to the unamortised portion of the marketing services commission for leases with tenors of more than one year. The increase in the balances was mainly attributed to marketing services commission on new and renewal leases executed. Current trade and other receivables as at 30 September 2018 of S$6.2 million was S$0.3 million lower compared to balances as at 31 March 2018. The decrease was mainly due to the timing of billing and collection of receivables from tenants.

(e) The derivative financial instruments as at 30 September 2018 were in relation to interest rate swap contracts with a total notional amount of S$301.9 million. As at 30 September 2018, approximately 87.3% of the Group's borrowings were on fixed rates taking into account (i) the interest rate swap contracts entered into and (ii) the medium term notes ("Medium Term Notes"). Under the interest rate swap contracts, the Group pays fixed interest rates of between 1.57% to 2.82% per annum and receives interest at the three-month Singapore swap offer rate or at the three-month Australian bank bill swap bid rates, as the case may be. The changes in fair value were mainly due to the revaluation of the interest rate swap contracts in accordance with FRS 109.

(f) Cash and cash equivalents as at 30 September 2018 of S$14.0 million were S$3.5 million lower compared to balances as at 31 March 2018. This was mainly attributable to the payments for capital expenditure on investment properties and payments to fund the working capital requirements of the Trust.

(g) Non-current trade and other payables mainly comprised rental deposits received from tenants with tenors of more than one year. The increase in the balances was mainly attributed to rental deposits received on new leases executed.

(h) The current interest-bearing borrowings relate to the Trust's five-year Medium Term Notes of S$50.0 million which are due to mature in May 2019. On 29 June 2018, the Trust and its subsidiary executed a supplemental loan facility agreement with a syndicate of financial institutions to refinance the term loan facilities with a new four-year term loan facility of S$125.0 million and a new five-year term loan facility of A$110.0 million. The new facilities were drawn down on 25 July 2018 to refinance the secured facilities due in November 2018 and February 2019 respectively. Accordingly, the new term loans drawn down were reclassified from current interest-bearing borrowings to non-current interest-bearing borrowings as at 30 September 2018.

The total borrowings of the Group as at 30 September 2018 of S$492.1 million was S$1.1 million lower compared to balances as at 31 March 2018 mainly due to the decrease in the Australian dollar denominated borrowings as a result of the strengthening of the Singapore dollar against the Australian dollar (see note 1(b)(i)(c) above) which was largely offset by a net drawdown of S$4.0 million to fund the payment of retention sums and development costs of the Trust's recent development projects and other asset enhancement initiatives.

(i) This relates to the provision of deferred tax liabilities for the Trust's investment in Australia.

(j) Current trade and other payables as at 30 September 2018 included retention sum of S$1.4 million relating to the development of 8 Tuas Avenue 20 and greenfield development at 51 Marsiling Road as well as development cost payable relating to 8 Tuas Avenue 20 of S$0.4 million (31 March 2018: included retention sum of S$2.9 million relating to the development of 30 Tuas West Road, 8 Tuas Avenue 20 and greenfield development at 51 Marsiling Road as well as development cost payable relating to 8 Tuas Avenue 20 of S$0.9 million). The decrease was also attributed to the timing of the payments of trade payables. As at 30 September 2018, the Group and the Trust had undrawn committed facilities of S$153.0 million to fulfil their liabilities as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group 30 Sep 2018 S$'000	Group 31 Mar 2018 S$'000	Trust 30 Sep 2018 S$'000	Trust 31 Mar 2018 S$'000
Interest-bearing borrowings				
Amount repayable within one year				
Secured				
Term loans	-	188,427	-	77,000
Unsecured				
Medium Term Notes	50,000	-	50,000	-
	50,000	188,427	50,000	77,000
Less: Unamortised borrowing transaction costs	(43)	(263)	(43)	(118)
	49,957	188,164	49,957	76,882
Amount repayable after one year				
Secured				
Term loans	362,802	165,453	254,184	165,453
Revolving credit facility	2,000	11,000	2,000	11,000
	364,802	176,453	256,184	176,453
Unsecured				
Medium Term Notes	80,000	130,000	80,000	130,000
	444,802	306,453	336,184	306,453
Less: Unamortised borrowing transaction costs	(2,641)	(1,410)	(1,836)	(1,410)
	442,161	305,043	334,348	305,043
Total	492,118	493,207	384,305	381,925

Details of borrowings and collateral

(a) Secured borrowings

(i) Secured debt facilities and revolving credit facility of the Trust and its subsidiary

The facilities comprised:

- a four-year term loan facility of S$100.0 million maturing in August 2020;
- a three-year term loan facility of A$65.0 million maturing in November 2020, to partially fund the 49.0% interest in Optus Centre, Macquarie Park, NSW, Australia;
- a four-year revolving credit facility of S$120.0 million maturing in November 2021;
- a four-year term loan facility of S$125.0 million maturing in July 2022, to fund real estate development and/or acquisitions; and
- a five-year term loan facility of A$110.0 million maturing in July 2023, to partially fund the 49.0% interest in Optus Centre, Macquarie Park, NSW, Australia.

The details of the collateral for the secured debt facilities and revolving credit facility of the Trust and its subsidiary are as follows:

- first legal mortgage over 15 investment properties of the Trust (with two as mortgages-in-escrow);
- assignment of rights, benefits, title and interest in, *inter alia*, the building agreement and leases of two investment properties of the Trust;
- assignment of rights, benefits, title and interest in the property management agreements, insurances and tenancy agreements, sale agreements and performance guarantees (including sale proceeds and rental proceeds) of the mortgaged 15 investment properties of the Trust; and
- first ranking specific security agreement over the bank account and units in Macquarie Park Trust held by AMP Capital AA REIT Investments (Australia) Pty Limited in its capacity as trustee of AA REIT Macquarie Park Investment Trust (an indirect wholly-owned subsidiary of the Trust).

(b) Unsecured borrowings

On 25 July 2012, the Trust, through its subsidiary AACI REIT MTN, established a S$500 million MTN Programme.

As at 30 September 2018, S$130.0 million Medium Term Notes had been issued comprising:

(i) S$50.0 million five-year Medium Term Notes with a fixed rate of 3.80% per annum, payable semi-annually in arrears and will mature on 21 May 2019;

(ii) S$30.0 million seven-year Medium Term Notes with a fixed rate of 4.35% per annum, payable semi-annually in arrears and will mature on 5 December 2019; and

(iii) S$50.0 million five-year Medium Term Notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears and will mature on 22 March 2022.

1(b)(iii) Use of Proceeds from 2017 Private Placement

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

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

	2017 Placement S$ million
Gross Proceeds	55.0
Use of proceeds	
Repayment of outstanding borrowings	47.9
Asset enhancement initiatives and balance payments on recent development projects	6.1
Issue expenses in relation to the 2017 Placement	1.0
	55.0

During the quarter, the remaining proceeds of the 2017 Placement have been utilised for the partial payment of the retention sum for the greenfield build-to-suit development at 51 Marsiling Road and payments for other asset enhancement initiatives. Accordingly, all of the net proceeds of the 2017 Placement have been fully utilised.

The use of proceeds from the 2017 Placement was in accordance with the stated use of proceeds and there is no material deviation from the percentage allocated as previously disclosed.

1(c) Consolidated Statement of Cash Flows

	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000
Cash flows from operating activities				
Total return after income tax	15,777	1,279	31,543	16,820
Adjustments for:				
Share of results of joint venture (net of tax)	(3,549)	(3,740)	(6,888)	(7,401)
Borrowing costs	4,583	4,882	9,404	9,643
Foreign exchange loss/(gain)	89	-*	84	12
Manager’s management fees in Units	1,110	930	2,029	1,841
Net change in fair value of investment properties	(1,811)	14,761	(1,811)	14,761
Net change in fair value of derivative financial instruments	1,499	(423)	1,107	666
Income tax expense	313	385	647	618
Operating income before working capital changes	**18,011**	**18,074**	**36,115**	**36,960**
Changes in working capital				
Trade and other receivables	652	383	(284)	(682)
Trade and other payables	497	646	(731)	1,500
Cash generated from operations	19,160	19,103	35,100	37,778
Income tax paid	(279)	(231)	(479)	(370)
Net cash from operating activities	**18,881**	**18,872**	**34,621**	**37,408**
Cash flows from investing activities				
Capital expenditure on investment properties and investment properties under development	(1,770)	(11,940)	(4,203)	(22,428)
Distributions from a joint venture	3,877	3,951	7,516	7,743
Net cash from/(used in) investing activities	**2,107**	**(7,989)**	**3,313**	**(14,685)**
Cash flows from financing activities				
Distributions to Unitholders	(17,162)	(16,091)	(34,401)	(33,848)
Proceeds from interest-bearing borrowings	203,063	16,000	214,063	35,500
Repayments of interest-bearing borrowings	(199,724)	(3,500)	(210,724)	(16,300)
Borrowing costs paid	(5,463)	(4,455)	(10,317)	(9,517)
Net cash used in financing activities	**(19,286)**	**(8,046)**	**(41,379)**	**(24,165)**
Net increase/(decrease) in cash and cash equivalents	**1,702**	**2,837**	**(3,445)**	**(1,442)**
Cash and cash equivalents at beginning of the period	**12,412**	**7,435**	**17,550**	**11,727**
Effect of exchange rate fluctuations on cash held	(101)	5	(92)	(8)
Cash and cash equivalents at end of the period	**14,013**	**10,277**	**14,013**	**10,277**

*: Less than S$1,000.

1(c)(a) Significant non-cash transactions

(i) On 11 July 2018, the Trust issued an aggregate of 1,328,323 new Units amounting to S$1.8 million as partial payment of the base fee element of the Manager's management fees incurred. Please refer to details in section 1(d)(iii).

(ii) On 11 July 2018, the Trust issued an aggregate of 785,445 new Units amounting to S$1.1 million to AIMS AMP Capital Property Management Pte. Ltd. (the "Property Manager") as payment for marketing services provided by the Property Manager in respect of securing tenants at various AA REIT's properties.

1(d)(i) Statements of Movements in Unitholders' Funds (2Q FY2019 vs. 2Q FY2018)

	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	Trust 2Q FY2019 S$'000	Trust 2Q FY2018 S$'000
Balance at beginning of the period	939,236	886,983	921,762	866,812
Operations				
Total return after income tax	15,777	1,279	17,565	1,295
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(1,254)	308	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	923	429	(66)	-
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Manager's management fees	1,110	930	1,110	930
Distributions to Unitholders	(17,139)	(15,999)	(17,139)	(15,999)
Change in Unitholders' funds resulting from Unitholders' transactions	(16,029)	(15,069)	(16,029)	(15,069)
Total (decrease)/increase in Unitholders' funds	(583)	(13,053)	1,470	(13,774)
Balance at end of the period	938,653	873,930	923,232	853,038

1(d)(ii) Statements of Movements in Unitholders' Funds (1H FY2019 vs. 1H FY2018)

	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000	Trust 1H FY2019 S$'000	Trust 1H FY2018 S$'000
Balance at beginning of the period	938,959	888,447	921,659	867,220
Operations				
Total return after income tax	31,543	16,820	33,653	17,731
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(1,164)	(103)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	1,313	679	(82)	-
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Manager's management fees	2,029	1,841	2,029	1,841
- Property Manager's fees	1,087	-	1,087	-
Distributions to Unitholders	(35,114)	(33,754)	(35,114)	(33,754)
Change in Unitholders' fund resulting from Unitholders' transactions	(31,998)	(31,913)	(31,998)	(31,913)
Total (decrease)/increase in Unitholders' funds	(306)	(14,517)	1,573	(14,182)
Balance at end of the period	938,653	873,930	923,232	853,038

1(d)(iii) Details of any change in the Units

	Note	Trust 2Q FY2019 Units '000	Trust 2Q FY2018 Units '000	Trust 1H FY2019 Units '000	Trust 1H FY2018 Units '000
Units in issue at beginning of the period		683,452	638,658	683,452	638,658
<u>Issue of new Units relating to:</u>					
- Manager's management fees	(a)	1,328	1,322	1,328	1,322
- Property Manager's fees	(b)	786	-	786	-
Units in issue at end of the period		685,566	639,980	685,566	639,980
<u>Units to be issued</u>:					
Manager's base fees	(c)	786	652	786	652
Total Units in issue and to be issued at end of the period		686,352	640,632	686,352	640,632

(a) On 11 July 2018, the Trust issued an aggregate of 1,328,323 new Units at an average issue price of S$1.3779 to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2018 to 30 June 2018.

(b) On 11 July 2018, the Trust issued an aggregate of 785,445 new Units at an issue price of S$1.3841 to the Property Manager as payment for marketing services provided by the Property Manager in respect of securing tenants at various AA REIT's properties.

(c) The new Units to be issued relate to 786,551 Units to be issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2018 to 30 September 2018.

The issue price for management fees and marketing services fees paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrue.

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 auditors.

3 Where the figures have been audited or reviewed, the auditor's 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation applied in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2018.

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.

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2018. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6 Earnings per Unit ("EPU") and distribution per Unit ("DPU") for the period

	Group 2Q FY2019	Group 2Q FY2018	Group 1H FY2019	Group 1H FY2018
Basic EPU				
Weighted average number of Units ('000)	685,336	639,592	684,399	639,128
Earnings per Unit (cents)	2.30	0.20	4.61	2.63
Diluted EPU				
Weighted average number of Units ('000)	685,565	639,815	684,514	639,240
Earnings per Unit (cents)	2.30	0.20	4.61	2.63

The basic EPU is computed using total return after tax over the weighted average number of Units issued for the period. The diluted EPU is computed using total return after tax over the weighted average number of Units issued for the period and adjusted for the effects of Units to be issued to the Manager as partial payment of the Manager's management fees incurred for the period from 1 July 2018 to 30 September 2018.

The increase in the EPU for the current period was mainly due to a larger net change in fair value of investment properties recorded in 2Q FY2018. The net change in fair value of investment properties is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

In computing the DPU, the number of Units entitled to the distribution for each respective period was used.

	Group 2Q FY2019	Group 2Q FY2018	Group 1H FY2019	Group 1H FY2018
Number of Units in issue at end of period ('000)	685,566	639,980	685,566	639,980
Distribution per Unit (cents)	**2.50**	**2.55**	**5.00**	**5.05**

7 Net asset value / Net tangible asset per Unit based on issued Units at the end of the period

	Group 30 Sep 2018 S$	Group 31 Mar 2018 S$	Trust 30 Sep 2018 S$	Trust 31 Mar 2018 S$
Net asset value / net tangible asset per Unit[4]	1.37	1.37	1.35	1.35

[4] Based on Units in issue and to be issued at the end of the period.

8 Review of the performance

	Group 2Q FY2019 S$'000	Group 1Q FY2019 S$'000	Group 2Q FY2018 S$'000	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000
Gross revenue	29,416	28,925	29,514	58,341	60,017
Property operating expenses	(10,124)	(9,494)	(10,118)	(19,618)	(20,502)
Net property income	19,292	19,431	19,396	38,723	39,515
Foreign exchange (loss)/gain	(89)	5	-*	(84)	(12)
Interest and other income	36	43	132	79	151
Borrowing costs	(4,583)	(4,821)	(4,882)	(9,404)	(9,643)
Manager's management fees	(1,857)	(1,838)	(1,860)	(3,695)	(3,682)
Other trust expenses	(570)	(451)	(524)	(1,021)	(865)
Non-property expenses	(7,010)	(7,110)	(7,266)	(14,120)	(14,190)
Net income before joint venture's results	12,229	12,369	12,262	24,598	25,464
Share of results of joint venture (net of tax)	3,549	3,339	3,740	6,888	7,401
Net income	15,778	15,708	16,002	31,486	32,865
Distributions to Unitholders	17,139	17,139	16,320	34,278	32,319

*: Less than S$1,000.

Review of the performance for 2Q FY2019 vs. 1Q FY2019

The gross revenue achieved for 2Q FY2019 of S$29.4 million was S$0.5 million higher than that of 1Q FY2019. This was mainly due to first full quarter rental contribution from the recently completed property at 51 Marsiling Road which became income producing from 27 April 2018 and the increase in revenue contribution from 27 Penjuru Lane arising from higher occupancy rate.

Property operating expenses for 2Q FY2019 of S$10.1 million were S$0.6 million higher than the property expenses for 1Q FY2019 mainly due to an additional property tax of S$0.4 million recognised in this quarter for the period from 27 October 2017 to 30 September 2018 for the property at 51 Marsiling Road arising from the change in annual value assessed by the Inland Revenue Authority of Singapore.

Net property income for 2Q FY2019 stood at S$19.3 million, or S$0.1 million lower than 1Q FY2019.

Borrowing costs for 2Q FY2019 of S$4.6 million was S$0.2 million lower than borrowing costs for 1Q FY2019 mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019, respectively.

Other trust expenses for 2Q FY2019 of S$0.6 million was S$0.1 million higher than other trust expenses for 1Q FY2019 mainly due to costs associated with the administration of the distribution reinvestment plan.

The share of results of joint venture (net of tax) comprised the contribution from the Group's 49.0% interest in Optus Centre which is located in Macquarie Park, NSW, Australia. The share of results of joint venture (net of tax) for 2Q FY2019 was S$0.2 million higher than the share of results of joint venture (net of tax) for 1Q FY2019 mainly due to timing of recoverable expenses recovered from tenant.

Distributions to Unitholders for 2Q FY2019 stood at S$17.1 million, which was comparable to the distributions to Unitholders for 1Q FY2019.

Review of the performance for 2Q FY2019 vs. 2Q FY2018

Gross revenue for 2Q FY2019 of S$29.4 million was S$0.1 million lower than the gross revenue for 2Q FY2018. This was mainly due to lower rental contribution from 20 Gul Way (as two additional phases of the property reverted to multi-tenancy leases since September 2017), 27 Penjuru Lane and 1 Bukit Batok Street 22 as well as the loss of revenue from 10 Soon Lee Road following the divestment of the property on 29 March 2018. The drop was partially offset by maiden rental contribution from 51 Marsiling Road from 27 April 2018 and the rental contribution from 8 Tuas Avenue 20 as the property became income producing in 3Q FY2018.

Net property income for 2Q FY2019 stood at S$19.3 million, or S$0.1 million lower compared to 2Q FY2018.

Borrowing costs for 2Q FY2019 of S$4.6 million was S$0.3 million lower than borrowing costs for 2Q FY2018 mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019, respectively.

The share of results of joint venture (net of tax) comprised contribution from the Group's 49.0% interest in Optus Centre, which is located in Macquarie Park, NSW, Australia. The lower contribution in 2Q FY2019 was mainly due to the strengthening of the Singapore Dollar against the Australian Dollar.

The distribution to Unitholders for 2Q FY2019 stood at S$17.1 million, an increase of S$0.8 million compared to 2Q FY2018 mainly due to temporary differences and other tax adjustments which resulted in lower Singapore taxable income in 2Q FY2018.

Review of the performance for 1H FY2019 vs. 1H FY2018

The gross revenue achieved for 1H FY2019 of S$58.3 million was S$1.7 million lower compared to the gross revenue for 1H FY2018 of S$60.0 million. This was mainly due to lower rental contribution from 20 Gul Way (as two additional phases of the property reverted to multi-tenancy leases since 30 September 2017), 27 Penjuru Lane and 1 Bukit Batok Street 22 as well as the loss of revenue from 10 Soon Lee Road following the divestment of the property on 29 March 2018. The drop was partially offset by maiden rental contribution from 51 Marsiling Road from 27 April 2018 and the rental contribution from 8 Tuas Avenue 20 as the property became income producing in 3Q FY2018.

Property operating expenses for 1H FY2019 of S$19.6 million were S$0.9 million lower than the property expenses for 1H FY2018 mainly due to lower costs incurred for the Group's portfolio of properties including lower costs incurred for 10 Soon Lee Road following its divestment on 29 March 2018 and lower costs incurred for 3 Tuas Avenue 2 following the commencement of the redevelopment in 1Q FY2019. This was being partially offset by higher property operating expenses at 51 Marsiling Road and 8 Tuas Avenue 20 which became income producing in 1Q FY2019 and 3Q FY2018 respectively.

Net property income for 1H FY2019 stood at S$38.7 million, or S$0.8 million lower compared to 1H FY2018.

Borrowing costs for 1H FY2019 of S$9.4 million was S$0.2 million lower than borrowing costs for the corresponding period in the previous year mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019, respectively.

Other trust expenses for 1H FY2019 of S$1.0 million was S$0.2 million higher compared to the corresponding period in the previous financial year mainly due to costs associated with the administration of the distribution reinvestment plan.

Share of results of joint venture (net of tax) for 1H FY2019 of S$6.9 million was S$0.5 million lower compared to the corresponding period in the previous financial year mainly due to strengthening of Singapore dollar against Australian dollar.

Distributions to Unitholders for 1H FY2019 stood at S$34.3 million, an increase of S$2.0 million compared to 1H FY2018. This was mainly due to the partial retention of distribution to fund the working capital and/or capital expenditure requirements of the Trust as well as temporary differences and other tax adjustments which resulted in lower Singapore taxable income in 1H FY2018.

9 Variance between Forecast / Prospect Statement

The Trust has not disclosed to the market any forecast in relation to the current financial period.

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 from the Ministry of Trade and Industry ("MTI") announced on 12 October 2018, the Singapore economy grew by 2.6% on a year-on-year ("y-o-y") basis in the third quarter of 2018 ("3Q 2018"), lower than the 4.1% growth in the second quarter of 2018 ("2Q 2018"). On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the Singapore economy expanded by 4.7%, faster than the 1.2% growth in the preceding quarter. The Singapore manufacturing sector grew by 4.5% on a y-o-y basis in 3Q 2018, slower than the 10.6% growth in the previous quarter, with output expansions in the electronics, biomedical manufacturing and transport engineering clusters supporting most of the sector's growth. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector expanded at a faster pace of 7.6% compared to the 2.9% growth in the preceding quarter.

MTI announced on 13 August 2018 that it expects the economic growth forecast for 2018 to be maintained at "2.5% to 3.5%", after taking into account the global and domestic economic environment, as well as the performance of the Singapore economy in the first half of 2018. In addition, based on its Monetary Policy Statement announced on 12 October 2018, the Monetary Authority of Singapore expects Singapore's growth should come in within the upper half of MTI's forecast range in 2018.

Based on JTC Corporation's market report for 2Q 2018 released on 26 July 2018, the occupancy rate of Singapore's overall industrial property market declined slightly by 0.3 percentage point to 88.7% from the preceding quarter. On a y-o-y basis, the occupancy rate remained unchanged. In 2Q 2018, the price index for the overall industrial property market remained unchanged while the rental index fell marginally by 0.1% compared to the previous quarter. Compared to a year ago, the price and rental indices fell by 2.1% and 1.4%, respectively. As new supply is expected to taper in the coming years, prices and rentals should stabilise in tandem with occupancy rates.

The global economic growth remained firm in the first half of 2018. While the US continued to grow robustly supported by domestic demand, the Eurozone grew at a more moderate pace. Growth in both markets are expected to ease for the rest of 2018. In Asia, the People's Republic of China expanded at a slower pace in 2Q 2018 and growth is projected to ease further in the second half of 2018, while growth in key ASEAN economies is expected to remain firm for the rest of 2018. The Singapore economy is expected to moderate in the second half of 2018 in tandem with the growth outlook of Singapore's key final demand markets, including the US, Eurozone and regional economies. At the same time, uncertainties and downside risks in the global economy have increased, including escalating trade conflicts between the US and its key trading partners and expected rising of interest rates, which may continue to cloud the outlook for the Singapore manufacturing sector.

Against this external backdrop, AA REIT will continue to focus on active asset and lease management and to optimise its portfolio through sector and tenant diversification across its portfolio of 26 properties, supported by a prudent capital management approach.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes	
Name of distribution:	Fiftieth distribution, for the period from 1 July 2018 to 30 September 2018	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.30 cents per Unit
	Tax-Exempt Income	0.09 cents per Unit
	Capital Distribution	0.11 cents per Unit
	Total	2.50 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

Taxable income distributions are made out of AA REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through a partnership or as trading assets). Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

Tax-Exempt Income Distributions

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders.

Capital Distributions

Capital distributions represent a return of capital to Unitholders for Singapore income tax purposes and are therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of AA REIT Units, the amount of capital distribution will be applied to reduce the cost base of their AA REIT Units for Singapore income tax purposes. Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

The Manager has determined that the AA REIT Distribution Reinvestment Plan will apply to the distribution for the period from 1 July 2018 to 30 September 2018.The Distribution Reinvestment Plan provides Unitholders with an option to elect to receive fully paid Units in AA REIT in lieu of the cash amount of any distribution (including any interim, final, special or other distribution) which is declared on the holding of Units 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 announced by the Manager on or around 5 November 2018.

(b) Corresponding period of the immediately preceding period

Any distributions declared for the previous corresponding financial period:	Yes	
Name of distribution:	Forty-fifth distribution, for the period from 1 July 2017 to 30 September 2017	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.35 cents per Unit
	Tax-Exempt Income	0.10 cents per Unit
	Capital Distribution	0.10 cents per Unit
	Total	2.55 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

Taxable income distributions are made out of AA REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through a partnership or as trading assets). Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

Tax-Exempt Income Distributions

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders.

Capital Distributions

Capital distributions represent a return of capital to Unitholders for Singapore income tax purposes and are therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of AA REIT Units, the amount of capital distribution will be applied to reduce the cost base of their AA REIT Units for Singapore income tax purposes. Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

(c) Books closure date: 5 November 2018

(d) Date payable: 21 December 2018

12 If no distribution has been declared (recommended), a statement to that effect

Not applicable.

13 Interested Person Transactions

The Trust has not required nor obtained a general mandate from Unitholders for Interested Person Transactions.

14 Confirmation by the board pursuant to Rule 705(5) of the Listing Manual

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of AIMS AMP Capital Industrial REIT Management Limited (as Manager of AA REIT) which may render these interim financial statements to be false or misleading in any material respect.

On behalf of the Board of Directors of
AIMS AMP Capital Industrial REIT Management Limited
(as Manager of AIMS AMP Capital Industrial REIT)

George Wang Chairman and Director	Koh Wee Lih Director

15 Confirmation by the board pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of Listing Manual.

By Order of the Board

AIMS AMP Capital Industrial REIT Management Limited
(Company Registration No. 200615904N)
(as Manager of AIMS AMP Capital Industrial REIT)

Koh Wee Lih
Chief Executive Officer
25 October 2018

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