

FINANCIAL REVIEW

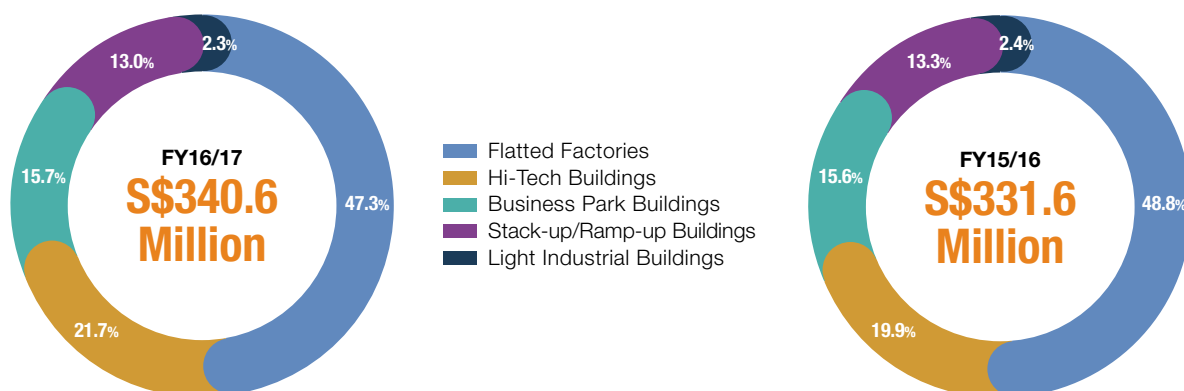
Statement of Net Income and Distribution

	FY16/17 S\$'000	FY15/16 S\$'000	CHANGE %
Gross revenue	340,565	331,598	2.7
Property operating expenses	(83,735)	(86,482)	(3.2)
Net property income	256,830	245,116	4.8
Interest income	390	282	38.3
Borrowing costs	(27,325)	(25,923)	5.4
Manager's management fees			
- Base fees	(18,453)	(17,755)	3.9
- Performance fees	(9,246)	(8,824)	4.8
Trustee's fees	(521)	(506)	3.0
Other trust expenses	(1,340)	(1,774)	(24.5)
Net income	200,335	190,616	5.1
Amount available for distribution	204,960	197,830	3.6
Distribution per Unit (Singapore cents)	11.39	11.15	2.2
Total operating expenses¹	113,295	115,341	(1.8)
Total operating expenses to net asset value	4.47%	4.68%	(4.5)

GROSS REVENUE

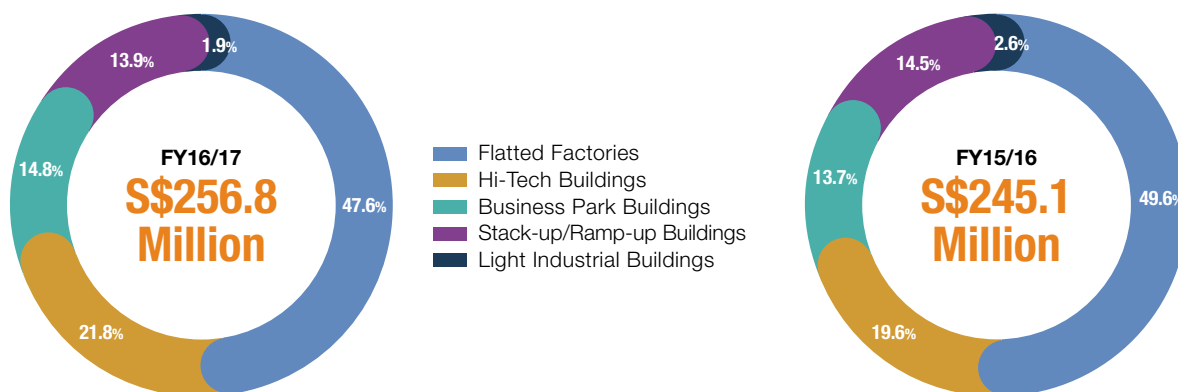
Gross revenue for FY16/17 was S\$340.6 million, S\$9.0 million higher than that for FY15/16. The improvements were driven by higher rental rates achieved across all property segments, higher occupancies achieved for Hi-Tech Buildings and new revenue contribution from Phase One of the BTS project for HP.

Gross Revenue (By Segment)



¹ Total operating expenses (including all fees and charges paid to the Manager and interested parties) comprise property operating expenses, Manager's management fees, trustee's fees and other trust expenses.

Net Property Income (By Segment)



NET PROPERTY INCOME

Net property income increased by S\$11.7 million to S\$256.8 million in FY16/17 due to higher gross revenue and lower property operating expenses. Property operating expenses for FY16/17 was S\$83.7 million, 3.2% or S\$2.7 million lower than FY15/16. This was due mainly to lower property maintenance expenses, utilities expenses and property taxes, partially offset by higher marketing commission.

The relative contributions from the various property segments to the gross revenue and net property income for FY16/17 changed marginally from the profile in FY15/16. Flatted Factories segment remained the largest contributor at 47.3% and 47.6% of the gross revenue and net property income respectively. The contribution from the Hi-Tech Buildings increased in FY16/17 due to the completion of Phase One of the BTS project for HP as well as the increase in occupancies and rental rates of existing Hi-Tech Buildings.

NET INCOME AND DISTRIBUTION

The amount available for distribution for FY16/17 was S\$205.0 million, 3.6% or S\$7.1 million higher as compared to FY15/16. As a result, the DPU of 11.39 Singapore cents for FY16/17 was 2.2% higher as compared to 11.15 Singapore cents in FY15/16. The increase was mainly attributed to the higher net property income which was partially offset by higher borrowing costs and Manager's management fees. The higher borrowing costs were due to higher hedged rates in FY16/17 as expired hedges were replaced with hedges carrying higher rates as well as the interest cost attributed to Phase One of the BTS project for HP being expensed (instead of capitalised) upon obtaining TOP on 21 October 2016. Higher manager's management fees were due to better portfolio performance and increased value of assets under management.

FINANCIAL REVIEW

Net Assets Attributable to Unitholders (As at 31 March)

	2017 S\$'000	2016 S\$'000	Change %
Total assets	3,798,061	3,623,941	4.8
Total liabilities	1,265,272	1,158,717	9.2
Net assets attributable to Unitholders	2,532,789	2,465,224	2.7
Net asset value per Unit (S\$)	1.41	1.37	2.9

Total assets increased by 4.8% from S\$3,623.9 million as at 31 March 2016 to S\$3,798.1 million as at 31 March 2017. The increase was primarily attributed to a portfolio revaluation gain of S\$70.2 million and capitalised cost of S\$120.6 million from development and improvement works. The revaluation gain was driven by the progress of development works at 1 and 1A Depot Close and 30A Kallang Place, as well as improved portfolio performance. Net assets attributable to Unitholders increased by 2.7% from S\$2,465.2 million as at 31 March 2016 to S\$2,532.8 million as at 31 March 2017 mainly due to the net fair value gain on properties recognised on the Group's portfolio. The net asset value per Unit has also correspondingly increased by 2.9% from S\$1.37 to S\$1.41.