FINANCIAL STATEMENTS

Report of the Trustee

For the financial year ended 31 March 2018

DBS Trustee Limited (the "Trustee") is under a duty to take into custody and hold the assets of Mapletree Industrial Trust ("MIT") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in MIT. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Mapletree Industrial Trust Management Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 29 January 2008 (as amended) (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 MIT and the Group during the financial year covered by these financial statements, set out on pages 128 to 197, 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
DBS Trustee Limited

Jane Lim
Director

Singapore, 23 April 2018

Statement by the Manager

For the financial year ended 31 March 2018

In the opinion of the directors of Mapletree Industrial Trust Management Ltd., the accompanying financial statements of Mapletree Industrial Trust ("MIT") and its subsidiaries (the "Group"), as set out on pages 128 to 197, comprising the Statements of Financial Position and Portfolio Statement for MIT and the Group as at 31 March 2018, the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds for MIT and the Group, the Consolidated Statement of Cash Flows for the Group and Notes to the Financial Statements for the year then ended are drawn up so as to present fairly, in all material respects, the financial position of MIT and of the Group as at 31 March 2018 and the total return, amount distributable and movements in Unitholders' funds of MIT and the Group and consolidated 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. At the date of this statement, there are reasonable grounds to believe that MIT and the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
Mapletree Industrial Trust Management Ltd.

Tham Kuo Wei
Director

Singapore, 23 April 2018

Independent Auditor's Report

To The Unitholders of Mapletree Industrial Trust
(Constituted under a Trust Deed in the Republic of Singapore)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements of Mapletree Industrial Trust ("MIT") and its subsidiaries (the "Group") and the Statement of Total Return, Statement of Financial Position, Distribution Statements, Statement of Movement in Unitholders' Funds and Portfolio Statement of MIT are properly drawn up 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 ("RAP 7"), so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of MIT and the consolidated portfolio holdings of the Group and portfolio holdings of MIT as at 31 March 2018 and the consolidated financial performance of the Group and the financial performance of MIT, the consolidated amount distributable of the Group and the amount distributable of MIT, the consolidated movements of unitholders' funds of the Group and movements in unitholders' funds of MIT and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of MIT and the Group comprise:

- the statements of total return of the Group and MIT for the financial year ended 31 March 2018;
- the statements of financial position of the Group and MIT as at 31 March 2018;
- the distribution statements of the Group and MIT for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended;
- the statements of movements of unitholders' funds for the Group and MIT for the financial year then ended;
- the portfolio statement for the Group and MIT for the financial year as at 31 March 2018; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there are evidence of bias that represented a risk of material misstatement due to fraud.

Independent Auditor's Report

To The Unitholders of Mapletree Industrial Trust
(Constituted under a Trust Deed in the Republic of Singapore)

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 for the financial year ended 31 March 2018. 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties *Refer to Note 14 (Investment Properties and Investment Properties under Development).* As at 31 March 2018, the carrying value of the Group's investment properties of $3.9 billion accounted for 94.1% of the Group's total assets. The valuation of the investment properties was a key audit matter due to the significant judgement in the key inputs used in the valuation techniques. These key inputs include capitalisation rates and discount rates and are dependent on the nature of each investment property and the prevailing market conditions. The key inputs are disclosed in Note 14 to the accompanying financial statements.	Our audit procedures included the following: • assessed the competence, capabilities and objectivity of the external valuer engaged by the Group; • obtained an understanding of the techniques used by the external valuer in determining the valuations of individual investment properties; • discussed the critical assumptions made by the external valuer for the key inputs used in the valuation techniques; • tested the integrity of information, including underlying lease and financial information provided to the external valuer; and • assessed the reasonableness of the adjusted capitalisation rates and discount rates by benchmarking these against those of comparable properties and prior year inputs. We have also assessed the adequacy of the disclosures relating to the assumptions, as we consider them as likely to be significant to users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the external valuer to be a member of recognised bodies for professional valuers. We also found that the valuation techniques used were appropriate in the context of the Group's investment properties and the critical assumptions used for the key inputs were within the range of market data.

Independent Auditor's Report

To The Unitholders of Mapletree Industrial Trust
(Constituted under a Trust Deed in the Republic of Singapore)

Other information

The Manager is responsible for the other information. The other information comprises the information included in the Report of the Trustee, and Statement by the Manager (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and other sections of MIT's Annual Report 2017/2018 ("Other Sections"), which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

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 and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report

To The Unitholders of Mapletree Industrial Trust
(Constituted under a Trust Deed in the Republic of Singapore)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeow Chee Keong.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 April 2018

Statements of Total Return

For the financial year ended 31 March 2018

	Note	Group FY17/18 $'000	Group FY16/17 $'000	MIT FY17/18 $'000	MIT FY16/17 $'000
Gross revenue	3	**363,230**	340,565	**343,826**	321,380
Property operating expenses	4	**(85,627)**	(83,735)	**(79,858)**	(77,944)
Net property income		**277,603**	256,830	**263,968**	243,436
Interest income	5	**1,027**	390	**994**	359
Investment income	6	**–**	–	**19,332**	11,765
Borrowing costs	7	**(34,055)**	(27,325)	**(34,055)**	(27,325)
Manager's management fees					
– Base fees		**(19,215)**	(18,453)	**(18,248)**	(17,443)
– Performance fees		**(9,994)**	(9,246)	**(9,503)**	(8,764)
Trustee's fees		**(546)**	(521)	**(546)**	(521)
Other trust expenses	8	**(1,322)**	(1,340)	**(1,295)**	(1,313)
Net foreign exchange gain		**18**	–	**3,415**	–
Net income		**213,516**	200,335	**224,062**	200,194
Net fair value gain on investment properties and investment properties under development	14(a)	**65,470**	70,236	**67,757**	66,236
Share of joint venture	18				
– Net profit after tax		**3,900**	–	**–**	–
– Net fair value gain on investment properties		**17,876**	–	**–**	–
		21,776	–	**–**	–
Loss on divestment of investment property		**(200)**	–	**–**	–
Total return for the financial year before income tax		**300,562**	270,571	**291,819**	266,430
Income tax expense	9(a)	**(32)**	(*)	**(32)**	–
Total return for the financial year after income tax before distribution		**300,530**	270,571	**291,787**	266,430
Earnings per unit					
– Basic and diluted (cents)	10	**16.36**	15.02		

* Amount less than $1,000

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

Statements of Financial Position

As at 31 March 2018

	Note	Group		MIT	
		31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**37,419**	37,985	**30,810**	31,136
Trade and other receivables	12	**24,398**	10,221	**27,244**	12,297
Other current assets	13	**1,572**	1,202	**911**	463
Derivative financial instruments	21	**14**	–	**14**	–
		63,403	49,408	**58,979**	43,896
Non-current assets					
Investment properties	14(a)	**3,856,600**	3,530,850	**3,678,700**	3,333,000
Investment properties under development	14(a)	**51,700**	217,800	**51,700**	217,800
Plant and equipment	15	**84**	3	**84**	3
Investments in:					
– subsidiaries	16	**–**	–	*****	*
– joint venture	18	**181,158**	–	**166,158**	–
Loan to a subsidiary	17	**–**	–	**166,594**	179,794
Derivative financial instruments	21	**1,375**	–	**1,375**	–
		4,090,917	3,748,653	**4,064,611**	3,730,597
Total assets		**4,154,320**	3,798,061	**4,123,590**	3,774,493
LIABILITIES					
Current liabilities					
Trade and other payables	19	**103,108**	108,745	**98,915**	102,899
Borrowings	20	**184,927**	114,986	**59,985**	114,986
Loans from a subsidiary	20	**–**	–	**124,942**	–
Derivative financial instruments	21	**242**	–	**242**	–
Current income tax liabilities	9(b)	**32**	*	**32**	–
		288,309	223,731	**284,116**	217,885
Non-current liabilities					
Other payables	19	**51,403**	46,143	**50,765**	45,723
Borrowings	20	**1,033,190**	991,425	**753,763**	587,203
Loans from a subsidiary	20	**–**	–	**279,427**	404,222
Derivative financial instruments	21	**1,346**	3,973	**1,346**	3,973
		1,085,939	1,041,541	**1,085,301**	1,041,121
Total liabilities		**1,374,248**	1,265,272	**1,369,417**	1,259,006
Net assets attributable to Unitholders		**2,780,072**	2,532,789	**2,754,173**	2,515,487
Represented by:					
Unitholders' funds		**2,780,072**	2,532,789	**2,754,173**	2,515,487
UNITS IN ISSUE ('000)	22	**1,885,218**	1,802,160	**1,885,218**	1,802,160
NET ASSET VALUE PER UNIT ($)		**1.47**	1.41	**1.46**	1.40

* Amount less than $1,000

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

Distribution Statements

For the financial year ended 31 March 2018

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
Amount available for distribution to Unitholders at beginning of the year	**52,403**	51,361	**52,403**	51,361
Total return for the year	**300,530**	270,571	**291,787**	266,430
Adjustment for net effect of non-tax chargeable items and other adjustments (Note A)	**(87,916)**	(65,611)	**(75,939)**	(61,470)
Distribution declared by joint venture	**3,234**	–	**–**	–
Amount available for distribution	**215,848**	204,960	**215,848**	204,960
Distribution to Unitholders:				
Distribution of 2.81 cents per unit for the period from 01 January 2016 to 31 March 2016	**–**	(50,606)	**–**	(50,606)
Distribution of 2.85 cents per unit for the period from 01 April 2016 to 30 June 2016	**–**	(51,336)	**–**	(51,336)
Distribution of 2.83 cents per unit for the period from 01 July 2016 to 30 September 2016	**–**	(50,984)	**–**	(50,984)
Distribution of 2.83 cents per unit for the period from 01 October 2016 to 31 December 2016	**–**	(50,992)	**–**	(50,992)
Distribution of 2.88 cents per unit for the period from 01 January 2017 to 31 March 2017	**(51,902)**	–	**(51,902)**	–
Distribution of 2.92 cents per unit for the period from 01 April 2017 to 30 June 2017	**(52,631)**	–	**(52,631)**	–
Distribution of 3.00 cents per unit for the period from 01 July 2017 to 30 September 2017	**(54,082)**	–	**(54,082)**	–
Distribution of 0.99 cent per unit for the period from 01 October 2017 to 01 November 2017	**(17,847)**	–	**(17,847)**	–
Distribution of 1.89 cents per unit for the period from 02 November 2017 to 31 December 2017	**(35,626)**	–	**(35,626)**	–
Total Unitholders' distribution (including capital distribution) (Note B)	**(212,088)**	(203,918)	**(212,088)**	(203,918)
Amount available for distribution to Unitholders at end of the year	**56,163**	52,403	**56,163**	52,403

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

Distribution Statements

For the financial year ended 31 March 2018

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
Note A:				
Adjustment for net effect of non-tax deductible/(chargeable) items and other adjustments comprise:				
– Trustee's fees	**546**	521	**546**	521
– Financing related costs	**1,537**	1,252	**1,537**	1,252
– Net fair value gain on investment properties and investment properties under development	**(65,470)**	(70,236)	**(67,757)**	(66,236)
– Management fees paid/payable in units	**2,309**	2,031	**2,309**	2,031
– Expense capital items	**917**	1,674	**805**	1,254
– Adjustments from rental incentives	**(7,613)**	(998)	**(7,646)**	(707)
– Fund raising cost	**32**	–	**32**	–
– Loss on divestment of investment property	**200**	–	**–**	–
– Share of joint venture	**(21,776)**	–	**–**	–
– Realised revaluation gain from divestment of investment property	**–**	–	**(3,427)**	–
– Net foreign exchange gain	**(18)**	–	**(3,415)**	–
– Other non-tax deductible items and adjustments	**1,420**	145	**1,077**	415
	(87,916)	(65,611)	**(75,939)**	(61,470)
Note B:				
Total Unitholders' distribution				
– Taxable income distribution	**(210,097)**	(203,018)	**(210,097)**	(203,018)
– Capital distribution	**(1,991)**	(900)	**(1,991)**	(900)
	(212,088)	(203,918)	**(212,088)**	(203,918)

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2018

	Note	Group FY17/18 $'000	Group FY16/17 $'000
Cash flows from operating activities			
Total return for the financial year after income tax before distribution		**300,530**	270,571
Adjustments for:			
– Income tax expense	9(a)	**32**	*
– Writeback of trade receivables	24(b)	*****	(12)
– Net fair value gain on investment properties and investment properties under development	14(a)	**(65,470)**	(70,236)
– Interest income		**(1,027)**	(390)
– Borrowing costs	7	**34,055**	27,325
– Manager's management fees paid/payable in units		**2,309**	2,031
– Rental incentives		**(7,613)**	(998)
– Depreciation	15	**10**	1
– Loss on divestment of investment property		**200**	–
– Share of joint venture		**(21,776)**	–
– Unrealised translation gain		**(16)**	–
Operating cash flows before working capital changes		**241,234**	228,292
Change in operating assets and liabilities			
– Trade and other receivables		**(3,472)**	23
– Trade and other payables		**6,730**	5,127
– Other current assets		**(106)**	211
Cash generated from operations		**244,386**	233,653
Interest received		**1,165**	393
Income tax paid	9(b)	**(*)**	(*)
Net cash provided by operating activities		**245,551**	234,046
Cash flows from investing activities			
Additions to investment properties		**(20,998)**	(23,255)
Additions to investment properties under development		**(97,513)**	(80,599)
Additions to plant and equipment		**(91)**	(2)
Proceeds from the divestment of investment property		**17,400**	–
Investment in a joint venture		**(166,158)**	–
Loan to a joint venture		**(242,392)**	–
Repayment of loan from a joint venture		**235,571**	–
Net cash used in investing activities		**(274,181)**	(103,856)
Cash flows from financing activities			
Repayment of bank loans		**(867,663)**	(172,362)
Payment of financing fees		**(1,942)**	(270)
Gross proceeds from bank loans		**989,858**	157,880
Net proceeds from issuance of new units		**153,189**	–
Gross proceeds from issuance of medium term notes		**–**	100,000
Distribution to Unitholders		**(212,088)**	(203,918)
Interest paid		**(33,290)**	(27,875)
Net cash generated from/(used in) financing activities		**28,064**	(146,545)
Net decrease in cash and cash equivalents		**(566)**	(16,355)
Cash and cash equivalents at beginning of financial year		**37,985**	54,340
Cash and cash equivalents at end of financial year	11	**37,419**	37,985

* Amount less than $1,000

Reconciliation of liabilities arising from financing activities

	1 April 2017 $'000	Principal and interest payments $'000	Non cash movements: Borrowing cost $'000	Non cash movements: Foreign exchange movement $'000	31 March 2018 $'000
Borrowings, interest payable and prepaid financing fees	1,111,199	86,963	35,337	(10,238)	**1,223,261**

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

Statements of Movements in Unitholders' Funds

For the financial year ended 31 March 2018

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
OPERATIONS				
Balance at beginning of year	**852,646**	785,993	**835,344**	772,832
Total return for the year	**300,530**	270,571	**291,787**	266,430
Distributions	**(212,088)**	(203,918)	**(212,088)**	(203,918)
Balance at end of year	**941,088**	852,646	**915,043**	835,344
UNITHOLDERS' CONTRIBUTION				
Balance at beginning of year	**1,684,051**	1,682,012	**1,684,051**	1,682,012
Issue of new units pursuant to the private placement	**155,740**	–	**155,740**	–
Manager's management fees paid in units	**2,023**	2,039	**2,023**	2,039
Issue expenses	**(2,551)**	–	**(2,551)**	–
Balance at end of year	**1,839,263**	1,684,051	**1,839,263**	1,684,051
HEDGING RESERVE				
Balance at beginning of year	**(3,908)**	(2,781)	**(3,908)**	(2,781)
Fair value losses	**(718)**	(3,674)	**(718)**	(3,674)
Cash flow hedges recognised as borrowing cost (Note 7)	**4,493**	2,547	**4,493**	2,547
Share of hedging reserve of joint venture	**526**	–	**–**	–
Balance at end of year	**393**	(3,908)	**(133)**	(3,908)
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance at beginning of year	**–**	–	**–**	–
Currency translation differences arising from share of joint venture	**(672)**	–	**–**	–
Balance at end of year	**(672)**	–	**–**	–
Total Unitholders' funds at the end of the year	**2,780,072**	2,532,789	**2,754,173**	2,515,487

Hedging reserve is non-distributable.

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

Portfolio Statement

As at 31 March 2018

Description of property/cluster[1]	Acquisition date	Term of lease *	Remaining term of lease *	Location
Investment properties held under MIT				
Flatted Factories				
Chai Chee Lane	26/08/2011	60 years	53 years	510, 512 & 514 Chai Chee Lane Singapore
Changi North	01/07/2008	60 years	50 years	11 Changi North Street 1 Singapore
Clementi West	01/07/2008	30 years	20 years	1 Clementi Loop Singapore
Kaki Bukit	01/07/2008	60 years	50 years	2, 4, 6, 8 & 10 Kaki Bukit Avenue 1 Singapore
Kallang Basin 1	26/08/2011	20 years	13 years	5 & 7 Kallang Place Singapore
Kallang Basin 2	26/08/2011	20 years	13 years	9 & 11 Kallang Place Singapore
Kallang Basin 3	26/08/2011	30 years	23 years	16 Kallang Place Singapore
Kallang Basin 4[2]	01/07/2008	33 years	23 years	26, 26A, 28 & 30 Kallang Place Singapore
Kallang Basin 5	01/07/2008	33 years	23 years	19, 21 & 23 Kallang Avenue Singapore
Kallang Basin 6	01/07/2008	33 years	23 years	25 Kallang Avenue Singapore
Kampong Ampat	01/07/2008	60 years	50 years	171 Kampong Ampat Singapore
Kampong Ubi	26/08/2011	60 years	53 years	3014A, 3014B & 3015A Ubi Road 1 Singapore
Kolam Ayer 1	01/07/2008	43 years	33 years	8, 10 & 12 Lorong Bakar Batu Singapore
Kolam Ayer 2	01/07/2008	43 years	33 years	155, 155A & 161 Kallang Way Singapore

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

Gross revenue		Average occupancy rate		Latest valuation	Valuation as at		Percentage of total net assets attributable to Unitholders as at	
FY17/18	FY16/17	**FY17/18**	FY16/17	**date**	**31/03/2018**	31/03/2017	**31/03/2018**	31/03/2017
$'000	$'000	**%**	%		**$'000**	$'000	**%**	%
12,275	12,563	**85.9**	89.5	31/03/2018	**151,000**	148,500	**5.4**	5.9
1,692	1,683	**85.1**	74.4	31/03/2018	**19,700**	19,100	**0.7**	0.8
4,693	4,809	**93.4**	98.0	31/03/2018	**37,200**	36,700	**1.3**	1.4
19,017	18,605	**93.6**	93.7	31/03/2018	**202,000**	201,500	**7.3**	8.0
2,880	2,989	**90.8**	96.9	31/03/2018	**18,000**	19,400	**0.7**	0.8
5,096	5,277	**89.0**	94.2	31/03/2018	**33,000**	36,000	**1.2**	1.4
7,642	8,114	**84.3**	89.9	31/03/2018	**78,000**	77,000	**2.8**	3.0
8,155	8,395	**89.6**	93.8	31/03/2018	**76,000**	74,400	**2.7**	2.9
6,247	6,304	**95.1**	96.7	31/03/2018	**56,400**	55,400	**2.0**	2.2
4,490	4,744	**87.7**	96.9	31/03/2018	**41,300**	41,000	**1.5**	1.6
11,145	10,702	**99.9**	99.6	31/03/2018	**109,000**	102,700	**3.9**	4.0
10,639	10,354	**93.5**	90.3	31/03/2018	**125,000**	122,900	**4.5**	4.8
7,477	7,503	**95.8**	97.9	31/03/2018	**75,000**	73,100	**2.7**	2.9
7,177	7,200	**88.5**	90.9	31/03/2018	**70,000**	68,000	**2.5**	2.7

Portfolio Statement

As at 31 March 2018

Description of property/cluster[1]	Acquisition date	Term of lease *	Remaining term of lease *	Location
Investment properties held under MIT (continued)				
Flatted Factories (continued)				
Kolam Ayer 5	01/07/2008	43 years	33 years	1, 3 & 5 Kallang Sector Singapore
Loyang 1	01/07/2008	60 years	50 years	30 Loyang Way Singapore
Loyang 2	01/07/2008	60 years	50 years	2, 4 & 4A Loyang Lane Singapore
Redhill 1	01/07/2008	30 years	20 years	1001, 1001A & 1002 Jalan Bukit Merah Singapore
Redhill 2	01/07/2008	30 years	20 years	1003 & 3752 Bukit Merah Central Singapore
Tanglin Halt	01/07/2008	56 years	46 years	115A & 115B Commonwealth Drive Singapore
Tiong Bahru 1	01/07/2008	30 years	20 years	1090 Lower Delta Road Singapore
Tiong Bahru 2	01/07/2008	30 years	20 years	1080, 1091, 1091A, 1092 & 1093 Lower Delta Road Singapore
Toa Payoh North 2	01/07/2008	30 years	20 years	1004 Toa Payoh North Singapore
Toa Payoh North 3	01/07/2008	30 years	20 years	1008 & 1008A Toa Payoh North Singapore

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

Gross revenue		Average occupancy rate		Latest valuation	Valuation as at		Percentage of total net assets attributable to Unitholders as at	
FY17/18	FY16/17	**FY17/18**	FY16/17	**date**	**31/03/2018**	31/03/2017	**31/03/2018**	31/03/2017
$'000	$'000	**%**	%		**$'000**	$'000	**%**	%
8,809	8,914	**89.8**	94.0	31/03/2018	**87,000**	85,000	**3.1**	3.4
6,079	6,284	**81.3**	87.3	31/03/2018	**65,700**	62,900	**2.4**	2.5
3,635	3,734	**80.1**	84.3	31/03/2018	**38,800**	37,700	**1.4**	1.5
6,699	6,736	**90.6**	92.1	31/03/2018	**63,400**	62,900	**2.3**	2.5
5,635	5,923	**87.1**	89.8	31/03/2018	**53,800**	53,000	**1.9**	2.1
4,282	4,397	**94.0**	97.8	31/03/2018	**47,000**	45,700	**1.7**	1.8
2,111	2,274	**81.3**	91.3	31/03/2018	**19,500**	19,000	**0.7**	0.7
7,394	7,797	**88.9**	97.1	31/03/2018	**66,700**	65,100	**2.4**	2.6
2,621	2,620	**95.3**	98.3	31/03/2018	**20,500**	20,500	**0.7**	0.8
3,175	3,274	**94.5**	99.3	31/03/2018	**26,200**	26,000	**0.9**	1.0

Portfolio Statement

As at 31 March 2018

Description of property/cluster[1]	Acquisition date	Term of lease *	Remaining term of lease *	Location
Investment properties held under MIT (continued)				
Hi-Tech Buildings				
1 and 1A Depot Close[3]	01/07/2008	60 years	50 years	1 and 1A Depot Close Singapore
26A Ayer Rajah Crescent	27/01/2015[4]	30 years	25 years	26A Ayer Rajah Crescent Singapore
30A Kallang Place[2]	01/07/2008	33 years	23 years	30A Kallang Place Singapore
K&S Corporate Headquarters	04/10/2013[4]	30 + 28.5 years	53 years	23A Serangoon North Avenue 5 Singapore
Serangoon North	01/07/2008	60 years	50 years	6 Serangoon North Avenue 5 Singapore
Toa Payoh North 1	01/07/2008	30 years	20 years	970, 978, 988 & 998 Toa Payoh North Singapore
Woodlands Central	01/07/2008	60 years	50 years	33 & 35 Marsiling Industrial Estate Road 3 Singapore
Business Park Buildings				
The Signature	01/07/2008	60 years	50 years	51 Changi Business Park Central 2 Singapore
The Strategy	01/07/2008	60 years	50 years	2 International Business Park Singapore
The Synergy	01/07/2008	60 years	50 years	1 International Business Park Singapore

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

Gross revenue		Average occupancy rate		Latest valuation	Valuation as at		Percentage of total net assets attributable to Unitholders as at	
FY17/18	FY16/17	**FY17/18**	FY16/17	**date**	**31/03/2018**	31/03/2017	**31/03/2018**	31/03/2017
$'000	$'000	**%**	%		**$'000**	$'000	**%**	%
29,640	5,101	**77.7**	68.1	31/03/2018	**384,000**	185,700	**13.8**	7.3
8,556	8,388	**100.0**	100.0	31/03/2018	**122,000**	121,800	**4.4**	4.8
32[2]	–	**–**	–	31/03/2018	**93,000**	–	**3.4**	–
7,628	7,462	**97.5**	94.5	31/03/2018	**61,000**	60,500	**2.2**	2.4
16,649	17,077	**87.7**	91.6	31/03/2018	**169,000**	165,900	**6.1**	6.6
13,656	13,451	**93.7**	97.4	31/03/2018	**111,000**	110,500	**4.0**	4.4
10,351	9,712	**91.8**	87.2	31/03/2018	**107,000**	99,300	**3.9**	3.9
13,634	13,366	**88.2**	77.2	31/03/2018	**149,000**	148,000	**5.4**	5.8
26,995	28,086	**82.1**	97.9	31/03/2018	**293,000**	291,700	**10.5**	11.5
11,782	12,033	**82.4**	83.5	31/03/2018	**128,000**	127,100	**4.6**	5.0

Portfolio Statement

As at 31 March 2018

Description of property/cluster[1]	Acquisition date	Term of lease *	Remaining term of lease *	Location
Stack-up/Ramp-up Buildings				
Woodlands Spectrum 1 and 2	01/07/2008	60 years	50 years	2 Woodlands Sector 1, 201, 203, 205, 207, 209 and 211 Woodlands Avenue 9 Singapore
Light Industrial Building				
2A Changi North Street 2	28/05/2014	30 + 30 years	43 years	2A Changi North Street 2 Singapore
Subtotal – Investment properties held under MIT				
Investment properties under development held under MIT				
Hi–Tech Buildings				
1A Depot Close[3]	01/07/2008	60 years	50 years	1A Depot Close Singapore
30A Kallang Place[2]	01/07/2008	33 years	23 years	30A Kallang Place Singapore
12 Sunview Drive[5]	–	30 years	29 years	12 Sunview Drive Singapore
Subtotal – Investment properties under development held under MIT				
Subtotal – MIT				
Investment properties held under Mapletree Singapore Industrial Trust ("MSIT")				
Hi-Tech Buildings				
19 Tai Seng Drive	21/10/2010	30 + 30 years	33 years	19 Tai Seng Drive Singapore
STT Tai Seng 1[6]	21/10/2010	30 + 30 years	51 years	35 Tai Seng Street Singapore

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

Gross revenue FY17/18 $'000	Gross revenue FY16/17 $'000	Average occupancy rate FY17/18 %	Average occupancy rate FY16/17 %	Latest valuation date	Valuation as at 31/03/2018 $'000	Valuation as at 31/03/2017 $'000	Percentage of total net assets attributable to Unitholders as at 31/03/2018 %	Percentage of total net assets attributable to Unitholders as at 31/03/2017 %
44,697	44,389	**93.2**	93.6	31/03/2018	**467,000**	454,900	**16.8**	18.0
1,141	1,120	**100.0**	100.0	31/03/2018	**14,500**	14,100	**0.5**	0.6
343,826	321,380				**3,678,700**	3,333,000		
–	–	**–**	–	31/03/2018	**–**	186,000	**–**	7.3
–	–	**–**	–	31/03/2018	**–**	30,900	**–**	1.2
–	–	**–**	–	31/03/2018	**51,700**	900	**1.9**	**
–	–				**51,700**	217,800		
343,826	321,380				**3,730,400**	3,550,800		
2,026	1,702	**100.0**	100.0	31/03/2018	**21,200**	20,100	**0.8**	0.8
11,233	10,797	**100.0**	100.0	31/03/2018	**95,700**	95,650	**3.4**	3.8

Portfolio Statement

As at 31 March 2018

Description of property/cluster[1]	Acquisition date	Term of lease *	Remaining term of lease *	Location
Light Industrial Buildings				
19 Changi South Street 1	21/10/2010	30 + 30 years	39 years	19 Changi South Street 1 Singapore
26 Woodlands Loop	21/10/2010	30 + 30 years	37 years	26 Woodlands Loop Singapore
45 Ubi Road 1	21/10/2010	30 + 30 years	35 years	45 Ubi Road 1 Singapore
65 Tech Park Crescent[7]	21/10/2010	60 years	35 years	65 Tech Park Crescent Singapore
Subtotal – MSIT				

Gross revenue/investment properties and investment properties under development – Group[8]
Investment in a joint venture (Note 18)
Other assets and liabilities (net) – Group
Net assets attributable to Unitholders – Group

* Refers to the tenure of underlying land. Remaining term of lease includes option to renew the land leases.
** Amount less than 0.1%

1 A cluster consists of one or more individual buildings situated on the same land lot or adjoining land lots.
2 The development of a new 14-storey high specification building at 30A Kallang Place had obtained the Temporary Occupation Permit ("TOP") on 13 February 2018 and had been reclassified as an investment property. Gross revenue includes adjustments from rental incentives.
3 Telok Blangah Cluster was redeveloped as a build-to-suit ("BTS") facility for HP Singapore ("HP"), which has been renamed after its address as 1 and 1A Depot Close. 1 and 1A Depot Close had obtained the TOP on 21 October 2016 and 22 June 2017 respectively and had been reclassified as investment properties.
4 Refers to the TOP date.
5 It was previously known as Mukim 06 Lot 00869 CPT, which is under development as a six-storey BTS data centre in the West Region of Singapore.
6 It was previously known as Tata Communications Exchange and renamed as STT Tai Seng 1 following the novation of lease from Tata Communications International Pte. Ltd. to STT Tai Seng Pte. Ltd..
7 The property was divested on 20 July 2017.
8 Investment properties comprise a portfolio of industrial buildings that are leased to external customers.

The carrying amounts of the Singapore investment properties were based on independent valuations as at 31 March 2018. The valuations were undertaken by Knight Frank Pte Ltd ("Knight Frank"), an independent valuer. Knight Frank has appropriate professional qualifications and experience in the location and category of the properties being valued. The valuations of the investment properties were based on the Income Capitalisation method, Discounted Cash Flow method, Residual Land Value method, and where applicable, the Direct Sale Comparison method as described in Note 14(d). It is the intention of the Group and MIT to hold the investment properties for the long term.

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

Gross revenue FY17/18 $'000	Gross revenue FY16/17 $'000	Average occupancy rate FY17/18 %	Average occupancy rate FY16/17 %	Latest valuation date	Valuation as at 31/03/2018 $'000	Valuation as at 31/03/2017 $'000	Percentage of total net assets attributable to Unitholders as at 31/03/2018 %	Percentage of total net assets attributable to Unitholders as at 31/03/2017 %
1,223	1,024	**82.2**	52.8	31/03/2018	**13,000**	14,000	**0.5**	0.6
2,219	2,164	**100.0**	100.0	31/03/2018	**25,500**	25,500	**0.9**	1.0
2,362	2,391	**95.3**	95.8	31/03/2018	**22,500**	25,000	**0.8**	1.0
341	1,107	**100.0**	100.0	31/03/2017	**–**	17,600	**–**	0.7
19,404	19,185				**177,900**	197,850		
363,230	340,565				**3,908,300**	3,748,650	**140.6**	148.0
					181,158	–	**6.5**	–
					(1,309,386)	(1,215,861)	**(47.1)**	(48.0)
					2,780,072	2,532,789	**100.0**	100.0

Notes to the Financial Statements

For the financial year ended 31 March 2018

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

1. GENERAL INFORMATION

Mapletree Industrial Trust ("MIT") is a Singapore-domiciled Real Estate Investment Trust constituted pursuant to the Trust Deed dated 29 January 2008 (as amended) between Mapletree Industrial Fund Management Pte. Ltd. and Mapletree Trustee Pte. Ltd.. The Trust Deed is governed by the laws of the Republic of Singapore. Mapletree Industrial Trust Management Ltd. (the "Manager") replaced Mapletree Industrial Fund Management Pte. Ltd. as Manager of MIT on 27 September 2010 and DBS Trustee Limited (the "Trustee") replaced Mapletree Trustee Pte. Ltd. as Trustee of MIT on 27 September 2010.

MIT was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 21 October 2010 ("Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 6 September 2010.

The principal activity of MIT and its subsidiaries (the "Group") is to invest in a diverse portfolio of industrial properties with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

MIT has entered into several service agreements in relation to the management of MIT and its property operations. The fee structures for these services are as follows:

(A) Trustee's fees

The Trustee's fees shall not exceed 0.1% per annum of the value of all the assets of MIT ("Deposited Property") (subject to a minimum of $12,000 per month) or such higher percentage as may be fixed by an Extraordinary Resolution of a meeting of Unitholders. The Trustee's fees are payable monthly in arrears out of the Deposited Property of the Group. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

Based on the current arrangement between the Manager and the Trustee, the Trustee's fees are charged on a scaled basis of up to 0.02% per annum of the value of the Deposited Property (subject to a minimum of $12,000 per month).

(B) Manager's Management fees

The Manager is entitled under the Trust Deed to receive the following remuneration:

(i) A base fee of 0.5% per annum of the value of MIT's Deposited Property or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders; and

(ii) A performance fee of 3.6% per annum of the net property income of MIT or such higher percentage as may be approved by an Extraordinary Resolution of a meeting of Unitholders.

The management fees payable to the Manager will be paid in the form of cash and/or Units. The base fees are paid in cash and/or Units are paid quarterly, in arrears.

With effect from 1 April 2016, the performance fee shall be paid annually, in compliance with the Collective Investment Scheme issued by the Monetary Authority of Singapore.

Notes to the Financial Statements

For the financial year ended 31 March 2018

1. GENERAL INFORMATION (CONTINUED)

(C) Acquisition, Divestment and Development Management fees

The Manager is entitled to receive the following fees (if not prohibited by the Property Funds Appendix or if otherwise permitted):

(i) an acquisition fee not exceeding 1.0% of the acquisition price of real estate or real estate-related assets acquired directly or indirectly, through one or more Special Purpose Vehicles ("SPV"), pro-rated if applicable to the proportion of MIT's interest. For the purposes of this acquisition fee, real estate-related assets include all classes and types of securities relating to real estate; and

(ii) a divestment fee not exceeding 0.5% of the sale price of real estate-related assets disposed, pro-rated if applicable to the proportion of MIT's interest. For the purposes of this divestment fee, real estate-related assets include all classes and types of securities relating to real estate; and

(iii) a development management fee not exceeding 3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of MIT.

The acquisition and divestment fees will be paid in the form of cash and/or Units and are payable as soon as practicable after completion of the acquisition and disposal respectively.

The development management fees will be paid in the form of cash and is payable in equal monthly instalments over the construction period based on the Manager's best estimate of the total project costs and construction period and, if necessary, a final payment of the balance amount when the total project costs are finalised.

(D) Property Manager's Management fees

(i) Property management services

The Trustee will pay Mapletree Facilities Services Pte. Ltd. (the "Property Manager"), for each fiscal year (as defined in the Property Management Agreement), a fee of up to 2.0% per annum of the gross revenue of each property.

(ii) Lease management services

The Trustee will pay the Property Manager, for each fiscal year, a fee of up to 1.0% per annum of the gross revenue of each property.

(iii) Marketing services

The Trustee will pay the Property Manager, the following commissions:

- Up to 1 month's gross rent inclusive of service charge, for securing a tenancy of 3 years or less;
- Up to 2 months' gross rent inclusive of service charge, for securing a tenancy of more than 3 years;
- Up to 0.5 month's gross rent inclusive of service charge, for securing a renewal of tenancy of 3 years or less; or
- Up to 1 month's gross rent inclusive of service charge, for securing a renewal of tenancy of more than 3 years.

Notes to the Financial Statements

For the financial year ended 31 March 2018

1. **GENERAL INFORMATION** (CONTINUED)

(D) **Property Manager's Management fees** (continued)

(iii) **Marketing services** (continued)

If a third party agent secures a tenancy, the Property Manager will be responsible for all marketing services commission payable to such third party agent, and the Property Manager will be entitled to a marketing services commission of;

- Up to 1.2 months' gross rent inclusive of service charge, for securing a tenancy of 3 years or less; or

- Up to 2.4 months' gross rent inclusive of service charge, for securing a tenancy of more than 3 years.

(iv) **Project management services**

The Trustee will pay the Property Manager, for each development or redevelopment, the refurbishment, retrofitting and renovation work of a property located in Singapore, the following fees:

- Where the construction costs are $2.0 million or less, a fee of 3.0% of the construction costs;

- Where the construction costs exceed $2.0 million but do not exceed $20.0 million, a fee of 2.0% of the construction costs or $60,000, whichever is the higher;

- Where the construction costs exceed $20.0 million but do not exceed $50.0 million, a fee of 1.5% of the construction costs or $400,000, whichever is the higher; and

- Where the construction costs exceed $50.0 million, a fee to be mutually agreed by the Manager, the Trustee and the Property Manager.

The Property Manager's fees will be paid in the form of cash and is payable monthly, in arrears.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code on Collective Investment Schemes ("CIS") 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 recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

These financial statements, which are expressed in Singapore Dollars and rounded to the nearest thousand, have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with RAP 7 requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The area involving a higher degree of judgment, where assumptions and estimates are significant to the financial statements, is disclosed in Note 14 – Investment properties and investment properties under development. The assumptions and estimates were used by the independent valuer in arriving at their valuations.

Interpretations and amendments to published standards effective in 2017

On 1 April 2017, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and MIT and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

The amendments to FRS 7 Statement of Cash Flows (Disclosure Initiative) sets out required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in the Consolidated Statement of Cash Flows.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities. Revenue is presented net of goods and services tax ("GST"), rebates and discounts.

Revenue is recognised as follows:

(a) Rental income and service charges from operating leases

Rental income and service charges (net of any incentives given to the lessees) from operating leases on the investment properties are recognised on a straight-line basis over the lease term.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.3 Government grants

Grants from government are recognised as receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Expenses

(a) Property operating expenses

Property operating expenses are recognised on an accrual basis. Included in property expenses are Property Manager's fees which are based on the applicable formula stipulated in Note 1(D).

(b) Manager's management fees

Manager's management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(B).

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income tax

Taxation on the return for the year comprises current and deferred income tax. Income tax is recognised in the Statements of Total Return.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising from investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in Statements of Total Return, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of MIT for the income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling which include a distribution of at least 90% of the taxable income of MIT, the Trustee will not be taxed on the portion of taxable income of MIT that is distributed to Unitholders. Any portion of the taxable income that is not distributed to Unitholders will be taxed on the Trustee. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of MIT is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with the IRAS.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Income tax (continued)

Although MIT is not taxed on its taxable income distributed, the Trustee and the Manager are required to deduct income tax at the applicable corporate tax rate from the distributions of such taxable income of MIT (i.e. which has not been taxed in the hands of the Trustee) to certain Unitholders. The Trustee and the Manager will not deduct tax from the distributions made out of MIT's taxable income to the extent that the beneficial Unitholder is:

- An individual (excluding partnerships);
- A tax resident Singapore-incorporated company;
- A body of persons registered or constituted in Singapore (e.g. town council, statutory board, registered charity, registered co-operative society, registered trade union, management corporation, club and trade and industry association);
- A Singapore branch of a foreign company; and
- An international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act.

The above tax transparency ruling does not apply to gains from sale of real properties. Such gains, if they are considered as trading gains, are assessable to tax on the Trustee. Where the gains are capital gains, the Trustee will not be assessed to tax and may distribute the gains without tax being deducted at source.

2.6 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

(iii) Disposals

When a change in MIT's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in the Statements of Total Return.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in Note 2.7.

(b) Transactions with non-controlling interests

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

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Group accounting (continued)

(c) Joint ventures

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in joint ventures are derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in the Statements of Total Return.

Please refer to the paragraph "Investments in subsidiaries and joint ventures" for the accounting policy on investments in joint ventures in the separate financial statements of the Trust.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses (Note 2.13) in MIT's Statement of Financial Position. On disposal of investments in subsidiaries and joint ventures, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in the Statement of Total Return.

2.8 Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables include "cash and cash equivalents" (Note 11), "trade and other receivables" (Note 12) and "other current assets" except for "prepayments" (Note 13) in the Statements of Financial Position.

These financial assets are initially recognised at fair value plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method.

The Group assesses at each statement of financial position date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the Statements of Total Return.

The impairment allowance is reduced through the Statements of Total Return in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.9 Borrowing costs

Borrowing costs are recognised in the Statements of Total Return using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the properties under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties and properties under development

Investment properties are properties that are held for long-term rental yields and/or for capital appreciation. Investment properties under development includes property that is being constructed or developed for future use as an investment property.

Investment properties are accounted for as non-current assets and are initially recognised at cost including transaction costs and borrowing costs and subsequently carried at fair value. Fair values are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuer at least once a year, on the highest-and best-use basis in accordance with the CIS. Changes in fair values are recognised in the Statements of Total Return.

Investment properties are subject to renovations or improvements at regular intervals. The costs of major renovations, improvements and initial direct costs incurred in negotiating and arranging operating leases are capitalised and the carrying amounts of the replaced components are written off to the Statements of Total Return. The costs of maintenance, repairs and minor improvements are charged to the Statements of Total Return when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is taken to the Statements of Total Return.

2.11 Cash and cash equivalents

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.12 Plant and equipment

(a) Measurement

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

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

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful life
Plant and equipment	3 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the Statements of Total Return when the changes arise.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in the Statements of Total Return when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the Statements of Total Return.

2.13 Impairment of non-financial assets

Plant and equipment
Investments in subsidiaries and joint ventures

Plant and equipment and investments in subsidiaries and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

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

A reversal of impairment loss for an asset other than goodwill is recognised in the Statements of Total Return, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in the Statements of Total Return.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial guarantees classified as insurance contracts

Corporate guarantees issued by MIT to banks for borrowings of its subsidiary and joint venture are financial guarantees as they require MIT to reimburse the banks if the subsidiary or joint venture fails to make principal or interest payment overdue in accordance with the terms of the borrowings. These financial guarantees are accounted for as insurance contracts. Provision is recognised based on MIT's estimate of the ultimate cost of settling all claims incurred but unpaid at the end of the reporting period. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract. Intra-group transactions are eliminated on consolidation.

2.15 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statements of Total Return over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the statement of financial position date are presented as current borrowings in the Statement of Financial Position even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the statement of financial position date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the statement of financial position date are presented as non-current borrowings in the Statement of Financial Position.

2.16 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2.17 Derivative financial instruments and hedging activities

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

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in the Statements of Total Return when the changes arise.

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

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Derivative financial instruments and hedging activities (continued)

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

(a) Fair value hedge

The Group has entered into fixed to floating interest rate swaps that are fair value hedges for the fair value exposures to interest rate movements of its borrowings ("hedged item"). The fair value changes on the hedged item resulting from the fair value risk are recognised in Statements of Total Return. The fair value changes on the effective portion of interest rate swaps designated as fair value hedges are recognised in Statements of Total Return within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of interest rate swaps are recognised separately in Statements of Total Return.

(b) Cash flow hedge

(i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in the hedging reserve and transferred to the Statements of Total Return when the hedged interest expense on the borrowings is recognised in the Statements of Total Return. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in the Statements of Total Return.

(ii) Currency forwards

The Group has entered into currency forwards that qualify as cash flow hedges and are used to hedge the highly probable forecasted foreign currency dividend income receivable from the investment in joint venture. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in the hedging reserve and transferred to the Statements of Total Return upon receipt of the dividend income.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in the Statements of Total Return. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in hedging reserve are reclassified to Statements of Total Return immediately.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Derivative financial instruments and hedging activities (continued)

(c) Net investment hedge

The Group has foreign currency borrowings that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The currency translation differences on the borrowings relating to the effective portion of the hedge are accumulated in the foreign currency translation reserve and reclassified to the Statements of Total Return as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in the Statements of Total Return.

2.18 Fair value estimation of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each statement of financial position date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are based on valuations provided by the Group's banker. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.20 Leases

(a) When the Group is a lessee:

Leases of assets where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the Statements of Total Return on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(b) When the Group is a lessor:

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the Statements of Total Return on a straight-line basis over the lease term.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of MIT.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in the Statements of Total Return, except for currency translation differences on the net investment hedges for foreign operations, borrowing in foreign currencies and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within the Statement of Movements in Unitholders' Funds of the Group.

(c) Translation of Group entities' financial statements

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

(i) Assets and liabilities are translated at the closing rates at the date of the Statements of Financial Position;

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

(iii) All resulting exchange differences are taken to the foreign currency translation reserve within the Statements of Movements in Unitholders' Funds of the Group.

(d) Consolidation adjustments

On consolidation, currency translation differences arising from the net investment in foreign operations, borrowings in foreign currencies and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve. When a foreign operation is sold, such currency translation differences recorded in the foreign currency translation reserve are recognised in the Statements of Total Return as part of the gain or loss on sale.

Notes to the Financial Statements

For the financial year ended 31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Units and unit issuance expenses

Proceeds from the issuance of Units in MIT are recognised as Unitholders' funds. Incremental costs directly attributable to the issuance of new Units are deducted directly from the net assets attributable to the Unitholders.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Manager who is responsible for allocating resources and assessing performance of the operating segments.

2.24 Distribution policy

MIT's distribution policy is to distribute at least 90% of its adjusted taxable income, comprising substantially its income from the letting of its properties and related property services income after deduction of allowable expenses and allowances, as well as interest income from the placement of periodic cash surpluses in bank deposits. Distributions, when paid, will be in Singapore Dollars.

3. GROSS REVENUE

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
Rental income	**290,901**	276,612	**272,976**	258,362
Service charges	**46,895**	45,484	**46,058**	44,723
Other operating income	**25,434**	18,469	**24,792**	18,295
	363,230	340,565	**343,826**	321,380

Gross revenue is generated by the Group's and MIT's investment properties.

Notes to the Financial Statements

For the financial year ended 31 March 2018

4. PROPERTY OPERATING EXPENSES

	Group		MIT	
	FY17/18	FY16/17	**FY17/18**	FY16/17
	$'000	$'000	**$'000**	$'000
Operation and maintenance	**38,156**	41,327	**36,764**	38,945
Property tax	**26,932**	23,972	**25,915**	23,097
Property and lease management fees	**10,897**	10,217	**10,315**	9,642
Marketing and legal expenses	**7,189**	5,748	**5,659**	5,067
Land rental expenses on operating leases	**2,006**	2,057	**781**	802
Other operating expenses	**447**	414	**424**	391
	85,627	83,735	**79,858**	77,944

All of the Group's and MIT's investment properties generate rental income and the above expenses are direct operating expenses arising from its investment properties.

5. INTEREST INCOME

	Group		MIT	
	FY17/18	FY16/17	**FY17/18**	FY16/17
	$'000	$'000	**$'000**	$'000
Interest income from:				
– loan to joint venture	**919**	–	**919**	–
– fixed deposits	**14**	29	**5**	21
– third parties	**94**	361	**70**	338
	1,027	390	**994**	359

6. INVESTMENT INCOME

	MIT	
	FY17/18	FY16/17
	$'000	$'000
Distribution income from:		
– subsidiary	**16,098**	11,765
– joint venture	**3,234**	–
	19,332	11,765

Notes to the Financial Statements

For the financial year ended 31 March 2018

7. BORROWING COSTS

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
Interest expense				
– Bank borrowings	**16,034**	14,850	**16,034**	14,850
– Medium term notes	**14,029**	10,904	**–**	–
– Loans from a subsidiary	**–**	–	**14,029**	10,904
	30,063	25,754	**30,063**	25,754
Financing fees	**1,575**	1,090	**1,575**	1,090
Cash flow hedges reclassified from hedging reserves	**4,493**	2,547	**4,493**	2,547
Finance income on interest rate swap treated as fair value hedge	**(794)**	(690)	**(794)**	(690)
Fair value losses on derivative financial instrument (Note 21)	**65**	65	**65**	65
Fair value adjustment on hedged item (Note 20)	**(65)**	(65)	**(65)**	(65)
	–	–	**–**	–
Less: Borrowing costs capitalised in investment properties under development [Note 14 (a)]	**(1,282)**	(1,376)	**(1,282)**	(1,376)
Borrowing costs recognised in Statement of Total Return	**34,055**	27,325	**34,055**	27,325

8. OTHER TRUST EXPENSES

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
Listing expenses	**813**	802	**813**	802
Valuation fee	**124**	125	**116**	115
Audit fee	**133**	128	**122**	117
Other consultancy fees	**252**	285	**244**	279
	1,322	1,340	**1,295**	1,313

Notes to the Financial Statements

For the financial year ended 31 March 2018

9. INCOME TAX

(a) Income tax expense

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
Tax expense attributable to profit is made up of:				
– Current income tax	**32**	*	**32**	–
Under provision in prior financial year				
– Current income tax	**–**	*	**–**	–
	32	*	**32**	–

* Amount less than $1,000

The tax on total return before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
Total return before tax	**300,562**	270,571	**291,819**	266,430
Share of joint venture	**(21,776)**	–	**–**	–
Total return before tax excluding share of joint venture	**278,786**	270,571	**291,819**	266,430
Tax calculated at a tax rate of 17% (FY16/17: 17%)	**47,394**	45,997	**49,609**	45,293
Effects of:				
– Expenses not deductible for tax purposes	**1,178**	1,019	**1,067**	950
– Income not subjected to tax due to tax transparency ruling (Note 2.5)	**(37,410)**	(35,076)	**(39,125)**	(34,983)
– Net fair value gain on investment properties and investment properties under development	**(11,130)**	(11,940)	**(11,519)**	(11,260)
– Under provision in prior financial year	**–**	*	**–**	–
	32	*	**32**	–

* Amount less than $1,000

Notes to the Financial Statements

For the financial year ended 31 March 2018

9. INCOME TAX (CONTINUED)

(b) Current income tax liabilities

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Beginning of financial year	*****	*	**–**	–
Tax expense	**32**	*	**32**	–
Under provision in prior financial year	**–**	*	**–**	–
Income tax paid	**(*)**	(*)	**–**	–
End of financial year	**32**	*	**32**	–

* Amount less than $1,000

The income tax liabilities relate to taxable income of Mapletree Industrial Trust and Mapletree Industrial Trust Treasury Company Pte. Ltd..

10. EARNINGS PER UNIT

	Group	
	FY17/18	FY16/17
Total return attributable to Unitholders of the Group ($'000)	**300,530**	270,571
Weighted average number of units outstanding during the year ('000)	**1,836,442**	1,801,588
Basic and diluted earnings per unit (cents per unit)	**16.36**	15.02

Diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the financial year.

Notes to the Financial Statements

For the financial year ended 31 March 2018

11. CASH AND CASH EQUIVALENTS

	Group		MIT	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	$'000	$'000	**$'000**	$'000
Cash at bank	**37,419**	15,685	**30,810**	13,236
Short-term bank deposits	**–**	22,300	**–**	17,900
	37,419	37,985	**30,810**	31,136

There is no short-term bank deposit as at 31 March 2018. Short-term bank deposits as at 31 March 2017 have a weighted average maturity of approximately 1 month. The interest rates as at 31 March 2017 ranged from 0.40% to 0.64% per annum.

12. TRADE AND OTHER RECEIVABLES

	Group		MIT	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
	$'000	$'000	**$'000**	$'000
Trade receivables				
– third parties	**3,541**	1,271	**3,504**	875
– subsidiary	**–**	–	**7**	–
Less: Allowance for impairment of receivables	**–**	–	**–**	–
Trade receivables – net	**3,541**	1,271	**3,511**	875
Interest receivable	**–**	2	**–**	*
Distribution receivable from:				
– a subsidiary	**–**	–	**3,194**	2,829
– joint venture	**3,234**	–	**3,234**	–
Other receivables				
– third parties	**1,299**	109	**1,286**	79
– related party	**–**	154	**–**	150
Accrued revenue				
– rental incentives	**15,640**	8,027	**15,358**	7,713
– others	**684**	658	**661**	651
	24,398	10,221	**27,244**	12,297

The other receivables due from a related party (non-trade) is unsecured, interest free and repayable on demand.

Notes to the Financial Statements

For the financial year ended 31 March 2018

13. OTHER CURRENT ASSETS

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Prepayments	**1,552**	1,145	**893**	410
Deposits	**20**	57	**18**	53
	1,572	1,202	**911**	463

14. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT

(a) Investment properties and investment properties under development

	Group		MIT	
	Investment properties $'000	**Investment properties under development $'000**	**Investment properties $'000**	**Investment properties under development $'000**
31 March 2018				
Beginning of financial year	**3,530,850**	**217,800**	**3,333,000**	**217,800**
Additions during the year	**17,524**	**94,256**	**17,587**	**94,256**
Divestment during the year	**(17,600)**	**–**	**–**	**–**
Net transfers during the year	**260,821**	**(260,821)**	**260,821**	**(260,821)**
Net fair value gain	**65,005**	**465**	**67,292**	**465**
End of financial year	**3,856,600**	**51,700**	**3,678,700**	**51,700**
31 March 2017				
Beginning of financial year	3,338,350	219,500	3,144,500	219,500
Additions during the year	22,399	98,165	22,399	98,165
Net transfers during the year	134,742	(134,742)	134,742	(134,742)
Net fair value gain	35,359	34,877	31,359	34,877
End of financial year	3,530,850	217,800	3,333,000	217,800

Details of the properties are shown in the Portfolio Statement.

Investment properties are leased to both related and non-related parties under operating leases [Note 23(c)].

During the year, borrowing costs amounting to $1,282,000 (FY16/17: $1,376,000) have been capitalised in the investment properties under development (Note 7).

Notes to the Financial Statements

For the financial year ended 31 March 2018

14. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONTINUED)

(a) Investment properties and investment properties under development (continued)

Valuation processes of the Group

The Manager engaged an external, independent and qualified valuer to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use.

- At every financial year end, the Manager:
- verifies all major inputs to the independent valuation reports,
- assesses property valuation movements when compared to the prior year valuation reports; and
- holds discussion with the independent valuer.

(b) Fair value hierarchy

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

All properties within MIT and the Group's portfolio are classified within Level 3 of the fair value hierarchy.

(c) Reconciliation of Level 3 fair value measurements

The reconciliation between the balances at the beginning of the financial year is disclosed within the investment properties and investment properties under development movement table presented in Note 14(a).

Notes to the Financial Statements

For the financial year ended 31 March 2018

14. **INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT** (CONTINUED)

(d) **Valuation techniques and key unobservable inputs**

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties and investment properties under development categorised under Level 3 of the fair value hierarchy:

Property segment	Valuation technique(s)	Key unobservable inputs[(#)]	Range of unobservable inputs
Flatted Factories	Income capitalisation	Capitalisation rate	From 6.50% to 7.75% (31 March 2017: From 6.50% to 7.25%)
	Discounted cash flow	Discount rate	From 7.75% to 9.00% (31 March 2017: 8.00%)
Hi-Tech Buildings	Income capitalisation	Capitalisation rate	From 6.25% to 7.00% (31 March 2017: From 6.50% to 7.00%)
	Discounted cash flow	Discount rate	7.75% (31 March 2017: 8.00%)
	Residual land value	Gross development value	The same capitalisation rate and discount rate as disclosed for this property segment have been applied in determining the gross development value.
Business Park Buildings	Income capitalisation	Capitalisation rate	6.00% (31 March 2017: 6.00%)
	Discounted cash flow	Discount rate	7.50% (31 March 2017: 8.00%)
Stack-up/ Ramp-up Buildings	Income capitalisation	Capitalisation rate	6.50% (31 March 2017: 7.00%)
	Discounted cash flow	Discount rate	7.75% (31 March 2017: 8.00%)
Light Industrial Buildings	Income capitalisation	Capitalisation rate	6.50% to 7.00% (31 March 2017: From 6.50% to 6.75%)
	Discounted cash flow	Discount rate	7.75% (31 March 2017: 8.00%)

(#) There were no significant inter-relationships between unobservable inputs.

Notes to the Financial Statements

For the financial year ended 31 March 2018

14. INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES UNDER DEVELOPMENT (CONTINUED)

(d) Valuation techniques and key unobservable inputs (continued)

The fair values are generally derived using the following methods:

- Income capitalisation – Properties are valued by capitalising the net property income at an appropriate rate of return to arrive at the market value. The net property income is the estimated annual net rental income of the building at current rate after deducting all necessary outgoings and expenses. The adopted yield reflects the nature, location, tenure, tenancy profile of the property together with the prevailing property market condition.

- Discounted cash flow – Properties are valued by discounting the future net income stream over a period to arrive at a present value.

- Residual land value – Investment properties under development is valued, as a starting point using the Income Capitalisation method and Discounted Cash Flow method to derive the fair value of the property as if the development was already completed at statement of financial position date. Deductions from that fair value, such as estimated construction cost and other costs to completion and estimated profit margin required to hold and develop property to completion are made to reflect the current condition of the properties under development.

Equal weightage was applied to the Income Capitalisation method and Discounted Cash Flow method to derive at the valuation of investment properties. Where applicable, Direct Sale Comparison method was used as a check.

Significant reductions in the capitalisation rate and/or discount rate in isolation would result in a significantly higher fair value of the investment properties and investment properties under development.

The significant unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 10-year bonds issued by the government in Singapore, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

- Capitalisation rate corresponds to a rate of return on investment properties based on the expected income that the property will generate.

The Manager is of the view that the valuation methods and estimates are reflective of the current market condition.

Notes to the Financial Statements

For the financial year ended 31 March 2018

15. PLANT AND EQUIPMENT

	Group and MIT	
	31 March 2018	31 March 2017
	$'000	$'000
Cost		
Beginning of financial year	**32**	30
Additions	**91**	2
End of financial year	**123**	32
Accumulated depreciation		
Beginning of financial year	**29**	28
Depreciation charge	**10**	1
End of financial year	**39**	29
Net book value		
End of financial year	**84**	3

16. INVESTMENTS IN SUBSIDIARIES

	MIT	
	31 March 2018	31 March 2017
	$'000	$'000
Equity investments at cost		
Beginning and end of financial year	*****	*

* Amount less than $1,000

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of business/ incorporation	Equity interest held by MIT	
			31 March 2018	31 March 2017
			%	%
Mapletree Singapore Industrial Trust**	Property investment	Singapore	**100**	100
Mapletree Industrial Trust Treasury Company Pte. Ltd**	Provision of treasury services	Singapore	**100**	100

** Audited by PricewaterhouseCoopers LLP, Singapore

There are no significant restrictions on any of the Group's subsidiaries.

Notes to the Financial Statements

For the financial year ended 31 March 2018

17. LOAN TO A SUBSIDIARY

MIT has extended an interest-free loan to one of its subsidiaries, MSIT, amounting to $166,594,000 (31 March 2017: $179,794,000). This loan has no fixed terms of repayment and is intended to be a long-term source of additional funding for the subsidiary. Settlement of this loan is neither planned nor likely to occur in the foreseeable future.

As a result, the Manager considers this loan to be in substance part of the MIT's net investment in MSIT and has accounted for this loan in accordance with Note 2.7.

18. INVESTMENT IN A JOINT VENTURE

	MIT	
	31 March 2018	31 March 2017
	$'000	$'000
Investment in a joint venture, at cost	**166,158**	–

On 24 October 2017, MIT formed a joint venture with Mapletree Investments Pte Ltd ("MIPL") to acquire 14 data centres in the United States of America through an unlisted single purpose trust, Mapletree Redwood Data Centre Trust ("MRDCT") for a purchase consideration of approximately US$750.0 million (S$1,020.0 million). The acquisition was completed on 20 December 2017. Under the joint venture agreement, MIPL holds 60.0% interest in MRDCT while MIT holds the remaining interest. The investment is deemed to be a joint venture of the Group as the relevant activities of the investment are decided by unanimous consent resulting in joint control over the investment.

There are no contingent liabilities relating to the Group's interest in the joint venture. During the financial year, MIT issued corporate guarantees to the banks for borrowings of MRDCT (Note 24 (b)).

Details of the joint venture are as follows:

Name of joint venture	Principal activity	Country of business/ incorporation	Equity interest held by MIT and the Group	
			31 March 2018	31 March 2017
			%	%
Mapletree Redwood Data Centre Trust	Property investment	Singapore	**40**	–

Notes to the Financial Statements

For the financial year ended 31 March 2018

18. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture

Set out below is the summarised financial information for MRDCT.

Summarised balance sheet

	MRDCT 31 March 2018 $'000
Assets and liabilities	
Non-current assets	
Investment properties	1,032,827
Other non-current assets	1,315
Current assets	
Cash and cash equivalents	18,830
Other current assets	4,086
Total assets	1,057,058
Current liabilities	22,723
Non-current liabilities	
Borrowings	591,167
Other non-current liabilities	606
Total liabilities	614,496
Net assets	442,562

Summarised statement of comprehensive income

	Period from 20 December 2017 to 31 March 2018 $'000
Gross revenue	26,292
Property operating expenses	(7,538)
Interest expense	(5,286)
Net fair value gain of investment properties	44,689
Total return for the year before income tax	58,157
Income tax expense	(3,716)
Total return for the year after income tax	54,441
Other comprehensive income	(8,857)
Total comprehensive income	45,584
Dividends receivable from joint venture	3,234

Notes to the Financial Statements

For the financial year ended 31 March 2018

18. INVESTMENT IN A JOINT VENTURE (CONTINUED)

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in joint venture, is as follows:-

	MRDCT 31 March 2018 $'000
Net assets	
Beginning of financial year	**–**
Equity investment at cost	**405,063**
Total return excluding the net change in investment properties	**9,752**
Net change in fair value of investment properties held by joint venture	**44,689**
Hedging reserve	**1,315**
Dividend payable	**(8,085)**
Foreign exchange differences	**(10,172)**
End of financial year	**442,562**

	Group 31 March 2018 $'000
Interest in joint venture (40%)	**177,025**
Acquisition cost	**4,133**
Carrying value	**181,158**

Notes to the Financial Statements

For the financial year ended 31 March 2018

19. TRADE AND OTHER PAYABLES

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Current				
Trade payables				
– third parties	**6,818**	2,125	**6,816**	2,124
– related parties	**3,751**	1,992	**3,517**	1,862
Accrued operating expenses	**28,979**	28,526	**27,490**	26,358
Accrued retention sum	**11,293**	10,521	**11,293**	10,521
Accrued development cost	**16,243**	25,026	**16,243**	24,963
Tenancy related deposits	**22,966**	30,534	**22,543**	29,230
Rental received/billed in advance	**4,563**	2,226	**2,754**	468
Net GST payable	**2,070**	1,964	**1,838**	1,719
Interest payable	**5,512**	4,892	**3,995**	3,375
Interest payable to a subsidiary	**–**	–	**1,517**	1,517
Other payables	**913**	939	**909**	762
	103,108	108,745	**98,915**	102,899
Non-current				
Tenancy related deposits	**51,403**	46,143	**50,765**	45,723
	154,511	154,888	**149,680**	148,622

20. BORROWINGS AND LOANS FROM A SUBSIDIARY

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Current				
Borrowings				
Bank loans	**60,000**	115,000	**60,000**	115,000
Transaction cost to be amortised	**(15)**	(14)	**(15)**	(14)
	59,985	114,986	**59,985**	114,986
Medium term note	**125,000**	–	**–**	–
Transaction cost to be amortised	**(58)**	–	**–**	–
	124,942	–	**–**	–
	184,927	114,986	**59,985**	114,986
Loan from a subsidiary				
Loan from a subsidiary	**–**	–	**125,000**	–
Transaction cost to be amortised	**–**	–	**(58)**	–
	–	–	**124,942**	–
	184,927	114,986	**184,927**	114,986

Notes to the Financial Statements

For the financial year ended 31 March 2018

20. BORROWINGS AND LOANS FROM A SUBSIDIARY (CONTINUED)

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Non-current				
Borrowings				
Bank loans	**754,838**	587,880	**754,838**	587,880
Transaction cost to be amortised	**(1,075)**	(677)	**(1,075)**	(677)
	753,763	587,203	**753,763**	587,203
Medium term note	**280,000**	405,000	**–**	–
Change in fair value of hedged item (Note 7)	**(65)**	(65)	**–**	–
Transaction cost to be amortised	**(508)**	(713)	**–**	–
	279,427	404,222	**–**	–
	1,033,190	991,425	**753,763**	587,203
Loans from a subsidiary				
Loans from a subsidiary	**–**	–	**280,000**	405,000
Change in fair value of hedged item (Note 7)	**–**	–	**(65)**	(65)
Transaction cost to be amortised	**–**	–	**(508)**	(713)
	–	–	**279,427**	404,222
	–	–	**1,033,190**	991,425
	1,218,117	1,106,411	**1,218,117**	1,106,411

The above loans and notes are unsecured and, except for loans from a subsidiary, are subject to negative pledge on certain investment properties.

(a) Maturity of borrowings

The current bank loans mature in 6 months (31 March 2017: 1 to 6 months) from the end of the financial year. The current medium term note and loan from a subsidiary mature in 2019 (31 March 2017: nil).

The non-current bank loans, medium term notes and loans from a subsidiary mature between 2019 and 2026 (31 March 2017: between 2018 and 2026).

Notes to the Financial Statements

For the financial year ended 31 March 2018

20. BORROWINGS AND LOANS FROM A SUBSIDIARY (CONTINUED)

(b) Weighted average interest rates

The weighted average all-in interest rates of total borrowings, including interest rate swaps as at the statement of financial position date were as follows:

	Group		MIT	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Bank loans (current)	**3.01%**	2.07%	**3.01%**	2.07%
Bank loans (non-current)	**2.85%**	2.74%	**2.85%**	2.74%
Medium term notes (current)	**3.75%**	–	**–**	–
Medium term notes (non-current)	**3.08%**	3.26%	**–**	–
Loans from a subsidiary (current)	**–**	–	**3.75%**	–
Loans from a subsidiary (non-current)	**–**	–	**3.08%**	3.26%

(c) Medium term notes

In March 2012, the Group established a $1,000,000,000 Multicurrency Medium Term Note Programme ("MTN Programme"), via a subsidiary, MITTC. Under the MTN Programme, MITTC may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series in Singapore Dollars or any other currency ("MTN").

Each series of notes may be issued in various amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme.

The MTN shall constitute direct, unconditional, unsecured and unsubordinated obligations of MITTC ranking *pari passu*, without any preference or priority among themselves and *pari passu* with all other present and future unsecured obligations of MITTC. All sums payable in respect of the notes will be unconditionally and irrevocably guaranteed by DBS Trustee Limited, in its capacity as Trustee of MIT.

Total notes outstanding as at 31 March 2018 under the MTN Programme is $405.0 million (31 March 2017: $405.0 million), consisting of:

(i) $125.0 million (31 March 2017: $125.0 million) Fixed Rate Notes due 2019. The MTN will mature on 8 March 2019 and bears an interest of 3.75% per annum payable semi-annually in arrears;

(ii) $45.0 million (31 March 2017: $45.0 million) Fixed Rate Notes due 2022. The MTN will mature on 7 September 2022 and bears an interest of 3.65% per annum payable semi-annually in arrears;

(iii) $75.0 million (31 March 2017: $75.0 million) Fixed Rate Notes due 2023. The MTN will mature on 11 May 2023 and bears an interest of 3.02% per annum payable semi-annually in arrears;

(iv) $60.0 million (31 March 2017: $60.0 million) Fixed Rate Notes due 2026. The MTN will mature on 2 March 2026 and bears an interest of 3.79% per annum payable semi-annually in arrears; and

(v) $100.0 million (31 March 2017: $100.0 million) Fixed Rate Notes due 2024. The MTN will mature on 28 March 2024 and bears an interest of 3.16% per annum payable semi-annually in arrears.

Notes to the Financial Statements

For the financial year ended 31 March 2018

20. BORROWINGS AND LOANS FROM A SUBSIDIARY (CONTINUED)

(d) Loans from a subsidiary

MITTC has on-lent the proceeds from the issuance of the above MTN to MIT, who has in turn used these proceeds to refinance its borrowings.

These loans are unsecured and repayable in full; consisting of:

(i) $125.0 million (31 March 2017: $125.0 million) maturing on 8 March 2019 and bears an interest of 3.75% per annum payable semi-annually in arrears;

(ii) $45.0 million (31 March 2017: $45.0 million) maturing on 7 September 2022 and bears an interest of 3.65% per annum payable semi-annually in arrears;

(iii) $75.0 million (31 March 2017: $75.0 million) maturing on 11 May 2023 and bears an interest of 3.02% per annum payable semi-annually in arrears;

(iv) $60.0 million (31 March 2017: $60.0 million) maturing on 2 March 2026 and bears an interest of 3.79% per annum payable semi-annually in arrears; and

(v) $100.0 million (31 March 2017: $100.0 million) maturing on 28 March 2024 and bears an interest of 3.16% per annum payable semi-annually in arrears.

(e) Carrying amount and fair value

The carrying amounts of the borrowings approximate their fair values, except for the following fixed-rate non-current borrowings:

	Carrying amounts		Fair values	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Group				
Bank loans (non-current)	**100,000**	100,000	**98,381**	100,054
Medium term notes (non-current)	**280,000**	405,000	**283,285**	414,481
MIT				
Bank loans (non-current)	**100,000**	100,000	**98,381**	100,054
Loans from a subsidiary (non-current)	**280,000**	405,000	**283,285**	414,481

The fair values above are determined from the cash flow analysis, discounted at the following market borrowing rates of an equivalent instrument at the statement of financial position date at which the Manager expects to be available to the Group:

	Group		MIT	
	31 March 2018	31 March 2017	**31 March 2018**	31 March 2017
Bank loans (non-current)	**3.2%**	3.2%	**3.2%**	3.2%
Medium term notes (non-current)	**3.1%**	2.7%	**–**	–
Loans from a subsidiary (non-current)	**–**	–	**3.1%**	2.7%

The fair values are within Level 2 of the fair value hierarchy.

Notes to the Financial Statements

For the financial year ended 31 March 2018

20. BORROWINGS AND LOANS FROM A SUBSIDIARY (CONTINUED)

(f) Interest rate risks

The exposure of the borrowings of the Group and MIT to interest rate changes and the contractual repricing dates at the statement of financial position dates after taking into account interest rate swaps as follows:

	Group and MIT	
	31 March 2018 $'000	31 March 2017 $'000
6 months or less	**181,631**	277,880

21. DERIVATIVE FINANCIAL INSTRUMENTS

		Group and MIT		
	Maturity	**Contract notional amount $'000**	**Fair value assets $'000**	**Fair value liabilities $'000**
31 March 2018				
Fair value hedges				
– Interest rate swaps	2023	75,000	–	65
Cash flow hedges				
– Interest rate swaps	2018 – 2021	608,207	1,375	1,523
– Currency forwards	2018 – 2019	2,618	14	–
Total		**685,825**	**1,389**	**1,588**
Less: Current portion			**(14)**	**(242)**
Non-current portion			**1,375**	**1,346**
31 March 2017				
Fair value hedges				
– Interest rate swaps	2023	75,000	–	65
Cash flow hedges				
– Interest rate swaps	2018 – 2021	400,000	–	3,908
Total		475,000	–	3,973
Less: Current portion			**–**	**–**
Non-current portion			**–**	**3,973**

<u>Period when the cash flows on cash flow hedges are expected to occur or affect the Statements of Total Return</u>

The Group has entered into interest rate swap transactions to hedge interest payments on the Group's floating rate borrowings. Fair value gains and losses on these interest rate swaps recognised in the hedging reserve are transferred to the Statements of Total Return as part of interest expense over the period of the borrowings.

MIT has entered into currency forwards to hedge quarterly dividend income receivable in foreign currency back into Singapore Dollars. The fair value changes on the currency forwards are recognised in the hedging reserve and transferred to the Statement of Total Return upon receipt of the dividend income.

Notes to the Financial Statements

For the financial year ended 31 March 2018

22. UNITS IN ISSUE

	Group and MIT	
	31 March 2018 '000	31 March 2017 '000
Units at beginning of financial year	**1,802,160**	1,800,932
Units issued as settlement of manager's management fees [Note 22(a)]	**1,090**	1,228
Units issued due to private placement [Note 22(b)]	**81,968**	–
Units at end of the financial year	**1,885,218**	1,802,160

During the financial year, MIT issued the following units:

(a) 1,089,433 (FY16/17: 1,228,669) new Units at the issue prices ranging from $1.7406 to $2.0365 (FY16/17: $1.5938 to $1.7472) per unit, as part payment of the base management fees to the Manager in units. The issue prices were determined based on the volume weighted average traded price for a unit for all trades done on SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the management fees accrues.

(b) 81,968,000 new Units at $1.90 each pursuant to the private placement exercise (FY16/17: nil).

Each unit in MIT represents an undivided interest in MIT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of MIT by receiving a share of all net cash proceeds derived from the realisation of the assets of MIT less any liabilities, in accordance with their proportionate interests in MIT. However, a Unitholder does not have the right to require that any assets (or part thereof) of MIT be transferred to him; and
- Attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the issued units of MIT) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of MIT in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in MIT. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that the liabilities of MIT exceed its assets.

Notes to the Financial Statements

For the financial year ended 31 March 2018

23. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the statement of financial position date but not recognised in the financial statements are as follows:

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Capital expenditure contracted on investment properties and investment properties under development	**63,284**	113,422	**62,108**	113,156

(b) Operating lease commitments – where the Group is a lessee

The Group leases land from non-related parties under non-cancellable operating lease agreements. The future minimum lease payables under such non-cancellable operating leases contracted for at the statement of financial position date but not recognised as liabilities, are as follows:

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Not later than one year	**2,447**	2,512	**1,025**	1,036
Between two and five years	**9,675**	9,570	**4,003**	4,071
Later than five years	**37,981**	34,433	**24,268**	25,557
	50,103	46,515	**29,296**	30,664

The operating leases are subjected to revision of land rents at periodic intervals. For the purpose of the above disclosure, the prevailing land rent rates are used.

(c) Operating lease commitments – where the Group is a lessor

The Group and MIT lease out investment properties to related and non-related parties under non-cancellable operating leases. The future minimum lease receivables under such non-cancellable operating leases contracted for at the statement of financial position date but not recognised as receivables, are analysed as follows:

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Not later than one year	**325,486**	308,264	**308,622**	292,356
Between two and five years	**642,268**	572,176	**574,756**	520,673
Later than five years	**442,879**	457,082	**391,031**	418,062
	1,410,633	1,337,522	**1,274,409**	1,231,091

Notes to the Financial Statements

For the financial year ended 31 March 2018

24. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk in the normal course of its business.

Risk management is carried out under policies approved by the Manager. The Manager provides written principles for overall risk management as well as written policies covering specific areas, such as currency risk, interest rate risk, credit risk and liquidity risk. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Market risk

(i) Currency risk

The Manager's investment strategy includes investing in real-estate related assets used primarily as data centres worldwide beyond Singapore. In order to manage the currency risk involved in investing in assets outside Singapore, the Manager adopts currency risk management strategies that may include:

- The use of foreign currency denominated borrowings to match the currency of the asset management as a natural currency hedge. Borrowings designated and qualified as hedges of net investments in the Group's joint venture have a carrying amount of $158,628,685 as at 31 March 2018. The fair values of the borrowings approximate their carrying values except for the fixed-rate non-current borrowings disclosed in Note 20 (e).

- Entering into currency forwards to hedge the foreign currency income to be received from the offshore assets, back into Singapore Dollars.

The Group's main currency exposure based on the information provided to key management is as follows (SGD equivalent):

Group and MIT

	USD $'000
31 March 2018	
Financial assets	
Cash and cash equivalents	**9**
Dividend receivable from joint venture	**3,234**
	3,243
Financial liabilities	
Borrowings	**(159,393)**
Interest payable	**(332)**
	(159,725)
Net financial liabilities	**(156,482)**
Add: Non-financial assets	
Investment in a joint venture	**177,025**
Net assets	**20,543**
Less: Notional amount of currency forwards	**(2,618)**
Currency profile including non-financial assets and liabilities	**17,925**
Currency exposure of net financial assets less borrowings designated as net investment hedge	**2,147**

Notes to the Financial Statements

For the financial year ended 31 March 2018

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group was not exposed to currency risk as at 31 March 2017 as the financial assets and liabilities were denominated in SGD.

Sensitivity analysis

The Group and MIT's main foreign currency exposure is in USD. As at 31 March 2018, if the USD increase/decrease by 5% against SGD, with all other variables including tax being constant, the Group and MIT's total return would have been lower/higher by $107,350 and the Group's other comprehensive income would have been lower/higher by $7,300.

(ii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is exposed to interest rate risk on borrowings. The Group manages the risk by maintaining an appropriate mix of fixed and floating rate interest-bearing liabilities. This is achieved using fixed rate borrowings and interest rate swaps.

Sensitivity analysis

The Group and MIT's borrowings at variable rates on which effective hedges have not been entered into are denominated in SGD. As at 31 March 2018, if the SGD interest rates increase/decrease by 0.5% (31 March 2017: 0.5%) with all other variables including tax rate being held constant, the Group's total return would have been lower/higher by $908,000 (31 March 2017: $1,389,000) and the hedging reserve attributable to Unitholders would have been higher/lower by $5,017,000 (31 March 2017: $5,307,000).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and MIT are cash and bank deposits and trade receivables. Cash and short-term bank deposits are placed with financial institutions which are regulated. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing with counterparties of acceptable credit quality.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the Statements of Financial Position, except as follows:

	Group and MIT	
	31 March 2018	31 March 2017
	$'000	$'000
Corporate guarantees provided for borrowings of joint venture	**238,445**	–

Notes to the Financial Statements

For the financial year ended 31 March 2018

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group. Bank deposits that are neither past due nor impaired are mainly deposits with banks with acceptable credit-ratings assigned by international credit rating agencies.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Past due < 3 months	**1,276**	1,226	**1,247**	843
Past due 3 to 6 months	**71**	24	**71**	20
Past due over 6 months	**14**	21	**13**	12
	1,361	1,271	**1,331**	875

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group and MIT	
	31 March 2018 $'000	31 March 2017 $'000
Gross amount	**–**	–
Less: Allowance for impairment	**–**	–
	–	–
Beginning of financial year	**–**	(14)
Allowance reversed	**–**	12
Allowance utilised	**–**	2
End of financial year	**–**	–

The Manager believes that no additional allowance is necessary in respect of the remaining trade receivables as these receivables are mainly from tenants with good records with sufficient security in the form of bankers' guarantees, insurance bonds, or cash security deposits as collaterals.

Notes to the Financial Statements

For the financial year ended 31 March 2018

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

The Group and MIT adopt prudent liquidity risk management by maintaining sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

The table below analyses the maturity profile of the non-derivative financial liabilities of the Group and MIT based on contractual undiscounted cash flows prospectively for the next 5 years. Where it relates to a variable amount payable, the amount is determined by taking reference to the last contracted rate.

Group

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
At 31 March 2018			
Trade and other payables	**90,963**	**50,502**	**901**
Borrowings	**185,000**	**799,838**	**235,000**
Accrued interest and interest payable	**37,174**	**71,125**	**10,066**
	313,137	**921,465**	**245,967**
At 31 March 2017			
Trade and other payables	101,627	45,604	539
Borrowings	115,000	712,880	280,000
Accrued interest and interest payable	31,469	67,442	18,489
	248,096	825,926	299,028

MIT

	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000
At 31 March 2018			
Trade and other payables	**88,812**	**49,863**	**901**
Borrowings	**60,000**	**754,838**	**–**
Loans from a subsidiary	**125,000**	**45,000**	**235,000**
Accrued interest and interest payable	**37,174**	**71,125**	**10,066**
	310,986	**920,826**	**245,967**
At 31 March 2017			
Trade and other payables	97,539	45,322	401
Borrowings	115,000	587,880	–
Loans from a subsidiary	–	125,000	280,000
Accrued interest and interest payable	31,469	67,442	18,489
	244,008	825,644	298,890

Notes to the Financial Statements

For the financial year ended 31 March 2018

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the Group's and MIT's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

	Group and MIT		
	Less than 1 year $'000	**Between 1 and 5 years $'000**	**Over 5 years $'000**
At 31 March 2018			
Net-settled interest rate swaps – fair value and cash flow hedges			
– Net payments	(3,697)	(1,793)	84
Gross-settled currency forwards			
– Receipts	2,358	260	–
– Payments	(2,373)	(264)	–
	(3,712)	(1,797)	84
At 31 March 2017			
Net-settled interest rate swaps – fair value and cash flow hedges			
– Net payments	(3,776)	(4,481)	943

(d) Capital risk

The Manager's objective when managing capital is to optimise the Group's capital structure within the borrowing limits set out in the CIS to fund future acquisitions and asset enhancement works. To maintain or achieve an optimal capital structure, the Manager may issue new units or source additional borrowing from both financial institutions and capital markets.

The Group is subject to the aggregate leverage limit as defined in Appendix 6 of the CIS ("Property Funds Appendix"). The Property Funds Appendix stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45% of its Deposited Property.

The Group has an aggregate leverage ratio of 33.1% (31 March 2017: 29.2%) at the statement of financial position date.

In accordance with Property Funds Appendix, the aggregate leverage ratio includes MIT's proportionate share of its joint venture's borrowings and deposited property values.

The Group and MIT are in compliance with the borrowing limit requirements imposed by the CIS and all externally imposed capital requirements for the financial years ended 31 March 2018 and 31 March 2017.

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For the financial year ended 31 March 2018

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements

FRS 107 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The fair values of currency forwards are based on valuations provided by the Group's banker. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair value of the derivative financial instruments are presented below:

	Group and MIT	
	31 March 2018 $'000	31 March 2017 $'000
Level 2		
Assets		
Derivative financial instruments		
– Interest rate swaps	**1,375**	–
– Currency forwards	**14**	–
	1,389	–
Liabilities		
Derivative financial instruments		
– Interest rate swaps	**1,588**	3,973

The carrying amount of trade and other receivables, other current assets and trade and other payables approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying value of borrowings approximate its fair value except for fixed rate non-current borrowings as disclosed in Note 20(e).

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the Statements of Financial Position and in Note 21 except for the following:

	Group		MIT	
	31 March 2018 $'000	31 March 2017 $'000	**31 March 2018 $'000**	31 March 2017 $'000
Loans and receivables	**61,837**	48,263	**58,072**	43,486
Financial liabilities at amortised cost	**1,365,995**	1,259,073	**1,363,205**	1,254,565

Notes to the Financial Statements

For the financial year ended 31 March 2018

25. IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANIES

For financial reporting purposes under FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2014), the Group is regarded as a subsidiary of Mapletree Investments Pte Ltd. The immediate, intermediate and ultimate holding companies are Mapletree Dextra Pte Ltd, Mapletree Investments Pte Ltd and Temasek Holdings (Private) Limited respectively. The immediate, intermediate and ultimate holding companies are incorporated in Singapore.

26. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group when the Group has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals and entities. The Manager and the Property Manager are indirect wholly-owned subsidiaries of the intermediate holding company.

During the financial year, in addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place at terms agreed between the parties as follows:

	Group		MIT	
	FY17/18 $'000	FY16/17 $'000	**FY17/18 $'000**	FY16/17 $'000
Acquisition fees paid/payable to the Manager	**4,040**	–	**4,040**	–
Divestment fees paid/payable to the Manager	**88**	–	**–**	–
Property and lease management fees paid/payable (including reimbursable expenses) to the Property Manager	**15,736**	14,379	**14,902**	13,522
Marketing commission paid/payable to the Property Manager	**5,821**	4,901	**5,278**	4,741
Development management fees paid/payable to the Manager	**2,935**	2,310	**2,935**	2,310
Project management fees paid/payable to the Property Manager	**1,643**	705	**1,643**	705
Interest expense and financing fees paid/payable to a related party	**5,735**	6,627	**5,735**	6,627
Other products and service fees paid/payable to related parties	**8,037**	7,412	**7,974**	7,345
Rental and other related income received/receivable from related parties	**15,336**	5,930	**2,797**	2,890
Interest income received/receivable from a related party	**–**	1	**–**	1
Subscription of MIT's units by a related party	**9,500**	–	**9,500**	–

Notes to the Financial Statements

For the financial year ended 31 March 2018

27. FINANCIAL RATIOS

	Group	
	FY17/18	FY16/17
Ratio of expenses to weighted average net assets[1]		
– including performance component of asset management fee	**1.19%**	1.19%
– excluding performance component of asset management fee	**0.81%**	0.82%
Portfolio Turnover Ratio[2]	**–**	–

[1] The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses of the Group, excluding property expenses, borrowing costs and income tax expense.

[2] In accordance with the formulae stated in the CIS, the ratio reflects the number of times per year that a dollar of assets is reinvested. 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 daily average net asset value.

28. SEGMENT INFORMATION

The operating segments have been determined based on the reports reviewed by the Chief Executive Officer, Chief Financial Officer and Head of Asset Management in making strategic decisions.

The Manager considers the business from a business segment perspective; managing and monitoring the business based on property types.

The Manager assesses the performance of the operating segments based on a measure of Net Property Income ("NPI"). Interest income and borrowing costs are not allocated to segments, as the treasury activities are centrally managed by the Group. In addition, the Manager monitors the non-financial assets as well as financial assets directly attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment.

Notes to the Financial Statements

For the financial year ended 31 March 2018

28. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Manager for the reportable segments for year ended 31 March 2018 is as follows:

	Flatted Factories $'000	Hi-Tech Buildings $'000	Business Park Buildings $'000	Stack-up/ Ramp-up Buildings $'000	Light Industrial Buildings $'000	Total $'000
Gross revenue	159,065	99,771	52,411	44,697	7,286	363,230
Net property income	122,232	77,247	37,101	35,975	5,048	277,603
Interest income						1,027
Borrowing costs						(34,055)
Manager's management fees						(29,209)
Trustee's fees						(546)
Other trust expenses						(1,322)
Net foreign exchange gain						18
Net income						213,516
Net fair value gain/(loss) on investment properties and investment properties under development	17,407	35,964	2,943	12,256	(3,100)	65,470
Share of joint venture	–	21,776	–	–	–	21,776
Loss on divestment of investment property	–	–	–	–	(200)	(200)
Total return for the year before income tax						**300,562**
Income tax expense						(32)
Total return for the year after income tax before distribution						**300,530**
Segment assets						
– Investment properties	1,580,200	1,163,900	570,000	467,000	75,500	3,856,600*
– Investment properties under development	–	51,700	–	–	–	51,700*
– Investment in a joint venture	–	181,158	–	–	–	181,158
– Trade receivables	2,921	49	27	310	234	3,541
						4,092,999
Unallocated assets						
– Cash and cash equivalents						37,419
– Other receivables						20,857
– Other current assets						1,572
– Derivative financial instruments						1,389
– Plant and equipment						84
Consolidated total assets						**4,154,320**
Segment liabilities	42,214	13,421	10,527	11,073	1,709	78,944
Unallocated liabilities						
– Trade and other payables						75,567
– Borrowings						1,218,117
– Derivative financial instruments						1,588
– Current income tax liabilities						32
Consolidated total liabilities						**1,374,248**

* Include net fair value gain on properties of $65.5 million and additions of $111.8 million during the year.

Notes to the Financial Statements

For the financial year ended 31 March 2018

28. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Manager for the reportable segments for year ended 31 March 2017 is as follows:

	Flatted Factories $'000	Hi-Tech Buildings $'000	Business Park Buildings $'000	Stack-up/ Ramp-up Buildings $'000	Light Industrial Buildings $'000	Total $'000
Gross revenue	161,195	73,690	53,485	44,389	7,806	340,565
Net property income	122,439	55,878	37,955	35,704	4,854	256,830
Interest income						390
Borrowing costs						(27,325)
Manager's management fees						(27,699)
Trustee's fees						(521)
Other trust expenses						(1,340)
Net income						200,335
Net fair value (loss)/gain on investment properties and investment properties under development	(5,551)	71,487	1,304	2,996	–	70,236
Total return for the year before income tax						**270,571**
Income tax expense						(*)
Total return for the year after income tax before distribution						**270,571**
Segment assets						
– Investment properties	1,553,500	859,450	566,800	454,900	96,200	3,530,850**
– Investment properties under development	–	217,800	–	–	–	217,800**
– Trade receivables	517	329	13	91	321	1,271
						3,749,921
Unallocated assets						
– Cash and cash equivalents						37,985
– Other receivables						8,950
– Other current assets						1,202
– Plant and equipment						3
Consolidated total assets						**3,798,061**
Segment liabilities	41,958	12,413	10,900	11,312	2,320	78,903
Unallocated liabilities						
– Trade and other payables						75,985
– Borrowings						1,106,411
– Derivative financial instruments						3,973
– Current income tax liabilities						*
Consolidated total liabilities						**1,265,272**

* Amount less than $1,000

** Include net fair value gain on properties of $70.2 million and additions of $120.6 million for the financial year ended 31 March 2017.

Notes to the Financial Statements

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29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2018 or later periods and which the Group had not early adopted:

- **FRS 109 *Financial Instruments*** (effective for annual periods beginning on or after 1 January 2018)

  FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from FVOCI reserve to retained profits.

  Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for recognition of fair value changes arising from changes in own credit risk. For liabilities designated at fair value through profit or loss, such changes are recognized in OCI.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management uses for risk management purposes.

  There is also now a new expected credit losses impairment model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group plans to adopt the new FRS retrospectively from 1 April 2018 in line with the transition provisions permitted under the standard. Comparatives for the financial year ended 31 March 2018 will not be restated and the Group will recognise any difference between the carrying amounts as at 31 March 2018 and 1 April 2018 in the Statements of Movements in Unitholders' Funds.

  The following financial assets will be subject to the expected credit losses impairment under FRS 109:

  - Trade receivables;
  - Other receivables and amounts due from related parties

  The Group does not expect a material impact on the provision for impairment of the above financial assets.

Notes to the Financial Statements

For the financial year ended 31 March 2018

29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

- **FRS 115 *Revenue from contracts with customers*** (effective for annual periods beginning on or after 1 January 2018)

  FRS 115 replaces FRS11 *Construction Contracts*, FRS 18 *Revenue* and related interpretations.

  Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Group does not anticipate that the adoption of this new FRS would have a material impact on the Group's financial statements.

- **FRS 116 *Leases*** (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The Group plans to adopt the new standard retrospectively on 1 April 2019 and in line with the transition provisions permitted under the standard, the cumulative effect of initial application will be recognized as an adjustment to the opening unitholders' funds as at 1 April 2019.

  The Group is in the process of determining the extent to which its commitments as at the reporting date will result in the recognition of an asset and a liability for future payments and how this will affect the Group's total return and classification of cash flows.

Notes to the Financial Statements

For the financial year ended 31 March 2018

30. EVENTS OCCURRING AFTER STATEMENT OF FINANCIAL POSITION DATE

Subsequent to the statement of financial position date, the Manager announced a distribution of 2.95 cents per unit for the period from 1 January 2018 to 31 March 2018.

31. AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Manager and the Trustee on 23 April 2018.