

Financial Review

STATEMENT OF NET INCOME AND DISTRIBUTION

	FY17/18 S\$'000	FY16/17 S\$'000	CHANGE %
Gross revenue	363,230	340,565	6.7
Property operating expenses	(85,627)	(83,735)	2.3
Net property income	277,603	256,830	8.1
Interest income	1,027	390	163.3
Borrowing costs	(34,055)	(27,325)	24.6
Manager's management fees			
- Base fees	(19,215)	(18,453)	4.1
- Performance fees	(9,994)	(9,246)	8.1
Trustee's fees	(546)	(521)	4.8
Other trust expenses	(1,322)	(1,340)	(1.3)
Net foreign exchange gain	18	-	*
Net income	213,516	200,335	6.6
Distribution declared by joint venture	3,234	-	*
Amount available for distribution	215,848	204,960	5.3
Distribution per Unit (Singapore cents)	11.75	11.39	3.2
Total operating expenses¹	116,704	113,295	3.0
Total operating expenses to net asset value	4.20%	4.47%	(6.0)

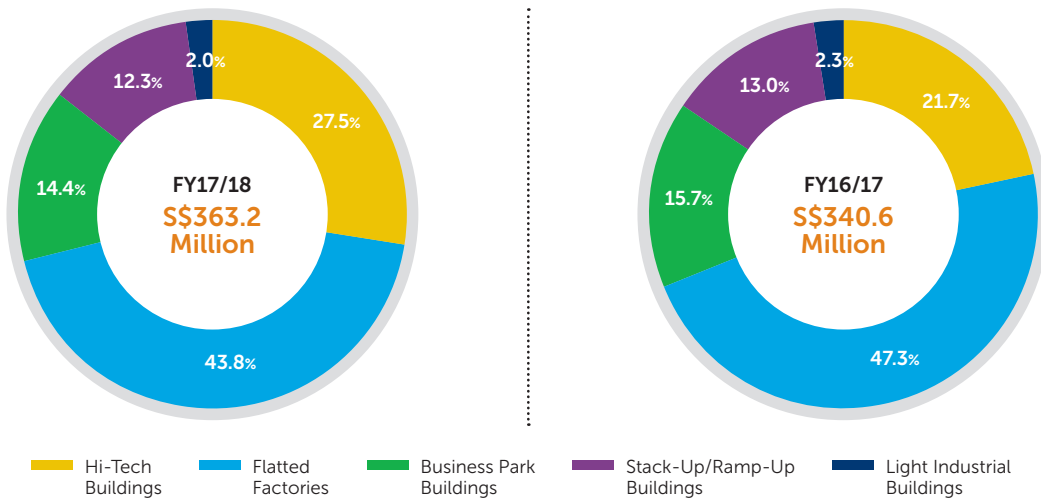
* Not meaningful

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

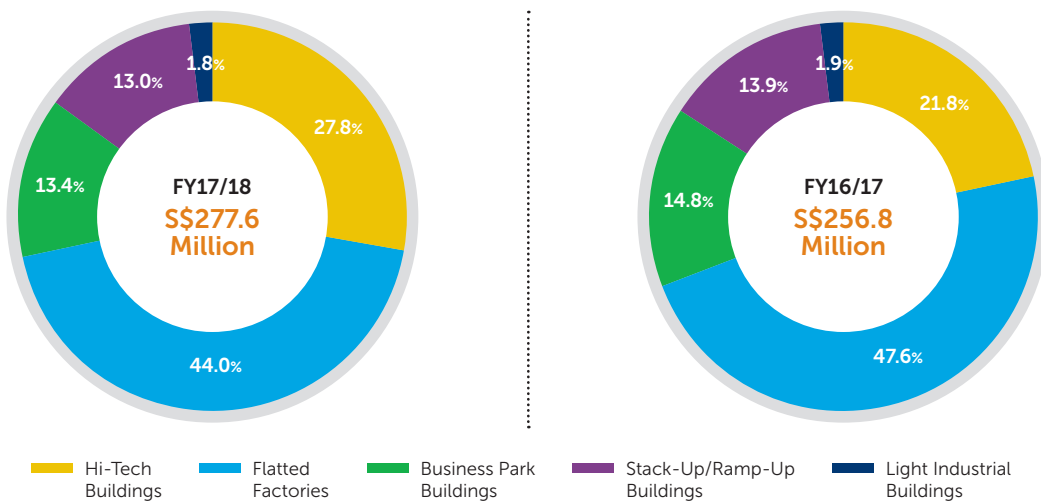
GROSS REVENUE

Gross revenue for FY17/18 was S\$363.2 million, an increase of S\$22.7 million or 6.7% as compared to FY16/17. The improvements were driven mainly by revenue contribution from the BTS project for HP and pre-termination sum received from Johnson & Johnson Pte. Ltd., partially offset by the lower portfolio occupancy.

GROSS REVENUE (BY SEGMENT)



NET PROPERTY INCOME (BY SEGMENT)



Financial Review

NET PROPERTY INCOME

Net property income for FY17/18 was S\$277.6 million, which was S\$20.8 million or 8.1% higher than the previous year due to higher gross revenue which was offset partly by higher property operating expenses. Property operating expenses for FY17/18 was S\$85.6 million, S\$1.9 million or 2.3% higher than FY16/17. The increase in property expenses was mainly due to higher property taxes and marketing commission, partially offset by lower utilities expenses.

The relative contributions from the various property segments to the gross revenue and net property income for FY17/18 changed marginally from the profile in FY16/17. Flatted Factories segment remained the largest contributor at 43.8% and 44.0% of the gross revenue and net property income respectively. The contribution from the Hi-Tech Buildings segment increased in FY17/18 due to the completion of the BTS project for HP.

NET INCOME AND DISTRIBUTION

Net income for FY17/18 increased by S\$13.2 million or 6.6% to S\$213.5 million, largely due to higher net property income but partially offset by higher borrowing costs and manager's management fees. The higher borrowing costs were due to higher hedged rates in FY17/18 as expired hedges were replaced with hedges carrying higher rates, interest expense from debt borrowed to fund the investment in joint venture and higher swap offer rates. The interest incurred for the Phase Two of the BTS project for HP which were being expensed (instead of being capitalised) upon obtaining TOP on 22 June 2017 also contributed to the higher borrowing costs. Higher manager's management fees were due to better portfolio performance and increased value of assets under management. The amount available for distribution for FY17/18 was S\$215.8 million, S\$10.9 million or 5.3% higher than FY16/17 mainly due to higher net income and distribution declared by joint venture of S\$3.2 million. DPU for FY17/18 was higher at 11.75 Singapore cents as compared to 11.39 Singapore cents in FY16/17.

NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

(As at 31 March)

	2018 S\$'000	2017 S\$'000	CHANGE %
Total assets	4,154,320	3,798,061	9.4
Total liabilities	1,374,248	1,265,272	8.6
Net assets attributable to Unitholders	2,780,072	2,532,789	9.8
Net asset value per Unit (S\$)	1.47	1.41	4.3

Total assets increased by 9.4% from S\$3,798.1 million as at 31 March 2017 to S\$4,154.3 million as at 31 March 2018, primarily attributed to the investment in joint venture and increase in portfolio value. Excluding the divestment of 65 Tech Park Crescent on 20 July 2017, the increase in portfolio value comprised a portfolio revaluation gain of S\$65.5 million and capitalised cost of S\$111.8 million from development and improvement works. Net assets attributable to Unitholders increased by 9.8% to S\$2,780.1 million over the previous year, reflecting a higher net asset value per Unit of S\$1.47 as at 31 March 2018 mainly due to net fair value gain recognised on the Group's portfolio and new units issued pursuant to the private placement to fund the investment in joint venture.