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GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES

*(Formerly known as GIC Real Estate International Pte Ltd)
(Incorporated in Singapore. Registration Number: 200413760W)*

ANNUAL REPORT

For the financial year ended 31 March 2018

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**GIC PRIVATE MARKETS PTE LTD
AND ITS SUBSIDIARIES**

*(Formerly known as GIC Real Estate International Pte Ltd)
(Incorporated in Singapore)*

ANNUAL REPORT

For the financial year ended 31 March 2018

Contents

	Page
Directors' Statement	1
Independent Auditor's Report	3
Consolidated Statement of Comprehensive Income	6
Balance Sheets	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

DIRECTORS' STATEMENT

For the financial year ended 31 March 2018

The directors present their statement to the member together with the audited financial statements of the Group for the financial year ended 31 March 2018 and the balance sheet of the Company as at 31 March 2018.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 6 to 38 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Chan Hoe Yin
Deanna Ong Aun Nee
Lee Zhi Zhang (appointed on 15 March 2018)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)


DIRECTORS' STATEMENT


For the financial year ended 31 March 2018

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

DocuSigned by:

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CHAN HOE YIN
Director

DocuSigned by:

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LEE ZHI ZHANG
Director

8 June 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GIC PRIVATE MARKETS PTE LTD
(Formerly known as GIC Real Estate International Pte Ltd)

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of GIC Private Markets Pte Ltd (formerly known as GIC Real Estate International Pte Ltd) (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the year ended 31 March 2018;
- the balance sheet of the Group as at 31 March 2018;
- the balance sheet of the Company as at 31 March 2018;
- the consolidated statement of changes in equity of the Group for the year ended 31 March 2018;
- the consolidated statement of cash flows of the Group for the year ended 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 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.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GIC PRIVATE MARKETS PTE LTD
(Formerly known as GIC Real Estate International Pte Ltd)
(continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' 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.

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 management.
- Conclude on the appropriateness of management'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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GIC PRIVATE MARKETS PTE LTD
(Formerly known as GIC Real Estate International Pte Ltd)
(continued)

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

We communicate with the directors 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

DocuSigned by:

PricewaterhouseCoopers LLP

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PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 8 June 2018

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2018

	Notes	<u>The Group</u>	
		2018	2017
		\$	\$
Revenue	23	146,161,409	72,069,178
Other income		789,361	502,390
		146,950,770	72,571,568
Other gains – net	3	1,053,348	239,516
Employee compensation	4	(110,296,504)	(50,492,452)
Consultancy fees		(784,722)	(759,245)
Rental expense - operating lease		(3,636,973)	(3,818,278)
Travel expenses		(1,822,717)	(1,584,830)
Service fee expense	23	(7,391,029)	(3,560,235)
Information services expenses		(613,815)	(573,124)
Depreciation	14	(1,428,467)	(410,274)
Telecommunication expenses		(190,675)	(358,809)
Maintenance expenses		(323,661)	(416,042)
Other operating expenses		(2,580,669)	(2,265,882)
Profit before income tax		18,934,886	8,571,913
Income tax expense	5(a)	(4,712,585)	(2,268,515)
Net profit		14,222,301	6,303,398
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of post-employment benefit obligations	20	90,706	(86,221)
Income tax relating to remeasurements of post-employment benefit obligations	5(b)	(19,955)	18,969
Total comprehensive income		14,293,052	6,236,146


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

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

BALANCE SHEETS
As at 31 March 2018

		The Group		The Company	
	Notes	2018 \$	2017 \$	2018 \$	2017 \$
ASSETS					
Current assets					
Cash and cash equivalents	6	12,156,388	10,207,773	3,421,217	3,366,880
Other current assets	7	6,641,717	4,134,294	4,247,102	1,518,883
Amount due from immediate holding company (trade)	10	57,789,768	58,447,738	42,766,791	42,956,016
Amount due from ultimate holding company (trade)	9	1,257,103	-	-	-
Amount due from related companies (non-trade)	11	14,421	40,000	14,421	40,000
Amounts due from related companies (trade)	12	129,925,959	8,055,965	117,989,776	-
Tax recoverable		-	-	-	342,014
Loan to subsidiary	13	-	-	2,049,453	2,082,778
		<u>207,785,356</u>	<u>80,885,770</u>	<u>170,488,760</u>	<u>50,306,571</u>
Non-current assets					
Property, plant and equipment	14	3,728,147	1,302,461	1,319,082	484,237
Intangible assets	15	-	209	-	-
Investment in subsidiaries	16	-	-	1,599,920	1,599,920
Deferred income tax asset	5(b)	14,007,926	6,944,337	7,170,387	1,735,688
		<u>17,736,073</u>	<u>8,247,007</u>	<u>10,089,389</u>	<u>3,819,845</u>
Total assets		<u>225,521,429</u>	<u>89,132,777</u>	<u>180,578,150</u>	<u>54,126,416</u>
LIABILITIES					
Current liabilities					
Accrued operating expenses	17	51,042,250	22,669,009	37,897,699	11,892,856
Other payables		1,459,018	646,161	1,077,997	324,697
Amount due to subsidiary (trade)	8	-	-	3,110,887	2,691,170
Amount due to ultimate holding company (non-trade)	9	126	1,981	126	1,981
Amount due to related company (trade)	18	-	3,054,642	-	3,054,642
Current income tax liabilities		10,272,000	402,284	7,144,117	-
Provision for long term staff benefits	19	6,997,699	3,704,145	5,036,001	1,653,444
		<u>69,771,093</u>	<u>30,478,222</u>	<u>54,266,827</u>	<u>19,618,790</u>
Non-current liabilities					
Provision for long term staff benefits	19	97,894,290	16,411,767	88,333,752	7,989,263
Defined benefit plan liability	20	736,055	866,769	-	-
Provision for other liabilities		2,578,753	1,127,833	2,090,752	913,793
		<u>101,209,098</u>	<u>18,406,369</u>	<u>90,424,504</u>	<u>8,903,056</u>
Total liabilities		<u>170,980,191</u>	<u>48,884,591</u>	<u>144,691,331</u>	<u>28,521,846</u>
NET ASSETS		<u>54,541,238</u>	<u>40,248,186</u>	<u>35,886,819</u>	<u>25,604,570</u>
EQUITY					
Share capital	21	90,000	90,000	90,000	90,000
Retained profits		54,121,665	39,828,613	35,796,819	25,514,570
Capital reserve	22	329,573	329,573	-	-
Total equity		<u>54,541,238</u>	<u>40,248,186</u>	<u>35,886,819</u>	<u>25,604,570</u>

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

 21/08/18
Lee Zhi Han
Director

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial year ended 31 March 2018

	<u>Share Capital</u> \$	<u>Retained profits</u> \$	<u>Capital reserve</u> \$	<u>Total equity</u> \$
2018				
Beginning of financial year	90,000	39,828,613	329,573	40,248,186
Profit for the year	-	14,222,301	-	14,222,301
Remeasurements of post-employment benefit obligations, net of tax	-	70,751	-	70,751
End of financial year	90,000	54,121,665	329,573	54,541,238
2017				
Beginning of financial year	90,000	33,592,467	329,573	34,012,040
Profit for the year	-	6,303,398	-	6,303,398
Remeasurements of post-employment benefit obligations, net of tax	-	(67,252)	-	(67,252)
End of financial year	90,000	39,828,613	329,573	40,248,186

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

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2018

		<u>The Group</u>	
	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Profit after tax		14,222,301	6,303,398
Adjustments for:			
- Income tax expense	5(a)	4,712,585	2,268,515
- Depreciation	14	1,428,467	410,274
- Amortisation	15	209	243
- Write-offs/Loss on disposal of property, plant and equipment	3	356,237	12,136
- Interest expense	3	(633,462)	430,518
- Provision for defined benefit plan liability	4	92,480	215,615
Operating cash flow before working capital changes		20,178,817	9,640,699
Change in working capital:			
- Receivables		(122,331,669)	3,517,340
- Other current assets		(2,507,423)	(429,794)
- Payables		112,749,556	(3,981,579)
Cash generated from operations		8,089,281	8,746,666
Income tax paid		(1,930,276)	(3,569,735)
Net cash provided by operating activities		6,159,005	5,176,931
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	6,872
Additions to property, plant and equipment	14	(4,210,390)	(297,926)
Net cash used in investing activities		(4,210,390)	(291,054)
Net increase in cash and cash equivalents		1,948,615	4,885,877
Cash and cash equivalents at beginning of financial Year		10,207,773	5,321,896
Cash and cash equivalents at end of financial year	6	12,156,388	10,207,773

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

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

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

The Company is incorporated and domiciled in Singapore. The address of its registered office is 168 Robinson Road, Capital Tower, #37-01, Singapore 068912.

The principal activity of the Company is the provision of investment management services.

The principal activities of the subsidiaries are the provision of consulting, research, survey, investigation, financing arrangement services relating to various kinds of investment in assets and various properties.

2. Significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS 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 Group has assessed that there are no estimates or judgements used that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 from that date. Changes to the Group's accounting policies have been made as required, in accordance with the 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 Company and had no material effect on the amounts reported for the current or prior financial years.

(b) Revenue recognition

Revenue from investment management services is recognised in the period in which the services are rendered, by reference to completion of the services rendered.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

(c) Income taxes

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 balance sheet 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 on investment 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 balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income tax are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

(d) Impairment of non-financial assets

Intangible assets, property, plant and equipment and investment in subsidiaries 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 flows 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.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

(d) Impairment of non-financial assets (continued)

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 profit or loss.

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 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 is recognised in profit or loss. 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 profit or loss.

(e) Group accounting

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 involvement 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 on which 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 of with the policies adopted by the Group.

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.

When a change in the Group 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. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

(e) Group accounting (continued)

Any retained equity 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 profit or loss.

Please refer to Note 2(f) for the Company's accounting policy on investment in subsidiaries.

(f) Investment in subsidiaries

Investment in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(g) Loans and receivables

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 balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Cash and cash equivalents", "Advances and deposits", "Sundry debtors", "Loan to subsidiary", "Amount due from ultimate holding company (trade)", "Amount due from immediate holding company (trade)", "Amount due from related companies (non-trade)" and "Amount due from related companies (trade)" on the balance sheet.

Loans and receivables are derecognised when the rights to receive cash flows from the loans and receivables have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership, less accumulated impairment.

Loans and receivables are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using effective interest method.

The Group assesses at each balance sheet 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 profit or loss.

The impairment allowance is reduced through profit or loss 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.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

(h) Provision for other liabilities

Provision for asset dismantlement, removal or restoration 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.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of 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). If not, 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.

(j) Property, plant and equipment

(i) Measurement

Property, 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 property, 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.

Cost also includes the projected cost of dismantlement, removal or restoration if such obligation is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

(j) Property, plant and equipment (continued)

(ii) *Depreciation*

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

	<u>Useful lives</u>
Leasehold improvements	over remaining period of lease
Furniture and fittings	3-15 years
Office equipment and computers	3-10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(iii) *Subsequent expenditure*

Subsequent expenditure relating to property, 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 associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains – net".

(k) Intangible assets

Computer software which are not integral to the related hardware are recognised as intangible assets. Such acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditures including employee costs, which enhance or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of five years.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

(k) Intangible assets (continued)

The amortisation period and amortisation method of intangible assets are reviewed at each balance sheet. The effects of any revision are recognised in profit or loss when the changes arise.

(l) Currency translation

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 of the Group are presented in Singapore Dollar, which is the functional currency of the Company.

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 exchange 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 balance date are recognised in profit or loss.

(m) Fair value estimation of financial assets and liabilities

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

(n) Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Long-term staff benefits

Long-term staff benefits are recognised as employee compensation expenses when granted. These benefits are granted in respect of the employees' services in the financial year that are payable only upon the employees satisfying the vesting condition of being in the continued employment of the Group.

(ii) Leave obligations

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

(n) Employee compensation (continued)

(iii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(iv) Defined benefit plan

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group contributes to a defined benefit plan for employees stationed in certain overseas countries. The provision for gratuity is made in accordance with a statutory requirement by the labour law in Republic of Korea for one of the subsidiaries. Cash payment must be made to employees who have completed more than one year of service upon their termination of employment with the subsidiary. The cost of providing benefits includes the Group's contribution for the year plus any unfunded liabilities under the plan. Contributions to the plan over the expected average remaining working lives of the employees participating in the plans are expensed on accrual basis.

The liability recognised in the balance sheet in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value the defined benefit obligations is determined by discounting the estimated future cash outflows using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise. Past service costs are recognised immediately in profit or loss.

(o) Operating leases - Lessee

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

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

2. Significant accounting policies (continued)

(p) Cash and cash equivalents

For the purpose 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.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(r) Government grants

Grants from the government are recognised as a 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 the 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.

3. Other gains - net

	<u>The Group</u>	
	2018	2017
	\$	\$
Interest expense (Note 19)	633,462	(430,518)
Net currency translation gains	776,123	682,170
Loss on disposal of property, plant and equipment	(356,237)	(12,136)
	<u>1,053,348</u>	<u>239,516</u>

4. Employee compensation

	<u>The Group</u>	
	2018	2017
	\$	\$
Wages and salaries	97,541,548	38,712,936
Employer's contribution to defined contribution plans	7,548,815	2,896,380
Gratuity (Note 20)	92,480	215,615
Other benefits	5,113,661	8,667,521
	<u>110,296,504</u>	<u>50,492,452</u>

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

5. Income taxes

(a) Income tax expense

	<u>The Group</u>	
	2018	2017
	\$	\$
Tax expense attributable to profit is made up of:		
Current income tax	11,759,903	1,058,335
Deferred income tax	(6,707,979)	1,210,673
	5,051,924	2,269,008
Under/(over) provision in prior year		
- Current income tax	57,398	(20,292)
Under/(over) provision in prior year		
- Deferred income tax	(396,737)	19,799
	4,712,585	2,268,515

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	<u>The Group</u>	
	2018	2017
	\$	\$
Profit before tax	18,934,886	8,571,913
Tax calculated at a tax rate of 17% (2017: 17%)	3,218,931	1,457,225
Effects of:		
- different tax rates in other countries	733,105	492,375
- expenses not deductible for tax purposes	476,472	525,508
- change in opening deferred tax due to changes in tax rate	716,196	(63,342)
- utilisation of previously unrecognised tax losses	(39,035)	(109,491)
- recognition of previously unrecognised deferred tax assets	(53,745)	(33,267)
- under/(over) provision of current income tax in prior year	57,398	(20,292)
- over/(under) provision of deferred income tax in prior year	(396,737)	19,799
	4,712,585	2,268,515

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

5. Income taxes (continued)

(b) Movements in deferred tax asset

	← Provisions →			
	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Beginning of financial year	6,944,337	8,068,637	1,735,688	2,088,326
Effects of foreign exchange (Debited)/Credited to income statement	(21,172)	87,203	-	-
	6,707,979	(1,210,673)	5,434,699	(332,839)
(Over)/Under provision in prior year	396,737	(19,799)	-	(19,799)
Credited to other comprehensive income	(19,955)	18,969	-	-
End of financial year	<u>14,007,926</u>	<u>6,944,337</u>	<u>7,170,387</u>	<u>1,735,688</u>

6. Cash and cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash and cash equivalents	<u>12,156,388</u>	<u>10,207,773</u>	<u>3,421,217</u>	<u>3,366,880</u>

7. Other current assets

	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Prepayments	1,964,440	1,296,689	1,339,721	628,634
Advances and deposits	948,400	914,283	70,689	66,278
Sundry debtors	3,728,877	1,923,322	2,836,692	823,971
	<u>6,641,717</u>	<u>4,134,294</u>	<u>4,247,102</u>	<u>1,518,883</u>

8. Amount due to subsidiary

The amount due to subsidiary is unsecured, interest-free and repayable on demand.

Amount due to subsidiary (trade) is denominated principally in the Singapore Dollar.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

9. Amount due from/(to) ultimate holding company

The ultimate holding company is GIC Private Limited, a company incorporated in Singapore.

The amount due to ultimate holding company (non-trade) is unsecured, interest-free and repayable on demand.

Amount due to ultimate holding company (non-trade) is denominated principally in the Singapore Dollar.

Amount due from ultimate holding company (trade) is denominated principally in the Japanese Yen.

10. Amount due from immediate holding company (trade)

The immediate holding company is GIC Real Estate Pte Ltd, a company incorporated in Singapore.

The amount due from immediate holding company is denominated principally in the Great Britain Pound and Chinese Renminbi.

11. Amount due from related companies (non-trade)

A company is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the Group and the company are subject to common control or common significant influence.

The related companies are Singapore Investcorp (India) Private Limited and GIC (Brazil) Administracao Empresarial Ltd, which are fellow subsidiaries.

The amount due from related companies (non-trade) is unsecured, interest-free and repayable on demand.

12. Amounts due from related companies (trade)

A company is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the Group and the company are subject to common control or common significant influence.

The related companies are GIC Asset Management Pte Ltd, GIC (London) Private Ltd and GIC Special Investments Pte Ltd, which are fellow subsidiaries. The amounts due from related companies (trade) are denominated in Chinese Renminbi and the Great Britain Pound.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

13. Loan to subsidiary

The loan to subsidiary amounting to \$2,049,453 (2017: \$2,082,778) is unsecured and repayable on demand, with interest fixed at 2% per annum (2017: 2% per annum) and denominated in the Japanese Yen.

14. Property, plant and equipment

<u>The Group</u>	<u>Leasehold improvements</u> \$	<u>Furniture and fittings</u> \$	<u>Office equipment and computers</u> \$	<u>Total</u> \$
2018				
<u>Cost</u>				
Beginning of financial year	3,547,645	392,583	1,664,857	5,605,085
Additions	3,195,170	110,922	904,298	4,210,390
Write-offs	(2,002,165)	(118,633)	(364,847)	(2,485,645)
End of financial year	4,740,650	384,872	2,204,308	7,329,830
<u>Accumulated depreciation</u>				
Beginning of financial year	2,765,131	335,548	1,201,945	4,302,624
Depreciation charge	1,043,948	22,223	362,296	1,428,467
Write-offs	(1,738,867)	(105,726)	(284,815)	(2,129,408)
End of financial year	2,070,212	252,045	1,279,426	3,601,683
Net book value				
End of financial year	2,670,438	132,827	924,882	3,728,147
2017				
<u>Cost</u>				
Beginning of financial year	3,387,024	397,875	1,644,874	5,429,773
Additions	160,636	-	137,290	297,926
Disposals	(15)	(5,292)	(117,307)	(122,614)
End of financial year	3,547,645	392,583	1,664,857	5,605,085
<u>Accumulated depreciation</u>				
Beginning of financial year	2,514,159	325,917	1,155,880	3,995,956
Depreciation charge	250,972	12,807	146,495	410,274
Disposals	-	(3,176)	(100,430)	(103,606)
End of financial year	2,765,131	335,548	1,201,945	4,302,624
Net book value				
End of financial year	782,514	57,035	462,912	1,302,461

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

14. Property, plant and equipment (continued)

The Company

	<u>Leasehold improvements</u> \$
2018	
<u>Cost</u>	
Beginning of financial year	1,026,172
Additions	1,176,959
End of financial year	<u>2,203,131</u>
<u>Accumulated depreciation</u>	
Beginning of financial year	541,935
Depreciation charge	342,114
End of financial year	<u>884,049</u>
Net book value	
End of financial year	<u>1,319,082</u>
2017	
<u>Cost</u>	
Beginning of financial year	865,535
Additions	160,637
End of financial year	<u>1,026,172</u>
<u>Accumulated depreciation</u>	
Beginning of financial year	433,513
Depreciation charge	108,422
End of financial year	<u>541,935</u>
Net book value	
End of financial year	<u>484,237</u>

15. Intangible assets

	<u>2018</u> \$	<u>Group</u> 2017 \$
<u>Cost</u>		
Beginning and end of financial year	<u>30,141</u>	30,141
<u>Accumulated amortisation</u>		
Beginning of financial year	29,932	29,689
Amortisation charge	209	243
End of financial year	<u>30,141</u>	<u>29,932</u>
Net book value		
End of financial year	<u>-</u>	209

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

16. Investment in subsidiaries

		The Company				
		2018	2017			
		\$	\$			
Unquoted equity investments, at cost		1,599,920	1,599,920			
Details of the subsidiaries are as follows:						
Name of subsidiary	Principal activity	Country of incorporation	Interest held		Cost of investment	
			2018	2017	2018	2017
			%	%	\$	\$
GIC Real Estate International Korea Co., Ltd	Investment management services	Republic of Korea	100%	100%	80,000	80,000
GIC (Japan) K.K.	Investment management services	Japan	100%	100%	872,700	872,700
GIC (Shanghai) Co., Ltd	Investment management services	People's Republic of China	100%	100%	647,220	647,220
					1,599,920	1,599,920

17. Accrued operating expenses

	<u>The Group</u>		<u>The Company</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Wages and salaries	47,847,210	20,379,964	36,119,058	10,754,410
Provision for unutilised leave	1,196,716	790,980	715,072	397,459
Rent-free adjustment	221,264	261,125	221,264	261,125
Others	1,777,060	1,236,940	842,305	479,862
	51,042,250	22,669,009	37,897,699	11,892,856

18. Amount due to related company (trade)

A company is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the company or exercise significant influence over the company in making financial and operating decisions, or vice versa, or where the Group and the company are subject to common control or common significant influence.

The related company is GIC (London) Private Ltd, which is a fellow subsidiary.

Amount due to related company (trade) is denominated principally in the Great Britain Pound.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

19. Provision for long term staff benefits

Comprehensive Compensation Scheme

In 2010, the Group implemented a Comprehensive Compensation Scheme for all staff. Under the Comprehensive Compensation Scheme, a bonus pool determined based on the Group's total performance, is distributed and awarded to individuals in the form of a current year bonus, three year deferred bonus and six year deferred bonus. The amounts paid out under the three year and six year deferred bonuses may be adjusted for growth depending on performance of the Group.

This scheme was revised in 2014. Under the revised Comprehensive Compensation Scheme, a bonus pool determined based on the Group's total performance, is distributed and awarded to individuals in the form of a current year bonus, three year deferred bonus and five year deferred bonus. The amounts to be paid out under the three year deferred bonuses will be adjusted for growth at the time of award. The five year deferred bonuses may be adjusted for growth depending on performance of the Group. The previous awards made prior to 2014 would be paid when they are due.

The amounts are shown on the balance sheet as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
- to be settled within one year	6,887,495	3,704,145	4,925,798	1,653,444
- to be settled later than one year	35,560,746	16,411,767	26,000,207	7,989,263
	42,448,241	20,115,912	30,926,005	9,642,707

Movements in provision for long term staff benefits are as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Balance at beginning of the financial year	20,115,912	21,229,286	9,642,707	11,601,814
Additional provision made during the year	11,497,685	4,886,294	8,804,553	2,352,826
Write-back made during the year	(61,421)	(58,190)	(9,366)	(10,751)
Payments made during the year	(4,199,696)	(6,473,411)	(2,119,630)	(4,041,985)
Net transfer to related companies	15,416,812	604,644	14,876,823	-
Effects of discounting	(633,462)	430,518	(533,511)	205,157
Effects of foreign exchange	312,411	(503,229)	264,429	(464,354)
Balance at the end of the financial year	42,448,241	20,115,912	30,926,005	9,642,707

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

19. Provision for long term staff benefits (continued)

Performance Enhancement Plan

The Performance Enhancement Plan ("PEP") is a deferred incentive scheme introduced in 2016. This scheme was transferred from the related company, GIC (London) Pte Ltd, to the Company in January 2018. Under this scheme, an incentive pool is set aside for each financial year, commencing from 1 April 2012 for future allocation to eligible staff.

The PEP incentive pool is funded by the Company's management fee. An incentive pool, subject to a stated cap, is formed when an accumulation of investments for a financial year performs above a minimum rate of return.

The provision is made based on assumed performance of investments made during the respective financial year in which the incentive pool is defined. The assumed performance of investments is estimated using the historical and target rates of return. The awards made would be paid when they are due. The provision represents the amount payable to eligible staff.

	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
- to be settled within one year	-	-	-	-
- to be settled later than one year	58,790,632	-	58,790,632	-
	<u>58,790,632</u>	-	<u>58,790,632</u>	-

Movements in provision for long term staff benefits are as follows:

	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Balance at beginning of the financial year	-	-	-	-
Balance transferred from related company	32,740,342	-	32,740,342	-
Additional provision made during the year	35,682,410	-	35,682,410	-
Write-back made during the year	(2,489,044)	-	(2,489,044)	-
Effects of discounting	(7,143,076)	-	(7,143,076)	-
Balance at the end of the financial year	<u>58,790,632</u>	-	<u>58,790,632</u>	-

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

19. Provision for long term staff benefits (continued)

Private Equity Long Term Incentive Plan – PE LTIP

This scheme was transferred from the related company, GIC (London) Pte Ltd, to the Company in January 2018. During the financial year ended 31 March 2006, GIC (London) Pte Ltd introduced a deferred incentive scheme known as the Private Equity Long Term Incentive Plan ("PE LTIP"). Under this scheme, eligible staffs are allocated a stated amount from an incentive pool determined each year. The amount allocated vests after a stated number of years. In the financial year ended 31 March 2009, GIC (London) Pte Ltd introduced an Infrastructure LTIP ("Intra LTIP") (Scheme C) which will be paid out in one lump sum in Year 6. The schemes were terminated in the financial year ended 31 March 2010 and awards made previously would be paid when they are due. The provision represents the amount payable to eligible staff.

The amounts are shown on the balance sheet as follows:

PE LTIP

	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
- to be settled within one year	110,204	-	110,204	-
- to be settled later than one year	3,542,912	-	3,542,912	-
	<u>3,653,116</u>	<u>-</u>	<u>3,653,116</u>	<u>-</u>

Movements in provision for long term staff benefits are as follows:

	<u>The Group</u>		<u>The Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Balance at beginning of the financial year	-	-	-	-
Balance transferred from related company	3,803,268	-	3,803,268	-
Effects of foreign exchange	(150,152)	-	(150,152)	-
Balance at the end of the financial year	<u>3,653,116</u>	<u>-</u>	<u>3,653,116</u>	<u>-</u>

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

20. Defined benefit plan liability

Defined benefit plan is a cash payment that must be made to employees who have completed more than one year of service upon their termination of employment with the subsidiary. The liability is principally denominated in the Korean Won.

Movements in defined benefit plan liability are as follows:

	<u>The Group</u>	
	<u>2018</u>	<u>2017</u>
	\$	\$
Balance at beginning of the financial year	866,769	728,918
Payments made during the financial year	(132,488)	(163,985)
Actuarial (gain)/loss	(90,706)	86,221
Current service cost (Note 4)	92,480	195,385
Interest on obligation (Note 4)	-	20,230
Balance at the end of the financial year	<u>736,055</u>	<u>866,769</u>

Actuarial loss was recognised due to the following remeasurements:

	<u>2018</u>	<u>2017</u>
	\$	\$
Gain from financial assumption change	(27,284)	(26,709)
Experience gain/(loss)	(63,422)	112,930
	<u>(90,706)</u>	<u>86,221</u>

The principal assumptions used for purpose of the actuarial valuation are as follows:

	<u>2018</u>	<u>2017</u>
Discount rate	3.63%	3.25%
Expected rate of salary increase	<u>4.00%</u>	<u>4.00%</u>

Assumptions regarding future mortality and termination rate are set based on actuarial advice in accordance with published statistics and experience in the Republic of Korea.

The sensitivity of the defined benefit plan liability to changes in the weighted principal assumptions is:

	<u>Increase/(decrease) in defined benefit plan liability</u>					
	<u>Change in assumption</u>		<u>Increase in assumption</u>		<u>Decrease in assumption</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			\$	\$	\$	\$
Discount rate	0.50%	0.50%	(33,895)	(35,138)	36,188	37,630
Expected rate of salary increase	0.50%	0.50%	36,092	37,370	(34,120)	(35,230)

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

20. Defined benefit plan liability (continued)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan liability to significant actuarial assumptions the same method (present value of the defined benefit plan liability calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

21. Share capital

The Group and Company's share capital comprises 90,000 (2017: 90,000) fully paid up ordinary shares with no par value, amounting to a total of \$90,000 (2017: \$90,000).

22. Capital reserve

Capital reserve represents amount set aside in compliance with local laws in People's Republic of China where the Group operates, and is distributable subject to approval of relevant authorities. The reserve has been appropriated at 10% of the net profit for the year until it reaches 50% of the registered capital.

23. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	<u>The Group</u>	
	2018	2017
	\$	\$
Management fee income		
- GIC Real Estate Pte Ltd (Note 10)	142,244,101	69,388,650
- GIC Asset Management Pte Ltd (Note 12)	3,917,308	2,680,528
Service fee expense		
- GIC (London) Private Ltd	7,391,029	3,560,235
Rental expense - Operating lease		
- Singapore Real Estate Development (Shanghai) Co. Ltd*	728,571	731,096
Payments made on behalf		
- GIC (London) Private Ltd	12,191,031	9,509,206
Transfer of deferred incentive scheme (Note 19)		
- GIC (London) Private Ltd	88,914,452	-

* Affiliated company of the Group

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

23. Related party transactions (continued)

Management fee income from GIC Real Estate Pte Ltd, and service fee expense to GIC (London) Private Ltd, are recognised on a cost plus mark-up basis.

Payments made by GIC (London) Private Ltd on behalf of the Group are recharged at cost.

24. Operating lease commitments

The Group leases certain properties from non-related parties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating lease contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	<u>The Group</u>	
	<u>2018</u>	<u>2017</u>
	\$	\$
Not later than one year	4,300,761	2,716,221
Between one and five years	8,591,759	7,122,492
Later than five years	-	131,488
	<u>12,892,520</u>	<u>9,970,201</u>

25. Financial risk management

The financial risk management of the Group is handled by its ultimate holding company as part of the operations of GIC Private Limited (the "Group"). These processes and policies are described in the financial statements of the ultimate holding company.

(a) Market risk

(i) Currency risk

The Group operates in United Kingdom and Asia with dominant operations in the People's Republic of China, Japan and Republic of Korea. Entities in the Group regularly transact in currencies other than its functional currency ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Great Britain Pound ("GBP"), United States Dollar ("USD"), Japanese Yen ("JPY"), Korean Won ("KRW") and Chinese Renminbi ("RMB").

The Group monitors foreign currency exposure on an on-going basis.

The Company operates in Singapore with significant operations in the United Kingdom. The Company regularly transact in currencies other than its functional currency ("foreign currencies").

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

25. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Currency risk arises when transactions are denominated in foreign currencies such as Great Britain Pound ("GBP"), United States Dollar ("USD") and Japanese Yen ("JPY").

The Group's currency exposure based on the information provided to key management is as follows:

	<u>GBP</u>	<u>USD</u>	<u>JPY</u>	<u>KRW</u>	<u>RMB</u>
	\$	\$	\$	\$	\$
At 31 March 2018					
Financial assets					
Cash and cash equivalents	2,767,028	3,405,902	2,149,848	1,688,230	1,485,080
Advances and deposits	70,688	-	435,245	-	352,559
Sundry debtors	2,836,720	-	424,198	10,435	457,550
Amount due from immediate holding company (trade)	44,277,896	-	1,479,741	-	13,543,235
Amount due from ultimate holding company (trade)	-	-	1,257,102	-	-
Amount due from related Companies (trade)	121,238,882	-	-	-	11,936,182
	<u>171,191,214</u>	<u>3,405,902</u>	<u>5,746,134</u>	<u>1,698,665</u>	<u>27,774,606</u>
Financial liabilities					
Accrued operating expenses	37,894,399	-	3,912,771	1,091,145	8,140,633
Other payable	1,077,996	-	-	32,367	348,654
Amount due to holding company (trade)	-	-	-	-	-
Amount due to related company (trade)	-	446,637	-	-	-
	<u>38,972,395</u>	<u>446,637</u>	<u>3,912,771</u>	<u>1,123,512</u>	<u>8,489,287</u>
Currency exposure	132,218,819	2,959,265	1,833,363	575,153	19,285,319
	<u>GBP</u>	<u>USD</u>	<u>JPY</u>	<u>KRW</u>	<u>RMB</u>
	\$	\$	\$	\$	\$
At 31 March 2017					
Financial assets					
Cash and cash equivalents	2,774,828	2,727,419	1,568,542	1,734,329	804,491
Advances and deposits	66,278	-	562,342	840	284,823
Sundry debtors	824,946	-	96,770	6,408	65,366
Amount due from immediate holding company (trade)	-	-	3,885,736	-	11,605,987
Amount due from related Companies (trade)	-	-	-	-	8,055,965
	<u>3,666,052</u>	<u>2,727,419</u>	<u>6,113,390</u>	<u>1,741,577</u>	<u>20,816,632</u>
Financial liabilities					
Accrued operating expenses	11,365,528	-	3,609,355	1,200,831	5,040,342
Other payable	324,697	-	33,772	35,605	252,087
Amount due to related company (trade)	3,054,642	-	-	-	-
	<u>14,744,867</u>	<u>-</u>	<u>3,643,127</u>	<u>1,236,436</u>	<u>5,292,429</u>
Currency exposure	(11,078,815)	2,727,419	2,470,263	505,141	15,524,203

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

25. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	<u>GBP</u> \$	<u>USD</u> \$	<u>JPY</u> \$
At 31 March 2018			
Financial assets			
Cash and cash equivalents	2,767,027	-	-
Advances and deposits	70,688	-	-
Sundry debtors	2,836,720	-	-
Amount due from immediate holding company (trade)	44,277,896	-	-
Amount due from related companies (trade)	121,238,882	-	-
Loans to subsidiaries	-	-	2,049,453
	<u>171,191,213</u>	<u>-</u>	<u>2,049,453</u>
Financial liabilities			
Accrued operating expenses	37,894,399	-	-
Other payable	1,077,996	-	-
Amount due to related company (trade)	-	446,637	-
	<u>38,972,395</u>	<u>446,637</u>	<u>-</u>
Currency exposure	132,218,818	(446,637)	2,049,453
	<u>GBP</u> \$	<u>USD</u> \$	<u>JPY</u> \$
At 31 March 2017			
Financial assets			
Cash and cash equivalents	2,774,828	-	-
Advances and deposits	66,278	-	-
Sundry debtors	824,946	-	-
Amount due from subsidiaries (non-trade)	-	-	-
Loans to subsidiaries	-	-	2,082,778
	<u>3,666,052</u>	<u>-</u>	<u>2,082,778</u>
Financial liabilities			
Accrued operating expenses	11,365,528	-	-
Other payable	324,697	-	-
Amount due to related companies (trade)	3,054,642	-	-
	<u>14,744,867</u>	<u>-</u>	<u>-</u>
Currency exposure	(11,078,815)	-	2,082,778

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

25. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the GBP, USD, JPY, KRW and RMB change against the SGD by 5% (2017: 5%), 6% (2017: 2%), 2% (2017: 5%), 1% (2017: 1%) and 3% (2017: 6%) respectively with all other variables, the effects arising from the net financial asset/(liability) position will be as follows:

	Increase/(decrease)	
	2018	2017
	\$	\$
	Profit before tax	
Group		
GBP against SGD		
- strengthened	6,610,941	(553,941)
- weakened	(6,610,941)	553,941
USD against SGD		
- strengthened	177,556	54,548
- weakened	(177,556)	(54,548)
JPY against SGD		
- strengthened	36,667	123,513
- weakened	(36,667)	(123,513)
KRW against SGD		
- strengthened	5,752	5,051
- weakened	(5,752)	(5,051)
RMB against SGD		
- strengthened	578,560	931,452
- weakened	(578,560)	(931,452)
Company		
GBP against SGD		
- strengthened	6,610,941	(553,941)
- weakened	(6,610,941)	553,941
USD against SGD		
- strengthened	(26,798)	-
- weakened	26,798	-
JPY against SGD		
- strengthened	40,989	104,139
- weakened	(40,989)	(104,139)

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

25. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Price risk*

The Group is not exposed to any significant price risk as it does not hold significant equity financial assets.

(iii) *Interest rate risk*

The Group has no significant financial assets or liabilities that are exposed to interest rate risk.

(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 Group's major classes of financial assets are bank deposits, amount due from immediate holding company (trade), amount due from related company (trade), advances and deposits and sundry debtors included in other current assets.

The Company's major classes of financial assets are loan to subsidiary, amount due from immediate holding company (trade), bank deposits and advances and deposits and sundry debtors included in other current assets.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet date. For the Group and the Company, bank deposits are mainly deposits with banks which have high credit-rating as determined by international credit-rating agencies.

The risk of default on the amount due from immediate holding company are minimal given the financial strength of the immediate holding company. Based on management's assessment, the other financial assets are neither past due nor impaired.

The risk of default on the amount due from related companies are minimal given the financial strength of the related companies. Based on management's assessment, the other financial assets are neither past due nor impaired.

There are no classes of financial assets that are past due but not impaired.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

25. Financial risk management (continued)

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient resources to enable it to meet its normal operating commitments by having an adequate amount of funding from its immediate holding company.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$
At 31 March 2018	
Accrued operating expenses	51,042,250
Other payables	1,459,018
Amount due to ultimate holding company (non-trade)	126
	<u>52,501,394</u>
At 31 March 2017	
Accrued operating expenses	22,669,009
Other payables	646,161
Amount due to ultimate holding company (non-trade)	1,981
Amount due to related company (trade)	3,054,642
	<u>26,371,793</u>

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year \$
At 31 March 2018	
Accrued operating expenses	37,897,699
Other payables	1,077,997
Amount due to subsidiary (trade)	3,110,887
Amount due to ultimate holding company (non-trade)	126
	<u>42,086,709</u>
At 31 March 2017	
Accrued operating expenses	11,892,856
Other payables	324,697
Amount due to subsidiary (trade)	2,691,170
Amount due to ultimate holding company (non-trade)	1,981
Amount due to related company (trade)	3,054,642
	<u>17,965,346</u>

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

25. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital are to ensure that the Group is adequately capitalised. This is achieved by obtaining funding from its ultimate holding company when necessary.

The total capital of the Group and Company as at the balance sheet date is represented by "Equity" as presented on the balance sheet.

The Group and Company are not subject to any externally imposed capital requirements for the financial years ended 31 March 2018 and 2017.

(e) Fair value measurements

The carrying value less impairment provision of current trade receivables and payables approximate to their fair values.

(f) Financial instruments by category

	<u>Group</u>		<u>Company</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Loans and receivables	205,820,916	79,589,081	169,149,039	49,335,923
Financial liabilities at amortised cost	52,501,394	26,371,793	42,086,709	17,965,346

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

26. 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 has not early adopted:

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

FRS 115 replaces FRS 11 *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 the 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.

This amendment is not expected to have any significant impact on the financial statements of the Group.

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

FRS 109 replaces FRS 39 *Financial instruments: Recognition and Measurement* and its relevant interpretations.

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 an irrevocable option at inception to present changes in fair value in OCI (FVOCI). Gains and losses realised on the sale of such financial assets at FVOCI are not transferred to profit or loss on sale but reclassified from the FVOCI reserve to retained earnings.

GIC PRIVATE MARKETS PTE LTD AND ITS SUBSIDIARIES
(Formerly known as GIC Real Estate International Pte Ltd)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2018

26. New or revised accounting standards and interpretations (continued)

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

Under FRS 109, there are no changes to the classification and measurement requirements for financial liabilities except for the 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 recognised 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.

This amendment is not expected to have any significant impact on the financial statements of the Group.

- 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.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of \$12,892,520 (Note 24). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the Group's 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.

27. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 8 June 2018.