ARA LOGOS Logistics Trust
and its subsidiaries

(Constituted in the Republic of Singapore pursuant to a trust deed dated 11 February 2010 (as amended))

Annual Report
Year ended 31 December 2021

Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of ARA LOGOS Logistics Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders (the "Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289, of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of ARA LOGOS Logistics Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014, a first amending and restating deed dated 13 April 2016, a fourth supplemental deed dated 31 May 2018, a fifth supplemental deed dated 2 April 2020, a sixth supplemental deed dated 28 April 2020, a seventh supplemental deed dated 12 May 2021 and an eighth supplemental deed dated 14 April 2022) (collectively, the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages FS1 to FS89 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised signatory

Singapore
22 April 2022

Statement by the Manager

In the opinion of the directors of ARA LOGOS Logistics Trust Management Limited (the "Manager"), the accompanying financial statements of ARA LOGOS Logistics Trust (the "Trust") and its subsidiaries (the "Group") set out on pages FS1 to FS89 comprising the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 December 2021, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of the Group and the Trust as at 31 December 2021, the total return, distributable income, movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit Trusts*" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
ARA LOGOS Logistics Trust Management Limited

Stephen George Hawkins
Director

Singapore
22 April 2022

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Independent auditors' report

Unitholders of
ARA LOGOS Logistics Trust

(Constituted in the Republic of Singapore pursuant to the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014, a first amending and restating deed dated 13 April 2016, a fourth supplemental deed dated 31 May 2018, a fifth supplemental deed dated 2 April 2020, a sixth supplemental deed dated 28 April 2020, a seventh supplemental deed dated 20 May 2021 and an eighth supplemental deed dated 14 April 2022))

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ARA LOGOS Logistics Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 December 2021, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS89.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position and the consolidated portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2021 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditor's responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Note 4 to the financial statements)

Risk:

As at 31 December 2021, the Group has twenty-nine (2020: twenty-seven) properties (collectively "investment properties"). These investment properties, including Right-of-Use assets, are stated at their fair values which amounted to approximately $1.72 billion (2020: $1.36 billion).

These investment properties, excluding Right-of-Use assets, are stated at their fair values based on valuations, as at 30 September 2021, performed by independent external valuers engaged by the Group. The Manager has assessed and determined that the valuations are still appropriate as at 31 December 2021.

The valuation process involves determining the valuation methodologies and significant judgement is made in estimating the assumptions to be applied. These valuations are highly sensitive to the key assumptions made, which may be subject to estimation uncertainties.

The external valuers of the Australia properties had in their valuation reports highlighted that the global risk outlook, particularly with regard to COVID-19, is extremely fluid. The external valuers have recommended that the situation be closely monitored and regular updates be initiated.

How the matter was addressed in our audit:

We assessed the Group's process for appointing independent external valuers, the determination of their scope of work and the review and acceptance of the valuations reported by the external valuers.

We evaluated the independence, objectivity and competency of the valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We assessed the appropriateness of the valuation methodologies adopted and the reasonableness of the key assumptions made by the valuers and the Manager. We challenged the appropriateness of the key assumptions used, and also benchmarked them against other market comparables where applicable. In respect of any key assumptions falling outside the expected range, we have carried out further procedures and, where necessary, held further discussions with the valuers to understand the effects of additional factors that were taken into account in the valuations. We also discussed with the valuers to understand how they have considered the implications of COVID-19 and market uncertainty in the valuations.

We also considered the adequacy of the disclosures in the financial statements concerning estimation uncertainty and judgment applied.

Our findings:

The Group has a process for the appointment and determination of the scope of work of valuers and in reviewing and accepting the independent valuations. The valuers are members of professional bodies for valuers and have considered their own independence in carrying out their work.

In determining the fair values of the Group's investment properties, the valuers have adopted the Capitalisation Approach, the Discounted Cash Flow Analysis method and/or the Direct Comparison method. These valuation methodologies used are in line with generally accepted market practices. The key assumptions applied were generally within range of market data available at the date of valuation. Where the key assumptions were outside the expected range, the additional factors considered by the external valuers were consistent with other corroborative evidence.

The disclosures in the financial statements around key assumptions applied, including the risks of estimation uncertainty and judgment, are appropriate.

Valuation of investment in property funds
(Refer to Note 5 to the financial statements)

Risk:

As at 31 December 2021, the Group has two (2020: zero) investments in property funds (collectively "Funds"). These Funds are stated at their fair values which amounted to approximately $290 million (2020: $Nil).

These Funds are stated at their fair values by the Manager based on the net assets of the Funds. The Manager has determined that net assets are representative of fair value as it comprise mainly investment properties whose valuations are derived from valuations by independent external valuers. The valuation process involves determining the valuation methodologies and significant judgement is made in estimating the assumptions to be applied. These valuations are highly sensitive to the key assumptions made, which may be subject to estimation uncertainties.

How the matter was addressed in our audit:

We assessed the appropriateness of the adjusted net asset method.

For the investment properties held by the Funds, we evaluated the independence, objectivity and competency of the external valuers appointed by the investment manager and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We assessed the appropriateness of the valuation methodologies adopted and the reasonableness of the key assumptions made in the valuation of the investment properties. We challenged the appropriateness of the key assumptions used, and also benchmarked them against other market comparables where applicable. In respect of any key assumptions falling outside the expected range, we have carried out further procedures and, where necessary, held further discussions with the valuers to understand the effects of additional factors that were taken into account in the valuations. We also discussed with the valuers to understand how they have considered the implications of COVID-19 and market uncertainty in the valuations.

We also considered the adequacy of the disclosures in the financial statements concerning estimation uncertainty and judgment applied.

Our findings:

The net asset value is representative of the fair value of the investment in the fund.

The valuers are members of professional bodies for valuers and have considered their own independence in carrying out their work.

In determining the fair values of the Fund's investment properties, the valuers have adopted the Capitalisation Approach and the Discounted Cash Flow Analysis method. These valuation methodologies used are in line with generally accepted market practices. The key assumptions applied were generally within range of market data available at the date of valuation.

The disclosures in the financial statements around key assumptions applied, including the risks of estimation uncertainty and judgment, are appropriate.

Other information

ARA LOGOS Logistics Trust Management Limited, the manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the Report of the Trustee and the Statement by the Manager prior to the date of this auditors' report.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by ISCA, 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 operations of the Group, or has no realistic alternative but to do so.

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Lim Jek.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 April 2022

Statements of financial position
As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Non-current assets					
Investment properties	4	1,723,312	1,355,864	897,965	909,525
Investment in property funds	5	289,838	–	–	–
Plant and equipment	6	384	520	384	520
Subsidiaries	7	–	–	450,999	188,710
Amount due from subsidiaries	8	–	–	131,129	112,202
Derivative assets	12	3,895	–	694	–
		2,017,429	1,356,384	1,481,171	1,210,957
Current assets					
Trade and other receivables	8	78,055	20,684	15,334	17,774
Derivative assets	12	617	9,001	617	9,001
Cash and cash equivalents	9	15,536	26,397	12,753	17,383
		94,208	56,082	28,704	44,158
Total assets		2,111,637	1,412,466	1,509,875	1,255,115
Current liabilities					
Trade and other payables	10	26,277	20,321	20,524	15,612
Amount due to subsidiaries		–	–	20	29
Interest-bearing borrowings	11	110,141	69,456	106,700	66,915
Derivative liabilities	12	47	2,796	47	2,796
Lease liabilities	22	12,701	3,310	3,307	3,310
		149,166	95,883	130,598	88,662
Non-current liabilities					
Trade and other payables	10	2,157	3,052	1,969	2,968
Deferred tax liabilities	13	35,057	–	–	–
Interest-bearing borrowings	11	632,295	449,311	377,696	307,635
Derivative liabilities	12	5,009	12,613	5,009	12,050
Lease liabilities	22	209,183	71,515	67,558	71,515
		883,701	536,491	452,232	394,168
Total liabilities		1,032,867	632,374	582,830	482,830
Net assets		1,078,770	780,092	927,045	772,285
Represented by:					
Unitholders' funds		977,223	678,545	825,498	670,738
Perpetual securities holders' funds	14	101,547	101,547	101,547	101,547
		1,078,770	780,092	927,045	772,285
Units in issue and to be issued ('000)	15	1,452,179	1,186,966	1,452,179	1,186,966
Net asset value per Unit ($)	24	0.67	0.57	0.57	0.57

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

Statements of total return
Year ended 31 December 2021

		Group		Trust	
	Note	**2021**	**2020**	**2021**	**2020**
		$'000	**$'000**	**$'000**	**$'000**
Gross revenue	17	135,233	117,432	89,001	86,865
Property expenses	18	(30,344)	(27,442)	(20,967)	(21,281)
Net property income		104,889	89,990	68,034	65,584
Dividend income		7,636	–	29,627	17,721
Other income		5	–	5	–
Finance income		49	30	3,053	3,354
Finance expenses		(29,490)	(19,842)	(16,178)	(17,219)
Net financing costs	19	(29,441)	(19,812)	(13,125)	(13,865)
Manager's fees	20	(10,056)	(7,747)	(10,056)	(7,747)
Trustee fees		(751)	(556)	(509)	(389)
Valuation fees		(698)	(135)	(274)	(40)
Other trust expenses	21	(4,899)	(3,117)	(3,855)	(2,002)
Foreign exchange (loss)/gain		(3,831)	7,980	(4,650)	7,879
		(20,235)	(3,575)	(19,344)	(2,299)
Net income		62,854	66,603	65,197	67,141
Gain on disposal of investment properties		1,483	–	896	–
Net change in fair value of investment properties	4	97,155	(16,830)	(3,406)	(25,486)
Net change in fair value of investment in property funds		101,535	–	–	–
Net change in fair value of financial derivatives		6,960	(3,006)	3,684	(3,006)
Reversal of impairment losses in subsidiaries		–	–	4,800	–
Total return for the year before tax and distribution		269,987	46,767	71,171	38,649
Tax expense	23	(38,863)	(2,136)	(2,986)	(2,136)
Total return for the year after tax, before distribution		231,124	44,631	68,185	36,513
Total return for the year after tax, before distribution, attributable to:					
Unitholders of the Trust and perpetual securities holders		231,124	44,631	68,185	36,513
Earnings per Unit (cents)	25				
Basic		16.17	3.53	4.49	2.79
Diluted		16.17	3.50	4.49	2.78

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

Distribution statements
Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Amount available for distribution to Unitholders at beginning of year		10,475	14,954	10,475	14,954
Total return for the year after tax, before distribution, attributable to Unitholders/perpetual securities holders		231,124	44,631	68,185	36,513
Less: Amount reserved for distribution to perpetual securities holders		(5,500)	(5,515)	(5,500)	(5,515)
Net tax and other distribution adjustments	A	(191,831)	(2,615)	5,579	26,567
Taxable income		33,793	36,501	68,264	57,565
Tax-exempt income		34,471	21,064	–	–
Capital distribution		2,109	1,263	2,109	1,263
Income available for distribution		80,848	73,782	80,848	73,782
Distributions made during the year:					
Distribution of 1.376 cents per Unit for the period from 1 October 2019 to 31 December 2019		–	(14,941)	–	(14,941)
Distribution of 0.997 cents per Unit for the period from 1 January 2020 to 31 March 2020		–	(10,854)	–	(10,854)
Distribution of 1.326 cents per Unit for the period from 1 April 2020 to 30 June 2020		–	(14,465)	–	(14,465)
Distribution of 2.109 cents per Unit for the period from 1 July 2020 to 10 November 2020		–	(23,047)	–	(23,047)
Distribution of 0.818 cents per Unit for the period from 11 November 2020 to 31 December 2020		(10,455)	–	(10,455)	–
Distribution of 1.563 cents per Unit for the period from 1 January 2021 to 15 April 2021		(19,976)	–	(19,976)	–
Distribution of 1.007 cents per Unit for the period from 16 April 2021 to 30 June 2021		(14,603)	–	(14,603)	–
Distribution of 1.329 cents per Unit for the period from 1 July 2021 to 30 September 2021		(19,306)	–	(19,306)	–
Total distributions made during the year		(64,340)	(63,307)	(64,340)	(63,307)
Amount available for distribution to Unitholders at end of the year		16,508	10,475	16,508	10,475
Distribution per Unit (cents)	25	5.034	5.220(1)	5.034	5.220(1)

(1) The figures include the accounting adjustment (effect of bonus element) which takes into account the preferential offering issuance on 25 January 2021. The actual DPU paid out to Unitholders for the year ended 31 December 2020 was 5.250 cents.

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

Distribution statements (continued)
Year ended 31 December 2021

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
<u>**Note A**</u>				
Net tax and other distribution adjustments comprise:				
Manager's fees paid/payable in Units	5,002	5,810	5,002	5,810
Trustee fees	509	389	509	389
Amortisation/write-off of transaction costs	982	987	982	987
Commitment fee	233	110	233	110
Land rent	(5,952)	(6,030)	(5,952)	(6,030)
Interest expense on lease liabilities	2,707	2,840	2,707	2,840
Gain on disposal of investment properties	(896)	–	(896)	–
Net change in fair value of investment in property funds	(101,535)	–	–	–
Net change in fair value of investment properties	(97,155)	16,830	3,406	25,486
Net change in fair value of financial derivatives	(3,684)	3,006	(3,684)	3,006
Reversal of impairment in subsidiaries	–	–	(4,800)	–
Deferred tax liabilities on investment properties and investment in property funds	35,877	–	–	–
Depreciation	130	290	130	290
Net foreign exchange loss/(gain)	4,185	(7,436)	4,185	(7,436)
Net profit from subsidiaries	(34,170)	(20,525)	–	–
Other items	1,936	1,114	3,757	1,115
Net tax and other distribution adjustments	(191,831)	(2,615)	5,579	26,567

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

Statements of movements in Unitholders' funds
Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Unitholders' funds					
Balance at the beginning of year		678,545	639,413	670,738	652,520
Total return for the year after tax, before distribution		231,124	44,631	68,185	36,513
Less: Amount reserved for distribution to perpetual securities holders		(5,500)	(5,515)	(5,500)	(5,515)
Effective portion of changes in fair value of cash flow hedge		7,616	(4,971)	7,053	(4,533)
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		(19,584)	13,234	–	–
Net (loss)/gain recognised directly in Unitholders' funds		(11,968)	8,263	7,053	(4,533)
Unitholders' transactions					
Units issued:					
- Private placement		88,700	50,000	88,700	50,000
- Preferential offering		50,340	–	50,340	
- Manager's base fees paid in Units		5,002	3,604	5,002	3,604
- Acquisition fee paid in Units		5,601	–	5,601	
Units to be issued:					
- Manager's base fees payable in Units		–	1,265	–	1,265
- Manager's performance fees payable in Units		–	941	–	941
Issue expenses in relation to the private placement		(281)	(750)	(281)	(750)
Distributions to Unitholders		(64,340)	(63,307)	(64,340)	(63,307)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		85,022	(8,247)	85,022	(8,247)
Balance at the end of year		977,223	678,545	825,498	670,738
Perpetual securities holders' funds					
Balance at the beginning of year		101,547	101,547	101,547	101,547
Amount reserved for distribution to perpetual securities holders		5,500	5,515	5,500	5,515
Distribution to perpetual securities holders		(5,500)	(5,515)	(5,500)	(5,515)
Balance at the end of year	14	101,547	101,547	101,547	101,547

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

Portfolio statements
As at 31 December 2021

Group				**Occupancy rate as at**		**Carrying value as at**		**% of net assets attributable to Unitholders as at**	
Description of property	**Type**	**Lease term for underlying land**	**Location**	**31 December 2021 %**	**31 December 2020 %**	**31 December 2021 $'000**	**31 December 2020 $'000**	**31 December 2021 %**	**31 December 2020 %**
Singapore									
ALOG Commodity Hub	Logistics	29 years wef 19 August 2006	24 Penjuru Road, Singapore	98	99	260,400	261,600	26.5	38.6
ALOG Cold Centre	Logistics	30 years wef 20 December 2005(1)	2 Fishery Port Road, Singapore	92	92	126,700	124,700	13.0	18.4
Schenker Megahub	Logistics	30 years wef 1 June 2005(1)	51 Alps Avenue, Singapore	100	100	83,800	80,200	8.6	11.8
ALOG Changi DistriCentre 1	Logistics	30 years wef 16 August 2005(1)	5 Changi South Lane, Singapore	93	100	93,300	93,600	9.5	13.8
ALOG Changi DistriCentre 2(3)	Logistics	30 years wef 16 February 1996(1)	3 Changi South Street 3, Singapore	–	65	–	15,500	–	2.3
Air Market Logistics Centre	Logistics	30 years wef 1 February 2007(2)	22 Loyang Lane, Singapore	100	100	11,100	11,200	1.1	1.7
Pan Asia Logistics Centre	Logistics	30 years wef 1 June 2010	21 Changi North Way, Singapore	100	100	34,600	34,600	3.5	5.1
Pandan Logistics Hub	Logistics	30 years wef 1 October 2009	49 Pandan Road, Singapore	100	100	37,800	37,000	3.9	5.5
ALOG Gul LogisCentre	Logistics	30 years wef 1 October 2003	15 Gul Way, Singapore	100	100	27,400	27,100	2.8	4.0
DHL Supply Chain Advanced Regional Centre	Logistics	30 years wef 16 June 2014	1 Greenwich Drive, Tampines LogisPark, Singapore	100	100	152,000	149,200	15.6	22.0
Balance carried forward						827,100	834,700	84.5	123.2

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

Portfolio statements (continued)
As at 31 December 2021

Group (continued) Description of property	Type	Lease term for underlying land	Location	Occupancy rate as at 31 December 2021 %	Occupancy rate as at 31 December 2020 %	Carrying value as at 31 December 2021 $'000	Carrying value as at 31 December 2020 $'000	% of net assets attributable to Unitholders as at 31 December 2021 %	% of net assets attributable to Unitholders as at 31 December 2020 %
Balance brought forward						827,100	834,700	84.5	123.2
<u>Australia</u>									
127 Orchard Road, Chester Hill, New South Wales, Australia	Logistics	Freehold	127 Orchard Road, Chester Hill, New South Wales, Australia	100	100	65,383	56,421	6.7	8.3
16 – 28 Transport Drive, Somerton, Victoria, Australia	Logistics	Freehold	16 – 28 Transport Drive, Somerton, Victoria, Australia	100	100	38,836	32,531	4.0	4.8
51 Musgrave Road, Coopers Plains, Queensland, Australia	Logistics	Freehold	51 Musgrave Road, Coopers Plains, Queensland, Australia	86	86	9,045	8,743	0.9	1.3
203 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	203 Viking Drive, Wacol, Queensland, Australia	100	100	34,510	28,871	3.5	4.3
223 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	223 Viking Drive, Wacol, Queensland, Australia	100	100	11,602	11,792	1.2	1.7
404-450 Findon Road, Kidman Park, South Australia, Australia[4]	Logistics	Freehold	404-450 Findon Road, Kidman Park, South Australia, Australia	–	100	–	40,664	–	6.0
217-225 Boundary Road, Laverton North, Victoria, Australia	Logistics	Freehold	217-225 Boundary Road, Laverton North, Victoria, Australia	100	100	30,971	24,398	3.2	3.6
182-198 Maidstone Street, Altona, Victoria, Australia	Logistics	Freehold	182-198 Maidstone Street, Altona, Victoria, Australia	100	100	53,584	43,206	5.5	6.4
Balance carried forward						1,071,031	1,081,326	109.5	159.6

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

Portfolio statements (continued)
As at 31 December 2021

Group (continued) Description of property	Type	Lease term for underlying land	Location	Occupancy rate as at 31 December 2021 %	Occupancy rate as at 31 December 2020 %	Carrying value as at 31 December 2021 $'000	Carrying value as at 31 December 2020 $'000	% of net assets attributable to Unitholders as at 31 December 2021 %	% of net assets attributable to Unitholders as at 31 December 2020 %
Australia (continued)									
Balance brought forward						1,071,031	1,081,326	109.5	159.6
11-19 Kellar Street, Berrinba, Queensland, Australia	Logistics	Freehold	11-19 Kellar Street, Berrinba, Queensland, Australia	100	40	16,469	12,708	1.7	1.9
3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia	Logistics	Freehold	3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia	100	100	43,654	40,664	4.5	6.0
67-93 National Boulevard, Campbellfield, Victoria, Australia	Logistics	Freehold	67-93 National Boulevard, Campbellfield, Victoria, Australia	100	100	34,904	29,990	3.6	4.4
41-51 Mills Road, Braeside, Victoria, Australia	Logistics	Freehold	41-51 Mills Road, Braeside, Victoria, Australia	100	100	44,736	37,360	4.6	5.5
76-90 Link Drive, Campbellfield, Victoria, Australia	Logistics	Freehold	76-90 Link Drive, Campbellfield, Victoria, Australia	100	100	16,960	13,216	1.7	1.9
41-45 Hydrive Close, Dandenong, Victoria, Australia	Logistics	Freehold	41-45 Hydrive Close, Dandenong, Victoria, Australia	100	100	14,256	13,216	1.4	1.9
196 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	196 Viking Drive, Wacol, Queensland, Australia	100	100	19,664	15,757	2.0	2.3
16-24 William Angliss Drive, Laverton North, Victoria, Australia	Logistics	Freehold	16-24 William Angliss Drive, Laverton North, Victoria, Australia	100	100	25,072	19,315	2.6	2.8
Balance carried forward						1,286,746	1,263,552	131.6	186.3

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

Portfolio statements (continued)
As at 31 December 2021

Group (continued)				**Occupancy rate as at**		**Carrying value as at**		**% of net assets attributable to Unitholders as at**	
Description of property	**Type**	**Lease term for underlying land**	**Location**	**31 December 2021 %**	**31 December 2020 %**	**31 December 2021 $'000**	**31 December 2020 $'000**	**31 December 2021 %**	**31 December 2020 %**
<u>**Australia**</u> **(continued)**									
Balance brought forward						1,286,746	1,263,552	131.6	186.3
151-155 Woodlands Drive, Braeside, Victoria, Australia	Logistics	Freehold	151-155 Woodlands Drive, Braeside, Victoria, Australia	100	100	20,893	17,487	2.1	2.6
1-5 & 2-6 Bishop Drive, POB, Queensland, Australia	Logistics	55 years wef 1 November 2004	1-5 & 2-6 Bishop Drive, POB, Queensland, Australia	100	–	101,270	–	10.4	-
8 Curlew Street, POB, Queensland, Australia	Logistics	46 years wef 1 July 2013	8 Curlew Street, POB, Queensland, Australia	100	–	57,714	–	5.9	-
53 Peregrine Drive, POB, Queensland, Australia	Logistics	40 years wef 1 July 2019	53 Peregrine Drive, POB, Queensland, Australia	100	–	15,534	–	1.6	–
47 Logistics Place, Larapinta, Queensland, Australia	Logistics	Freehold	47 Logistics Place, Larapinta, Queensland, Australia	100	–	19,271	–	2.0	–
Investment in New LAIVS Trust (Note 5)	N.A.	N.A	N.A.	N.A.	–	172,588	–	17.7	–
Investment in Oxford Property Fund (Note 5)	N.A.	N.A	N.A.	N.A.	–	117,250	–	12.0	–
Investment properties and investment in property funds						1,791,266	1,281,039	183.3	188.9
Investment properties – Right-of-use assets						221,884	74,825	22.7	11.0
Total						2,013,150	1,355,864	206.0	199.9
Other assets and liabilities (net)						(934,380)	(575,772)	(95.6)	(84.9)
Net assets of Group						1,078,770	780,092	110.4	115.0
Perpetual securities holders' funds						(101,547)	(101,547)	(10.4)	(15.0)
Unitholders' funds						977,223	678,545	100.0	100.0

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

Portfolio statements (continued)
As at 31 December 2021

Trust				**Occupancy rate as at**		**Carrying value as at**		**% of net assets attributable to Unitholders as at**	
Description of property	**Type**	**Lease term for underlying land**	**Location**	**31 December 2021 %**	**31 December 2020 %**	**31 December 2021 $'000**	**31 December 2020 $'000**	**31 December 2021 %**	**31 December 2020 %**
Singapore									
ALOG Commodity Hub	Logistics	29 years wef 19 August 2006	24 Penjuru Road, Singapore	98	99	260,400	261,600	31.6	39.0
ALOG Cold Centre	Logistics	30 years wef 20 December 2005[1]	2 Fishery Port Road, Singapore	92	92	126,700	124,700	15.4	18.6
Schenker Megahub	Logistics	30 years wef 1 June 2005[1]	51 Alps Avenue, Singapore	100	100	83,800	80,200	10.1	12.0
ALOG Changi DistriCentre 1	Logistics	30 years wef 16 August 2005[1]	5 Changi South Lane, Singapore	93	100	93,300	93,600	11.3	14.0
ALOG Changi DistriCentre 2[3]	Logistics	30 years wef 16 February 1996[1]	3 Changi South Street 3, Singapore	–	65	–	15,500	–	2.3
Air Market Logistics Centre	Logistics	30 years wef 1 February 2007[2]	22 Loyang Lane, Singapore	100	100	11,100	11,200	1.3	1.6
Pan Asia Logistics Centre	Logistics	30 years wef 1 June 2010	21 Changi North Way, Singapore	100	100	34,600	34,600	4.2	5.2
Pandan Logistics Hub	Logistics	30 years wef 1 October 2009	49 Pandan Road, Singapore	100	100	37,800	37,000	4.6	5.5
Balance carried forward						647,700	658,400	78.5	98.2

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

Portfolio statements (continued)
As at 31 December 2021

Trust (continued)				**Occupancy rate as at**		**Carrying value as at**		**% of net assets attributable to Unitholders as at**	
Description of property	**Type**	**Lease term for underlying land**	**Location**	**31 December 2021 %**	**31 December 2020 %**	**31 December 2021 $'000**	**31 December 2020 $'000**	**31 December 2021 %**	**31 December 2020 %**
Singapore (continued)									
Balance brought forward						647,700	658,400	78.5	98.2
ALOG Gul LogisCentre	Logistics	30 years wef 1 October 2003	15 Gul Way, Singapore	100	100	27,400	27,100	3.3	4.0
DHL Supply Chain Advanced Regional Centre	Logistics	30 years wef 16 June 2014	1 Greenwich Drive, Tampines LogisPark, Singapore	100	100	152,000	149,200	18.4	22.2
Investment properties						827,100	834,700	100.2	124.4
Investment properties – Right-of-use assets						70,865	74,825	8.6	11.2
Total investment properties						897,965	909,525	108.8	135.6
Other assets and liabilities (net)						29,080	(137,240)	3.5	(20.5)
Net assets of Trust						927,045	772,285	112.3	115.1
Perpetual securities holders' funds						(101,547)	(101,547)	(12.3)	(15.1)
Unitholders' funds						825,498	670,738	100.0	100.0

(1) The Trust has an option to renew the land lease for a further term of 30 years upon expiry.
(2) The Trust has an option to renew the land lease for a further term of 16 years upon expiry.
(3) The divestment transaction was completed on 30 June 2021.
(4) The divestment transaction was completed on 31 May 2021.

Consolidated statement of cash flows
Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Total return after taxation before distribution		231,124	44,631
Adjustments for:			
Net change in fair value of investment properties		(97,155)	16,830
Net change in fair value of investment in property funds		(101,535)	–
Net change in fair value of financial derivatives		(6,960)	3,006
Manager's fees paid/payable in Units	A	5,002	5,810
Depreciation of plant and equipment		130	290
Gain on disposal of investment properties		(1,483)	–
Net financing costs		29,441	19,812
Foreign exchange (gain)/loss		3,831	(7,980)
Tax expense		38,863	2,136
		101,258	84,535
Changes in:			
- Trade and other receivables		14,592	(191)
- Trade and other payables		7,885	1,506
Tax paid		(2,986)	(2,136)
Net cash from operating activities		120,749	83,714
Cash flows from investing activities			
Interest received		49	30
Capital expenditure on investment properties		(6,675)	(7,235)
Acquisition of subsidiaries, net of cash acquired	27	(174,585)	–
Acquisition of investment properties		(15,088)	–
Acquisition of investment in property funds		(197,442)	–
Proceeds from disposal of investment properties		57,926	–
Deposit paid		–	(21,044)
Increase in receivables for property acquisition		(62,925)	–
Net cash used in investing activities		(398,740)	(28,249)
Cash flows from financing activities			
Proceeds from issue of units from preferential offering		50,340	–
Proceeds from issue of units from private placement		88,700	50,000
Issue expenses paid on preferential offering and private placement		(281)	(750)
Interest paid on borrowings		(16,126)	(16,216)
Financing transaction costs paid		(1,511)	(721)
Proceeds from borrowings		375,425	184,442
Repayment of borrowings		(146,758)	(187,305)
Interest paid on lease liabilities		(11,474)	(2,840)
Payment of lease liabilities		(883)	(3,190)
Distributions to Unitholders		(64,340)	(63,307)
Distributions to perpetual securities holders		(5,500)	(5,515)
Net cash from/(used in) financing activities		267,592	(45,402)
Net (decrease)/increase in cash and cash equivalents		(10,399)	10,063
Cash and cash equivalents at 1 January		26,397	15,259
Effect of exchange rate fluctuations on cash held		(462)	1,075
Cash and cash equivalents at 31 December		15,536	26,397

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

Consolidated statement of cash flows (continued)
Year ended 31 December 2021

A Significant non-cash transactions

The total Manager's fees paid in Units for the year ended 31 December 2021 amounted to approximately $5,002,000 (2020: $5,810,000). This comprises 5,989,226 (2020: 10,649,430) Units, of which 5,989,226 (2020: 6,968,268) Units were issued during the year.

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on [date of signing].

1 General

ARA LOGOS Logistics Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014, a first amending and restating deed dated 13 April 2016, a fourth supplemental deed dated 31 May 2018, a fifth supplemental deed dated 2 April 2020, a sixth supplemental deed dated 28 April 2020, a seventh supplemental deed dated 20 May 2021 and an eighth supplemental deed dated 14 April 2022) (collectively the "Trust Deed") entered into between ARA LOGOS Logistics Trust Management Limited, as manager of the Trust (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited, as trustee of the Trust (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries (together referred to as the "Group" and individually as "Group entities") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust changed its name from Cache Logistics Trust to ARA LOGOS Logistics Trust with effect from 28 April 2020.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 12 April 2010 and was included in the Central Provident Fund ("CPF") Investment Scheme on 12 April 2010.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Trust and its subsidiaries.

The principal activities of the Group and the Trust are those relating to investments in income producing real estate and real estate related assets, which are used or predominantly used for logistics purposes in Asia Pacific, with the primary objective of providing Unitholders with regular and stable distributions and long-term capital growth.

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

1.1 Property Manager's fees

ARA LOGOS Property Management Pte. Ltd. (the "Property Manager") is entitled under the property management agreements to the following management fees:

For Singapore Properties:

- a property management fee of 2.0% per annum of gross revenue of each property; and
- a lease management fee of 1.0% per annum of gross revenue of each property.

1 General (continued)

1.1 Property Manager's fees (continued)

In addition, the Property Manager is entitled to receive the following fees in respect of services provided on the properties in Singapore:

- in respect of marketing services, marketing services commissions of between 1 month to 2.4 months of gross effective rent, depending on the length of the new lease or license secured and whether a third party agent is involved;

- in respect of lease renewal services for the renewal of leases in multi-tenanted properties and master leases, a lease renewal fee based on 0.5 months of gross effective rent for leases of 3 years and more but proportionally reduced fee from 0.5 months for leases that are less than 3 years;

- in respect of project management services, project management fees in the range of 1.5% to 3% of construction costs, for construction costs of a quantum of up to S$50.0 million. For construction costs of a quantum exceeding S$50.0 million, the project management fee will be mutually agreed; and

- in respect of property tax services, property tax fees of between 5% to 7.5% of the property tax savings, depending on the quantum of the reduction in annual value.

For Australia Properties:

- a property and lease management fee of 2.0% per annum of net rental income of each property.

In addition, the Property Manager is entitled to receive the following fees in respect of services provided on the properties in Australia:

- in respect of marketing services, marketing services commissions of between 10% and 18.75% of the annual gross rent for the first year of the new lease or licence, depending on the length of the new lease or licence secured and whether a local marketing manager is involved;

- in respect of lease renewal services for the renewal of leases in multi-tenanted properties, a lease renewal fee based on 50% of the fees for a new lease or licence;

- in respect of project management services, project management fees in the range of 1.5% to 3% of construction costs, for construction costs of a quantum of up to A$50.0 million. For construction costs of a quantum exceeding A$50.0 million, the project management fee will be mutually agreed; and

- in respect of land tax services, land tax fees of between 5% to 7.5% of the land tax savings, depending on the quantum of the reduction in annual value.

1 General (continued)

1.1 Property Manager's fees (continued)

The abovementioned fees are payable to the Property Manager and its related entity in the form of cash.

1.2 Manager's fees

Pursuant to the Trust Deed, the Manager is entitled to the following manager's fees:

- a base fee of 0.5% per annum of the value of the consolidated assets; and
- a performance fee of 1.5% per annum of the net property income.

The Manager may elect to receive the base fee and performance fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine).

1.3 Acquisition fees

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 1.0% of the acquisition price of any real estate purchased plus any other payments in addition to the acquisition price. The Manager may elect to receive the fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). In the event that the acquisition is from an interested party, the fee shall be paid in Units. Such Units shall not be sold within one year from the date of their issuance.

1.4 Divestment fees

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% of the sale price of the real estate sold or divested, plus any other payments in addition to the sale price. The Manager may elect to receive the fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). In the event that the divestment is to an interested party, the fee shall be paid in Units. Such Units shall not be sold within one year from the date of their issuance.

1.5 Development fees

Pursuant to the Trust Deed, the Manager is entitled to receive a development fee not exceeding 3.0% of the total project cost incurred in development projects undertaken by the Group.

1.6 Australia Investment Management fees

LOGOS REIT Investment Management Pty Ltd, a related entity of the Manager and an Australian Financial Services Licensee for providing certain services on a managed investment scheme (the "Australia Investment Manager"), provides various investment management services to ALOG Logistics Trust Australia (formerly known as "Cache Logistics Trust Australia"), assisting ALOG Logistics Trust Australia in maintaining its taxation status as a Managed Investment Trust in Australia. Under the Australia investment management agreement, the Australia Investment Manager is entitled to receive an investment management fee of (a) A$53,500 per annum in respect of ALOG Logistics Trust Australia; and (b) A$29,500 per annum in respect of each ALOG sub-trust in Australia, subject to the customary inflation indexation.

1 General (continued)

1.7 Trustee fees

Under the Trust Deed, the Trustee fee is presently charged at 0.03% (2020: 0.03%) per annum of the value of all the assets of the Trust (the "Deposited Property"), subject to a minimum of $15,000 (2020: $15,000) per month, excluding out-of-pocket expenses and GST. The maximum fee is 0.25% (2020: 0.25%) per annum of the value of the Deposited Property.

The actual fee payable to the Trustee will be determined between the Manager and the Trustee from time to time.

The Trustee and Manager have also engaged a third party to provide wholesale trustee and custodian services for the Australian subsidiaries. Under the service agreements, the fees payable for each subsidiary range A$6,300 to A$36,000 (2020: A$6,300 to A$36,000) per annum.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants ("ISCA"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies adopted to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS"). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 Basic of preparation (continued)

2.4 Use of estimates and judgements (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following note:

- Note 5 – Investment in property funds

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year is included in the following notes:

- Note 4 – Investment properties
- Note 5 – Investment in property funds

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer of the Manager.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Audit Committee of the Manager.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

2 Basic of preparation (continued)

2.4 Use of estimates and judgements (continued)

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Notes 4, 5, 11, 12 and 16.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to FRS 116)*

The application of the amendments to standards and interpretations do not have a material effect on the Group's financial statements.

Revised recommended accounting practice

In July 2020, ISCA issued a revised version of RAP 7 which became effective for the Group's financial statements for the year ended 31 December 2021, and has been applied in preparing these financial statements. The application of the revised RAP 7 does not have a significant impact on the Group's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any Non-Controlling Interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess in negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the statement of total return. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(ii) Subsidiaries (continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iv) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in the statement of total return. However, foreign currency differences arising from the translation of (i) an equity investment designated as at fair value through other comprehensive income ("FVOCI") and (ii) qualifying cash flow hedges to the extent that the hedges are effective, are recognised in other comprehensive income ("OCI").

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the cumulative amount in the foreign currency translation reserve is reclassified to the statement of total return as part of the gain or loss on disposal.

3 Significant accounting policies (continued)

3.3 Investment properties

Investment properties are properties held mainly to earn rental income and are not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

These properties are measured at cost on initial recognition and subsequently at fair value thereafter with any change therein recognised in the statement of total return. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair values of investment properties are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS; and
- where the Manager proposes to issue new units for subscription or to redeem existing Units unless the investment properties have been valued not more than 6 months ago.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties are not depreciated. The properties are subject to continued maintenance and are regularly revalued on the basis described above.

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for sale and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties. Upon disposal, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

3 Significant accounting policies (continued)

3.4 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation on plant and equipment is recognised as an expense in the statement of total return and calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Fixtures and fittings	3 years
• Plant, machinery and improvements	2 to 20 years
• Office equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

(iii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

(iv) 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 statement of total return.

3 Significant accounting policies (continued)

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at fair value through other comprehensive income ("FVOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets (continued)

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Manager's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of total return. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of total return.

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of total return unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the statement of total return.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of total return. Directly attributable transaction costs are recognised in the statement of total return as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right set off to the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) Unitholders' funds

Unitholders' funds represent the residual interest in the Group's net assets upon termination and are classified as equity. Expenses incurred in the issuance of Units in the Trust are deducted directly against Unitholders' funds.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in hedging reserve in Unitholders' Funds. The effective portion of changes in the fair value of the derivative that is recognised in hedging reserve is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect total return.

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Unitholders' Funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

(vii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with financial institutions which are subject to an insignificant risk of changes in value.

3.6 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

3 Significant accounting policies (continued)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3 Significant accounting policies (continued)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

3 Significant accounting policies (continued)

3.6 Impairment (continued)

(ii) Non-financial assets (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Dividend income

Dividend income is recognised in the statement of total return on the date that the Group's right to receive payment is established.

3.9 Expenses

(i) Property expenses

Property expenses comprise property management fees and lease management fees (using the applicable formula stipulated in Note 1.1), reimbursable expenses payable to the Property Manager and other property expenses in relation to the investment properties.

Property expenses are recognised as and when incurred and recorded on an accrual basis.

(ii) Manager's fees

Manager's fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.2.

(iii) Trustee fees

Trustee fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.7.

3 Significant accounting policies (continued)

3.9 Expenses (continued)

(iv) Foreign currency gains and losses

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either net foreign exchange gain or net foreign exchange loss and recognised within 'other trust expenses' on the statement of total return depending on whether foreign currency movements are in a net gain or net loss position.

3.10 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Group comply with the conditions associated with the grants.

Government grants relating to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received, and the group will comply with the conditions associated with the grant. These grants are then recognised in the statement of total return as 'Other income' on a systematic basis over the useful life of the asset.

3.11 Finance income and expenses

Finance income comprises interest income. Finance expenses include interest expense on borrowings, lease liabilities, derivative financial instruments, commitment fees and amortisation of transaction costs incurred on borrowings.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3 Significant accounting policies (continued)

3.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at fair value and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The Group uses both the lessee's incremental borrowing rate and the interest rate implicit in the lease as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3 Significant accounting policies (continued)

3.12 Leases (continued)

(i) As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of total return if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'plant and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in FRS 109 to the net investment in the lease (see Note 3.6(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3 Significant accounting policies (continued)

3.13 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainly related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3 Significant accounting policies (continued)

3.13 Income tax (continued)

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust. Subject to meeting the terms and conditions of the tax ruling issued by IRAS which includes a distribution of at least 90% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust 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 the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS.

Although the Trust is not taxed on its taxable income distributed, the Trustee and the Manager are required to deduct income tax at the prevailing corporate tax rate from the distributions made to Unitholders that are made out of the taxable income of the Trust (the "tax transparency treatment"), except:

(i) where the beneficial owners are individuals (whether resident or non-resident) who receive such distribution as investment income (excluding income received through a partnership or from the carrying on of a trade, business, or profession) or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or

(ii) where the beneficial owners are Qualifying foreign non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended; or

(iii) where the beneficial owners are Qualifying non-resident funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made during the period from 1 July 2019 to 31 December 2025.

A Qualifying Unitholder is a Unitholder who is:

- a Singapore-incorporated company which is a tax resident in Singapore;
- a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club, and a trade and industry association);
- a Singapore branch of a foreign company;
- 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 (Cap 145);
- an agent bank or Supplementary Retirement Scheme ("SRS") operators acting as a nominee for individuals who have purchased Units within the CPF Investment Scheme ("CPFIS") or the SRS respectively and the distributions received from the Trust are returned to CPF accounts; or
- a real estate investment trust exchange-traded fund ("REIT ETF") which have been accorded the tax transparency treatment.

3 Significant accounting policies (continued)

3.13 Income tax (continued)

A foreign non-individual Unitholder is one who is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the Units are not obtained from that operation in Singapore.

A qualifying non-resident fund is a fund that qualifies for tax exemption under section 13CA, 13X or 13Y of the Income Tax Act that is not a resident in Singapore and:

- does not have any permanent establishment in Singapore (other than the fund manager in Singapore); or
- carries on any operation in Singapore through a permanent establishment in Singapore (other than the fund manager in Singapore), but the funds used to acquire the units in the REIT are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties. If considered to be trading gains, tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

3.14 Earnings per Unit

The Group presents basic and diluted earnings per Unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Trust by the weighted-average number of Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders of the Trust and the weighted-average number of Units outstanding for the effects of all dilutive potential Units.

3.15 Perpetual securities

The perpetual securities may be redeemed at the option of the Trust. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer of the Manager, who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chief Executive Officer of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3 Significant accounting policies (continued)

3.17 New standards and interpretations and revised recommended accounting practice not yet adopted

New standards and interpretations

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

- FRS 117 *Insurance Contracts and amendments to FRS 117 Insurance Contracts*
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116)
- *Reference to the Conceptual Framework (Amendments to FRS 103)*
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Classification of Liabilities as Current or Non-current (Amendments to FRS 1)*
- *Annual improvements to FRSs 2018-2020*
- *Disclosure of Accounting Policies (Amendments to FRS 1 and FRS Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to FRS 8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to FRS 112)*

4 Investment properties

Investment properties mainly comprise logistics warehouse properties and right-of-use assets associated with certain investment properties.

	2021 $'000	2020 $'000
Group		
At 1 January	1,355,864	1,333,939
Acquisitions [1]	187,812	–
Additions to Right-of-Use assets	147,659	–
Disposal of investment properties	(57,051)	–
Capital expenditure capitalised	7,001	7,235
Leasing commission capitalised	4,396	–
Straight-line effective rent adjustment	(326)	19
Effect of movement in exchange rates	(19,091)	31,501
Remeasurement of lease liability	(107)	–
	1,626,157	1,372,694
Changes in fair values during the year [2]	97,155	(16,830)
At 31 December	1,723,312	1,355,864

4 Investment properties (continued)

	2021 $'000	2020 $'000
Trust		
At 1 January	909,525	929,315
Disposal of an investment property	(16,139)	–
Capital expenditure capitalised	5,149	5,378
Leasing commission capitalised	2,635	–
Straight-line effective rent adjustment	308	318
Remeasurement of lease liability	(107)	–
	901,371	935,011
Changes in fair values during the year [3]	(3,406)	(25,486)
At 31 December	897,965	909,525

(1) Includes acquisition fees paid to the Manager of $5.6 million in 2021 (2020: nil) and comprises acquisitions of investment properties and through acquisitions of subsidiaries.
(2) Represents changes in fair values on investment properties of $98.0 million (2020: $13.6 million) and changes in fair values on right-of-use assets of $(0.8) million (2020: $3.2 million).
(3) Represents changes in fair values on investment properties of $0.2 million (2020: $22.3 million) and changes in fair values on right-of-use assets of $3.2 million (2020: $3.2 million).

Security

As at the reporting date, certain investment properties have been pledged as security for loan facilities granted by financial institutions to the Group (see Note 11). The aggregate carrying amount of the pledged investment properties are as follows:

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Investment properties	443,423	372,431	–	–

Measurement of fair value

The fair values of investment properties are determined in accordance with the property valuation standards required under the SGX Listing Manual, and the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

A full valuation as at 30 September 2021 was conducted by external independent valuers. The independent valuations were undertaken by CBRE Pte. Ltd. and Colliers Australia (collectively, the "Independent Valuers") (2020: CBRE Pte. Ltd. And CBRE Valuations Pty Limited). The Independent Valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued.

In determining the fair value of investment properties, the independent external valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation techniques and estimates used are reflective of current market conditions.

4 Investment properties (continued)

The valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuations were based on the capitalisation approach, discounted cash flows method and/or direct comparison method (2020: capitalisation approach, discounted cash flows method and/or direct comparison method).

The capitalisation approach capitalises an income stream into a present value using a single-year capitalisation rate. The income stream used is adjusted for market rentals currently being achieved for comparable investment properties and recent leasing transactions. The discounted cash flow analysis method involves the estimation and projection of an income stream over a period and discounting the income stream with a rate of return to arrive at the market value. The discounted cash flow analysis method requires the valuers to assume a rental growth rate indicative of market and the selection of a target rate of return consistent with current market requirements. The direct comparison method provides an indication of value by comparing the investment property with identical or similar properties where reliable sales evidence is available.

The valuation reports of the Group's properties in Australia highlighted that the global risk outlook, particularly with regard to COVID-19 is extremely fluid. The external valuers have recommended that the situation be closely monitored and regular updates be initiated.

The Manager has determined that the valuations are still appropriate as at 31 December 2021.The fair value measurement for investment properties based on the inputs to the valuation techniques used is categorised as a Level 3 fair value in the fair value hierarchy.

	2021 $'000	2020 $'000
Group		
Fair value of investment properties (based on valuation reports)	1,501,428	1,281,039
Add: carrying amount of lease liabilities	221,884	74,825
Carrying amount of investment properties	1,723,312	1,355,864
Trust		
Fair value of investment properties (based on valuation reports)	827,100	834,700
Add: carrying amount of lease liabilities	70,865	74,825
Carrying amount of investment properties	897,965	909,525

4 Investment properties (continued)

Measurement of fair value (continued)

The following table shows the significant unobservable inputs used in the valuation models:

Type	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties consisting of logistics warehouse properties for leasing	**Group** • Capitalisation rates of 3.75% to 7.00% (2020: 5.00% to 7.75%) • Terminal yield rates of 4.13% to 7.25% (2020: 5.25% to 8.00%) • Discount rates of 5.50% to 7.75% (2020: 6.25% to 8.00%) • Adjusted price per square meter of $1,101 to $4,107 (2020: $1,083 to $4,013) **Trust** • Capitalisation rates of 5.25% to 6.25% (2020: 5.50% to 6.50%) • Terminal yield rates of 5.50% to 6.50% (2020: 5.75% to 6.75%) • Discount rates of 7.50% (2020: 7.75%) • Adjusted price per square meter of $1,101 to $4,107 (2020: $1,083 to $4,013)	The estimated fair values would increase/(decrease) if: • the capitalisation rates were lower/(higher); • the terminal yield rates were lower/(higher); • the discount rates were lower/(higher); or • the adjusted price per square foot was higher/(lower).

5 Investment in property funds

	Group	
	31 December 2021 $'000	31 December 2020 $'000
At 1 January	–	–
Acquisitions	197,442	–
Effect of movement in exchange rates	(9,139)	–
Changes in fair values during the year	101,535	–
At 31 December	289,838	–

On 16 April 2021, the Group invested in New LAIVS Trust and in Oxford Property Fund (the "Funds"). The Group has determined that it neither has significant influence in nor control over the Funds as it does not have the ability to direct the relevant activities nor participate in the Funds' financial and operating policy decisions. These investments are classified as financial assets measured at FVTPL.

Measurement of fair value

The fair value of investment in property funds (Level 3 fair value measurement) is determined by using the adjusted net asset method which is based on the fair value of the underlying investments. The fair values of the underlying investment properties (Level 3 fair value measurement) are determined based on independent valuations of the properties held by the Funds undertaken by the investment manager of the Funds as at 31 December 2021.

The investment manager of the Funds have considered the capitalisation approach and discounted cash flows analysis method in arriving at the valuation as at the reporting date. The following table shows the significant unobservable inputs used in the valuation models:

Type	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties consisting of logistics warehouse properties for leasing	**Group** • Capitalisation rates of 3.35% to 4.00% (2020: not applicable) • Terminal yield rates of 3.70% to 4.25% (2020: not applicable) • Discount rates of 5.25% to 5.50% (2020: not applicable)	The estimated fair values would increase/(decrease) if: • the capitalisation rates were lower/(higher); • the terminal yield rates were lower/(higher); or • the discount rates were lower/(higher).

6 Plant and equipment

Group and Trust	Fixtures and fittings $'000	Plant, machinery and improvements $'000	Office equipment $'000	Total $'000
Cost				
At 1 January 2020	11	4,093	50	4,154
Additions	–	–	25	25
Disposals	–	–	(7)	(7)
At 31 December 2020	11	4,093	68	4,172
Additions	–	–	–	–
Disposals	–	(546)	–	(546)
At 31 December 2021	11	3,547	68	3,626
Accumulated depreciation				
At 1 January 2020	7	3,319	40	3,366
Depreciation	2	282	6	290
Disposals	–	–	(4)	(4)
At 31 December 2020	9	3,601	42	3,652
Depreciation	2	118	10	130
Disposals	–	(540)	–	(540)
At 31 December 2021	11	3,179	52	3,242
Carrying amounts				
At 1 January 2020	4	774	10	788
At 31 December 2020	2	492	26	520
At 31 December 2021	–	368	16	384

7 Subsidiaries

	Trust 2021 $'000	Trust 2020 $'000
Equity investments, at cost	447,579	190,090
Advances to a subsidiary	3,420	3,420
	450,999	193,510
Less: accumulated impairment losses	–	(4,800)
	450,999	188,710

The advances to a subsidiary are unsecured, interest-free and have no fixed terms of repayment. The settlement of these advances is neither planned nor likely to occur in the foreseeable future and hence are classified as non-current.

An investment in a subsidiary is considered impaired when its carrying amount exceeds its recoverable amount estimated based on the fair value of the underlying assets held by the subsidiary.

7 Subsidiaries (continued)

During the year ended 31 December 2021, the Trust re-assessed the recoverable amount based on the fair value of the underlying assets held by the subsidiary. The carrying amount was determined to be lower than the recoverable amount and a write-back of the impairment loss previously recognised on the investment in the subsidiary was recognised in the statement of total return of the Trust.

Details of the subsidiaries are as follows:

Name of subsidiaries	**Country of incorporation**	**Ownership interest**	
		2021	**2020**
		%	**%**
Details of the subsidiaries directly held by the Trust are set out below:			
ARA LOGOS (Australia) Pte Ltd (1)	Singapore	100	100
ARA LOGOS Singapore One Pte Ltd (formerly known as Cache Singapore One Pte Ltd) (1)	Singapore	100	100
The Trust Company (Australia) Limited as trustee for ALOG Logistics Trust Australia (formerly known as Cache Logistics Trust Australia) (3)	Australia	100	100
Details of subsidiaries held by ARA LOGOS Singapore One Pte Ltd are set out below:			
CWT Cayman (Jinshan) Limited (2) (4)	The Cayman Islands	-	100
Details of subsidiaries held by The Trust Company (Australia) Limited as trustee for ALOG Logistics Trust Australia are set out below:			
The Trust Company Limited as trustee for Chester Hill (NSW) Trust (3)	Australia	100	100
The Trust Company Limited as trustee for Somerton (VIC) Trust (3)	Australia	100	100
The Trust Company Limited as trustee for Coopers Plains (QLD) Trust (3)	Australia	100	100

7 Subsidiaries (continued)

Name of subsidiaries	Country of incorporation	Ownership interest 2021 %	2020 %
Details of subsidiaries held by The Trust Company (Australia) Limited as trustee for ALOG Logistics Trust Australia are set out below (continued):			
The Trust Company Limited as trustee for Wacol (QLD) Trust (3)	Australia	100	100
The Trust Company Limited as trustee for Wacol 2 (QLD) Trust (3)	Australia	100	100
The Trust Company Limited as trustee for Kidman Park (SA) Trust (3)	Australia	100	100
The Trust Company Limited as trustee for Laverton (VIC) Trust (3)	Australia	100	100
The Trust Company Limited as trustee for Altona Trust (3)	Australia	100	100
The Trust Company Limited as trustee for ESIP Trust (3)	Australia	100	100
The Trust Company Limited as trustee for LAIP Trust (3)	Australia	100	-
Details of subsidiaries held by The Trust Company Limited as trustee for ESIP Trust are set out below (continued):			
Perpetual Corporate Trust Limited as trustee for Berrinba Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Berkeley Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Campbellfield Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Braeside Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Hydrive Trust (3)	Australia	100	100

7 Subsidiaries (continued)

Name of subsidiaries	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Details of subsidiaries held by The Trust Company Limited as trustee for ESIP Trust are set out below (continued):			
Perpetual Corporate Trust Limited as trustee for Link Drive Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Wacol Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Westlink Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Woodlands Trust (3)	Australia	100	100
Details of subsidiaries held by The Trust Company Limited as trustee for LAIP Trust are set out below:			
The Trust Company (Australia) Limited as trustee for LP Bishop Asset Trust (3)	Australia	100	–
The Trust Company (Australia) Limited as trustee for LP Curlew Asset Trust (3)	Australia	100	–
The Trust Company (Australia) Limited as trustee for Peregrine (QLD) Trust (3)	Australia	100	–
The Trust Company (Australia) Limited as trustee for Heron (QLD) Trust (3)	Australia	100	–
Details of subsidiaries held by The Trust Company Limited as trustee for LAIP Trust are set out below:			
Perpetual Trustee Company Limited as trustee for Larapinta Property Asset Trust (3)	Australia	100	–
The Trust Company (Australia) Limited as trustee for ALOG-LAIV Trust (3)	Australia	100	–
The Trust Company (Australia) Limited as trustee for ALOG-OPAT Trust (3)	Australia	100	–

7 Subsidiaries (continued)

(1) Audited by KPMG LLP, Singapore.
(2) Not required to be audited by the laws of the country of incorporation.
(3) For consolidation purposes, this entity is audited by other member firms of KPMG International.
(4) Liquidated during 2021.

8 Trade and other receivables

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Trade receivables	3,281	1,791	2,611	1,479
Other receivables	70,645	821	1,283	340
Deposits	3,177	12,948	80	12,948
Amounts due from subsidiaries (non-trade)	–	–	11,298	49
	77,103	15,560	15,272	14,816
Prepayments	952	5,124	62	2,958
	78,055	20,684	15,334	17,774
Non-current				
Amounts due from subsidiaries (non-trade)	–	–	131,129	112,202
	78,055	20,684	146,463	129,976

As at 31 December 2021, included in amounts due from subsidiaries (non-trade) of the Trust are loans to a subsidiary amounting to $108,516,000 (2020: $112,202,000) which are unsecured, interest-bearing of approximately 2.7% (2020: 2.7% to 3.6%) per annum and repayable on demand. The settlement of these loans is neither planned nor likely to occur within the next twelve months from the reporting date and hence are classified as non-current. The remaining amounts are unsecured, interest-free and repayable on demand.

As at 31 December 2021, included in deposits of the Group is a deposit placed for the forward purchase amounting to $3.1 million (31 December 2020: $12.0 million) for the purchase of a development asset at Corner Heron Drive and Curlew Street, Port of Brisbane, Queensland (the "Heron Property") (31 December 2020: 5 properties including the Heron property). The acquisitions of the other 4 properties were completed in April 2021.

Included in other receivables of the Group as at 31 December 2021 are funds placed in the lawyer's trust account for the acquisition of the Heron Property amounting to S$62.9 million (31 December 2020: nil).

The Group and the Trust's exposure to credit and currency risk relating to trade and other receivables is disclosed in Note 16.

9 Cash and cash equivalents

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at bank	15,536	26,397	12,753	17,383

10 Trade and other payables

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Current				
Trade payables	2,660	2,303	2,566	1,439
Grant payable	–	979	–	979
Interest payable	3,218	2,563	2,396	2,293
Security deposits	4,228	2,377	4,228	2,377
Income received in advance	1,247	2,084	360	1,247
Accrued operating expenses	14,924	10,015	10,974	7,277
	26,277	20,321	20,524	15,612
Non-current				
Security deposits	1,966	2,965	1,966	2,965
Other payables	191	87	3	3
	2,157	3,052	1,969	2,968
	28,434	23,373	22,493	18,580

The exposure of the Group and the Trust to liquidity and currency risk relating to trade and other payables is disclosed in Note 16.

11 Interest-bearing borrowings

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Secured borrowings	141,089	144,865	–	–
Less: unamortised transaction costs	(431)	(648)	–	–
	140,658	144,217	–	–
Unsecured borrowings	604,684	377,000	486,700	377,000
Less: unamortised transaction costs	(2,906)	(2,450)	(2,304)	(2,450)
	601,778	374,550	484,396	374,550

11 Interest-bearing borrowings (continued)

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Maturity of borrowings				
Within 1 year	110,141	69,456	106,700	66,915
After 1 year but within 5 years	632,295	449,311	377,696	307,635
	742,436	518,767	484,396	374,550

The secured borrowings of the Group are secured by a fixed charge over 13 (2020: 13) investment properties in Australia, a floating charge over certain assets of the respective subsidiaries which hold those investment properties and a guarantee from the Trust.

Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Notional amount $'000	Carrying amount $'000
Group					
2021					
Uncommitted short-term credit facility	SGD	SOR* + Margin	2022	6,700	6,700
Committed credit facilities	SGD	SOR* + Margin	2024	40,000	40,000
Committed credit facilities	SGD	SOR* + Margin	2026	60,000	60,000
Committed credit facilities - secured	AUD	BBSY# + Margin	2025	3,441	3,441
Term loan facility	SGD	SOR* + Margin	2023	110,000	109,817
Term loan facility	SGD	SOR* + Margin	2024	200,000	198,593
Term loan facility	SGD	SOR* + Margin	2026	70,000	69,286
Term loan facility - secured	AUD	BBSY# + Margin	2025	137,648	137,146
Term loan facility	AUD	BBSY# + Margin	2026	117,984	117,453
				745,773	742,436

11 Interest-bearing borrowings (continued)

Terms and debt repayment schedule (continued)

	Currency	Nominal interest rate	Year of maturity	Notional mount $'000	Carrying amount $'000
Group (continued)					
2020					
Uncommitted short-term credit facility	SGD	SOR* + Margin	2021	6,000	6,000
Committed credit facilities	SGD	SOR* + Margin	2021	8,000	8,000
Term loan facility	SGD	SOR* + Margin	2021	53,000	52,915
Committed credit facilities - secured	AUD	BBSY# + Margin	2021	2,541	2,541
Term loan facility	SGD	SOR* + Margin	2023	110,000	109,652
Term loan facility	SGD	SOR* + Margin	2024	200,000	197,983
Term loan facility	AUD	BBSY# + Margin	2025	142,324	141,676
				521,865	518,767
Trust					
2021					
Uncommitted short-term credit facility	SGD	SOR* + Margin	2022	6,700	6,700
Committed credit facilities	SGD	SOR* + Margin	2026	40,000	40,000
Committed credit facilities	SGD	SOR* + Margin	2026	60,000	60,000
Term loan facility	SGD	SOR* + Margin	2023	110,000	109,817
Term loan facility	SGD	SOR* + Margin	2024	200,000	198,593
Term loan facility	SGD	SOR* + Margin	2024	70,000	69,286
				486,700	484,396
2020					
Uncommitted short-term credit facility	SGD	SOR* + Margin	2021	6,000	6,000
Committed credit facilities	SGD	SOR* + Margin	2021	8,000	8,000
Term loan facility	SGD	SOR* + Margin	2021	53,000	52,915
Term loan facility	SGD	SOR* + Margin	2023	110,000	109,652
Term loan facility	SGD	SOR* + Margin	2024	200,000	197,983
				377,000	374,550

* *Swap Offer Rate*
\# *Bank Bill Swap Rate*

11 Interest-bearing borrowings (continued)

Terms and debt repayment schedule (continued)

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities and derivative financial instruments, including estimated interest payments and excluding the impact of netting agreements, and trade and other payables:

			<---------------- Cash flows	-------------->	
	Carrying amount $'000	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
Group					
2021					
Non-derivative financial liabilities					
Floating rate term loans	742,436	(775,237)	(18,100)	(757,137)	–
Trade and other payables ^	27,187	(27,187)	(25,030)	(2,157)	–
Lease liabilities	221,884	(541,680)	(12,627)	(54,522)	(474,531)
	991,507	(1,344,104)	(55,757)	(813,816)	(474,531)
Derivative financial instruments					
Interest rate swaps designated as hedging instruments (net-settled)	4,997	(8,296)	(5,232)	(3,064)	–
Interest rate swaps at fair value through statement of total return (net-settled)	3,883	(5,771)	(1,738)	(4,033)	–
Forward foreign exchange contracts	570				
- Inflow	–	16,604	16,604	–	–
- Outflow	–	(16,026)	(16,026)	–	–
	570	578	578	–	–

^ Excludes income received in advance

11 Interest-bearing borrowings (continued)

Terms and debt repayment schedule (continued)

	Carrying amount $'000	Contractual cash flows $'000	<------ Cash flows ------ Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000 >
Group (continued)					
2020					
Non-derivative financial liabilities					
Floating rate term loans	518,767	(545,154)	(77,504)	(467,650)	–
Trade and other payables ^	21,289	(21,289)	(18,237)	(3,052)	–
Lease liabilities	74,825	(102,359)	(6,031)	(24,122)	(72,206)
	614,881	(668,802)	(101,772)	(494,824)	(72,206)
Derivative financial instruments					
Interest rate swaps designated as hedging instruments (net-settled)	12,613	(12,696)	(5,639)	(7,057)	–
Interest rate swaps at fair value through statement of total return (net-settled)	1,797	(2,153)	(2,153)	–	–
Forward foreign exchange contracts	999				
- Inflow	–	14,597	14,597	–	–
- Outflow	–	(15,606)	(15,606)	–	–
	999	(1,009)	(1,009)	–	–

^ Excludes income received in advance

Certain facility agreements of the Group contain clauses that upon occurrence of certain events such as (i) the Manager ceases to be a direct or indirect subsidiary of ARA Asset Management Limited and/or LOGOS Property Group Limited or (ii) ARA LOGOS Logistics Trust Management Limited ceases to be the manager of ALOG and the replacement manager is not a direct or indirect subsidiary of ARA Asset Management Limited and/or LOGOS Property Group Limited or (iii) the Trust is delisted or ceases to be a collective investment scheme, would lead to a mandatory prepayment event where outstanding borrowings will need to be prepaid and total commitments cancelled.

11 Interest-bearing borrowings (continued)

Terms and debt repayment schedule (continued)

On 15 October 2021, ALOG Manager and ESR-REIT Manager entered into an implementation agreement ("Implementation Agreement") setting out the terms and conditions on which the proposed merger of ALOG and ESR-REIT by way of a trust scheme of arrangement (the "Trust Scheme") will be implemented. On 22 January 2022, ALOG and ESR-REIT entered into a supplemental letter amending and restating the Implementation Agreement following the revised scheme consideration received from the ESR-REIT Manager.

On 25 February 2022, ALOG Manager issued the scheme document (the "Scheme Document") and notices on the extraordinary general meeting and scheme meeting to be held on 21 March 2022 for the purpose of seeking approval from the Unitholders for the Trust Deeds Amendments (as defined in the notice of EGM) and the Trust Scheme, respectively. In the Scheme Document, ESR Fund Management (S) Limited, as manager of ESR-REIT, stated its intention to refinance all of the existing outstanding loans of the Group.

The extraordinary general meeting and scheme meeting were convened on 21 March 2022 where the Unitholders approved the proposed merger of the Trust and ESR-REIT to the satisfaction and/or waiver of the conditions precedent, the Trust will become a wholly owned sub-trust of ESR-REIT and be delisted from the SGX-ST.

			<----------------	Cash flows	------------->
Trust	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
2021					
Non-derivative financial liabilities					
Floating rate term loans	484,396	(499,981)	(13,692)	(486,289)	–
Trade and other payables ^	22,133	(22,133)	(20,165)	(1,968)	–
Lease liabilities	70,865	(97,310)	(6,031)	(24,122)	(67,157)
	577,394	(619,424)	(39,888)	(512,379)	(67,157)
Derivative financial instruments					
Interest rate swaps designated as hedging instruments (net-settled)	4,997	(8,296)	(5,232)	(3,064)	–
Interest rate swaps at fair value through statement of total return (net-settled)	682	(3,446)	(1,008)	(2,438)	–
Forward foreign exchange contracts	570				
- Inflow	–	16,604	16,604	–	–
- Outflow	–	(16,026)	(16,026)	–	–
	570	578	578	–	–

^ Excludes income received in advance

11 Interest-bearing borrowings (continued)

Terms and debt repayment schedule (continued)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 2 to 5 years $'000	Cash flows: More than 5 years $'000
Trust					
2020					
Non-derivative financial liabilities					
Floating rate term loans	374,550	(392,039)	(72,988)	(319,051)	–
Trade and other payables ^	17,333	(17,333)	(14,365)	(2,968)	–
Lease liabilities	74,825	(102,359)	(6,031)	(24,122)	(72,206)
	466,708	(511,731)	(93,384)	(346,141)	(72,206)
Derivative financial instruments					
Interest rate swaps designated as hedging instruments (net-settled)	12,050	(12,463)	(5,500)	(6,963)	–
Interest rate swaps at fair value through statement of total return (net-settled)	1,797	(2,153)	(2,153)	–	–
Forward foreign exchange contracts	999				
- Inflow	–	14,597	14,597	–	–
- Outflow	–	(15,606)	(15,606)	–	–
	999	(1,009)	(1,009)	–	–

^ Excludes income received in advance

The maturity analysis above shows the contractual undiscounted cash flows of the Group and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative financial instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement. Net-settled derivative financial assets are included in the maturity analysis as they are held to hedge the cash flow variability of the Group's and the Trust's floating rate loans.

The interest payments on floating rate term loans in the table above reflects market forward interest rates at the period end and these amounts may change as market interest rates changes.

The exposure of the Group and the Trust to currency, liquidity and interest rate risks that relates to interest-bearing borrowings is disclosed in Note 16.

11 Interest-bearing borrowings (continued)

Measurement of fair values

The carrying amounts of interest-bearing borrowings approximate their corresponding fair values as their interest are reset within 1 to 3 months from the reporting date.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows:

	Liabilities			Derivatives (assets) / liabilities held to hedge long-term borrowings		Total
	Interest-bearing borrowings $'000	Interest payable $'000	Lease liabilities $'000	Interest rate swaps designated as hedging instruments $'000	Interest rate swaps and forward foreign exchange contracts at fair value through statement of total return $'000	$'000
Group						
Balance at 1 January 2020	509,839	2,927	78,015	7,642	(210)	598,213
Changes from financing cash flows						
Proceeds from borrowings	184,442	–	–	–	–	184,442
Repayment of borrowings	(187,305)	–	–	–	–	(187,305)
Interest paid	–	(16,216)	(2,840)	–	–	(19,056)
Transaction costs paid	(721)	–	–	–	–	(721)
Payment of lease liabilities	–	–	(3,190)	–	–	(3,190)
Total changes from financing cash flows	(3,584)	(16,216)	(6,030)	–	–	(25,830)
The effect of changes in foreign exchange rates	11,362	–	–	–	–	11,362
Changes in fair value	–	–	–	4,971	3,006	7,977
Liability-related other changes						
Amortisation/write-off of transaction costs	1,150	–	–	–	–	1,150
Interest expense – bank loans	–	10,847	–	–	–	10,847
Interest expense – interest rate swaps	–	4,837	–	–	–	4,837
Commitment fee	–	164	–	–	–	164
Interest expense – lease liabilities	–	–	2,840	–	–	2,840
Others	–	4	–	–	–	4
Total liability-related other changes	1,150	15,852	2,840	–	–	19,842
Balance at 31 December 2020	518,767	2,563	74,825	12,613	2,796	611,564

11 Interest-bearing borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows: (continued)

	Liabilities			Derivatives (assets) / liabilities held to hedge long-term borrowings		Total
	Interest-bearing borrowings $'000	Interest payable $'000	Lease liabilities $'000	Interest rate swaps designated as hedging instruments $'000	Interest rate swaps and forward foreign exchange contracts at fair value through statement of total return $'000	$'000
Group						
Balance at 1 January 2021	518,767	2,563	74,825	12,613	2,796	611,564
Changes from financing cash flows						
Proceeds from borrowings	375,425	–	–	–	–	375,425
Repayment of borrowings	(146,758)	–	–	–	–	(146,758)
Interest paid	–	(16,126)	(11,474)	–	–	(27,600)
Transaction costs paid	(1,511)	–	–	–	–	(1,511)
Payment of lease liabilities	–	–	(883)	–	–	(883)
Total changes from financing cash flows	227,156	(16,126)	(12,357)	–	–	198,673
Changes arising from acquisition of subsidiaries	–	–	147,942	–	–	147,942
The effect of changes in foreign exchange rates	(4,668)	(54)	–	–	–	(4,722)
Discontinue of hedge accounting	–	–	–			
Changes in fair value	–	–	–	(7,616)	(2,737)	(10,353)
Liability-related other changes						
Amortisation/write-off of transaction costs	1,181	–	–	–	–	1,181
Interest expense – bank loans	–	10,385	–	–	–	10,385
Interest expense – interest rate swaps	–	5,999	–	–	–	5,999
Commitment fee	–	328	–	–	–	328
Interest expense – lease liabilities	–	–	11,474	–	–	11,474
Others	–	123	–			123
Total liability-related other changes	1,181	16,835	11,474	–	–	29,490
Balance at 31 December 2021	742,436	3,218	221,884	4,997	59	972,594

12 Derivative assets/(liabilities)

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Non-current assets				
Interest rate swaps at fair value through statement of total return	3,895	–	694	–
Current assets				
Forward foreign exchange contracts	617	–	617	–
Forward purchase contracts	–	9,001	–	9,001
Non-current liabilities				
Interest rate swaps designated as hedging instruments	(4,997)	(12,613)	(4,997)	(12,050)
Interest rate swaps at fair value through statement of total return	(12)	–	(12)	–
Current liabilities				
Forward foreign exchange contracts	(47)	(999)	(47)	(999)
Interest rate swaps at fair value through statement of total return	–	(1,797)	–	(1,797)
	(544)	(6,408)	(3,745)	(5,845)

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans by swapping the interest expense on a proportion of the term loans from floating rates to fixed rates.

As at 31 December 2021, the Group has entered into interest rate swaps with a total notional amount of $497,648,000 (2020: $360,664,000) to provide fixed rate funding for terms of 3 to 5 years (2020: 3 to 5 years) at interest rates ranging from 0.56% to 2.38% (2020: 0.63% to 2.38%) per annum.

During the years ended 31 December 2021 and 2020, hedge accounting was discontinued in respect of certain or part of interest rate swaps as they no longer met the criteria for hedge accounting. The changes in the fair value of these interest rate swaps were recognised immediately in the statement of total return.

12 Derivative assets/(liabilities) (continued)

Forward foreign exchange contracts

The Group manages its exposure to foreign currency movements on net income denominated in Australian dollars ("A$") from its investments in Australia by using forward foreign exchange contracts.

As at 31 December 2021, forward exchange contracts with an aggregate notional amount of A$16,300,000 (2020: A$15,300,000) with maturity of less than one year (2020: less than one year) were outstanding.

Forward purchase contracts

The forward purchase contracts as at 31 December 2020 relate to the deposits paid in relation to the proposed acquisition of 49.5% and 40.0% interest in two property funds.

Master netting or similar agreements

The Group's interest rate swap and forward foreign exchange contract transactions are entered into under International Swaps and Derivatives Association Master Agreements ("ISDA Master Agreements") with various bank counterparties. The derivative financial instruments presented above are not offset in the statement of financial position as the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreements. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

As at 31 December 2021 and at 31 December 2020, the Group's derivative financial assets and liabilities do not have any balances that are eligible for offsetting under the enforceable master netting arrangements.

Measurement of fair value

The fair values of financial derivatives (other than the forward purchase contracts) are based on broker quotes at the reporting date and are categorised within Level 2 of the fair value hierarchy.

The fair values of the forward purchase contracts as at 31 December 2020 are determined by the Manager based on internal valuations based on the valuations of the underlying assets held by the property funds. The fair values are categorised within Level 3 of the fair value hierarchy. The significant judgements and assumptions to the valuations relate to the valuations of the underlying assets held by the underlying funds. No gains or losses of fair value were recognised during the years ended 31 December 2021 and 31 December 2020.

13 Deferred tax liabilities

Deferred tax liabilities are attributable for the following:

	Group	
	31 December 2021 $'000	31 December 2020 $'000
Investment properties in Australia	19,858	–
Investment in property funds	15,199	–
	35,057	–

Movement in temporary differences during the year:

	Group			
	Balance as at 1 January 2021 $'000	Recognised in statement of total return $'000	Effect of Movement In exchange rates $'000	Balance as at 31 December 2021 $'000
Investment properties in Australia	–	20,322	(464)	19,858
Investment in property funds	–	15,555	(356)	15,199
	–	35,877	(820)	35,057

14 Perpetual securities holders' funds

On 1 February 2018, the Trust issued $100.0 million perpetual securities under the $1.0 billion Multicurrency Debt Issuance Programme established by the Trust. The key terms and conditions of the perpetual securities are as follows:

- the perpetual securities will confer a right to receive distribution payments at a rate of 5.5% per annum with the first distribution rate reset falling on 1 February 2023 and subsequent resets occurring every five years thereafter;

- the distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and

- the perpetual securities will constitute direct, unsecured and subordinated obligations of the Trust and rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in the terms and conditions) of the Trust.

The perpetual securities may be redeemed at the option of the Trust and are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

14 Perpetual securities holders' funds (continued)

As at 31 December 2021, the $101.5 million (2020: $101.5 million) presented in the statements of financial position of the Group and the Trust represent the carrying value of the $100.0 million (2020: $100.0 million) perpetual securities issued, net of issue costs and includes the total return attributable to the perpetual securities holders from the last distribution date.

15 Units in issue and to be issued

	Group and Trust	
	2021	**2020**
	Number of Units	**Number of Units**
	'000	**'000**
Units in issue:		
At the beginning of year	1,186,966	1,085,819
Units issued:		
- Private placement	160,543	90,498
- Acquisition fee paid in Units	7,568	–
- Preferential offering on 25 January 2021	91,113	–
- Manager's base fees paid in Units	5,989	6,968
Units to be issued:		
- Manager's base fees payable in Units	–	2,110
- Manager's performance fees payable in Units	–	1,571
Total Units in issue and to be issued at the end of year	1,452,179	1,186,966

Each Unit in the Trust represents an undivided interest in the Trust. 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 the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; 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 one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

15 Units in issue and to be issued (continued)

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by the SGX-ST or the Property Funds Appendix; or

- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

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

16 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Financial risk management objectives and policies

Exposure to credit, liquidity and market risks arise in the normal course of the Group's business. The Group has written policies and guidance which set out its overall business strategies and its general risk management philosophy.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

16 Financial instruments (continued)

Credit risk (continued)

The carrying amounts of the following financial assets represent the Group's and Trust's maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Advances to a subsidiary	–	–	3,420	3,420
Amounts due from subsidiaries (non-trade)	–	–	142,427	112,251
Trade and other receivables*	77,103	15,560	3,974	14,767
Derivative assets:				
- Interest rate swaps at fair value through statement of total return	3,895	–	694	–
- Forward foreign exchange contracts	617	–	617	–
- Forward purchase contracts	–	9,001	–	9,001
Cash and cash equivalents	15,536	26,397	12,753	17,383
	97,151	50,958	163,885	156,822

* *Excludes prepayments*

Amounts due from subsidiaries (non-trade)

As at 31 December 2021, the Trust held non-trade receivables from its subsidiaries of $142,427,000 (2020: $112,251,000). These balances are amounts lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these balances are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month ECL basis and the amount of the allowance is immaterial.

Trade receivables

The Manager has established credit limits for tenants and monitors their balances on an ongoing basis. Credit evaluations are performed by the Property Manager before lease agreements are entered into with tenants.

16 Financial instruments (continued)

Credit risk (continued)

Trade receivables (continued)

The following table provides information amount the exposure to credit risk for trade receivables at the reporting date:

	2021		2020	
	Gross carrying amount $'000	Impairment loss allowance $'000	Gross carrying amount $'000	Impairment loss allowance $'000
Group				
Not past due	2,865	–	1,350	–
Past due 31 - 60 days	280	–	42	–
Past due 61 - 90 days	1	–	45	(2)
More than 90 days past due	225	(90)	466	(110)
	3,371	(90)	1,903	(112)
Trust				
Not past due	2,192	–	1,254	–
Past due 31 - 60 days	262	–	–	–
Past due 61 - 90 days	1	–	3	–
More than 90 days past due	156	–	222	–
	2,611	–	1,479	–

Movement in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment loss in respect of trade receivables during the year was as follows:

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January	112	–	–	–
Impairment loss recognised	21	112	–	–
Impairment loss reversed	(43)	–	–	–
At 31 December	90	112	–	–

Trade receivables comprise mainly rental receivables. Generally, the tenants in Singapore and some tenants in Australia have provided security deposits amounting to 1 to 12 months rental in the form of a bankers' guarantee or cash. Based on historical default rates, the Manager believes that, apart from the above, no additional impairment loss allowance is necessary in respect of trade receivables as these receivables mainly arose from tenants that have good credit standing with the Group and the Group holds sufficient security deposits as collateral and hence, ECLs are not material.

16 Financial instruments (continued)

Credit risk (continued)

Other receivables and Deposits

Impairment on other receivables and deposits has been measured on the 12-month ECLs basis which reflect the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions which are regulated. Loss allowance on cash and cash equivalents has been measured on the 12-month ECLs basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risks based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivative assets – interest rate swaps and forward foreign exchange contracts

Transactions involving derivative financial instruments are entered only with bank counterparties that are regulated. The Group considers that its interest rate swaps and forward foreign exchange contracts have low credit risks based on the external credit ratings of the counterparties. The amount of the allowance on interest rate swaps and forward foreign exchange contracts was negligible.

Derivative assets – forward purchase contracts

The forward purchase contracts amounting to $9.0 million relate to deposits paid in relation to the proposed acquisition of 49.5% and 40.0% interest in two property funds as at 31 December 2020. The Group considers that its forward purchase contracts have low credit risks and the acquisitions were completed on 16 April 2021.

Liquidity risk

Liquidity risk refer to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group’s operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

As at 31 December 2021, the Group had committed and undrawn facilities comprising $49.6 million (2020: $69.7 million) from revolving credit facilities with a panel of banks.

The Trust established a $1.0 billion Multicurrency Debt Issuance Programme (the “Debt Issuance Programme”) in 2017. Under the Debt Issuance Programme, the Trust may from time to time issue notes and/or perpetual securities in series or tranches. As at 31 December 2021, $100.0 million (2020: $100.0 million) perpetual securities were issued under the Debt Issuance Programme.

16 Financial instruments (continued)

Liquidity risk (continued)

The Group has bank loans which contain certain covenants. Any breach of covenants may require the Group to repay the loans earlier than indicated in Note 11.

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, utilising interest rate and currency hedging strategies where appropriate.

Currency risk

At the reporting date, the Group's and Trust's exposure to currency risk was as follows:

	2021 AUD $'000	2020 AUD $'000
Group		
Financial assets		
Trade and other receivables	2,783	9,014
Cash and cash equivalents	43,789	793
	46,572	9,807
Financial liabilities		
Trade and other payables	(4,733)	(3,304)
Interest-bearing borrowings (Gross)	(259,073)	(144,865)
	(263,806)	(148,169)
Net statement of financial position exposure	(217,235)	(138,361)
Trust		
Financial assets		
Cash and cash equivalents	10,814	6,154
Amounts due from subsidiaries	131,129	112,202
Net statement of financial position exposure	141,943	118,356

16 Financial instruments (continued)

A 10% strengthening of the Singapore Dollar against the following currencies would decrease total return (before any tax effect) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and Trust considered to be reasonably possible at the end of the reporting period. The analysis assumes all other variables, in particular interest rates, remain constant.

	Total return	
	2021	**2020**
	$'000	**$'000**
Group		
AUD	21,724	13,836
Trust		
AUD	(14,194)	(11,836)

A 10% weakening of the SGD against the above currencies would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition.

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). Singapore dollar Swap Offer Rate (SOR) relies on US Dollar London Interbank Offered Rate (USD LIBOR) in its computation, and is affected by the cessation of USD LIBOR after 30 June 2023; however, the Fallback SOR will be available until 31 December 2024.

16 Financial instruments (continued)

The Group holds interest rate swaps for risk management purposes. Certain interest rate swaps have floating legs that are indexed to SOR. However, the Group does not have any SOR-indexed interest rate swaps that will expire after 31 December 2024. Further, the Group has executed the adherence letter to the ISDA 2020 IBOR Fallbacks Protocol. Hence, the Group anticipates that IBOR reform will have limited impact to its risk management and hedge accounting.

Exposure to interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing borrowings. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group has entered into interest rate swaps to achieve an appropriate mix of fixed and floating exposures in respect of its interest-bearing borrowings. Certain interest rate swaps are not designated as hedging instruments for cashflow hedge accounting purposes (see Note 11).

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Nominal amount		Trust Nominal amount	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Variable rate instruments				
Financial assets	15,536	26,397	12,753	17,383
Financial liabilities	(745,773)	(521,865)	(486,700)	(377,000)
Effect of interest rate swaps	497,648	360,664	360,000	320,000
	(232,589)	(134,804)	(113,947)	(39,617)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect total return.

16 Financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 25 basis points ("bp") in interest rate at the reporting date would increase/(decrease) total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return		**Unitholders' funds**	
	25 bp increase $'000	**25 bp decrease $'000**	**25 bp increase $'000**	**25 bp decrease $'000**
Group				
2021				
Financial assets	39	(39)	–	–
Financial liabilities	(620)	620)	4	(123)
Cash flow sensitivity (net)	(581)	581	4	(123)
2020				
Financial assets	66	(66)	–	–
Financial liabilities	(348)	364	181	(97)
Cash flow sensitivity (net)	(282)	298	181	(97)
Trust				
2021				
Financial assets	32	(32)	–	–
Financial liabilities	(317)	317	89	(153)
Cash flow sensitivity (net)	(285)	285	89	(153)
2020				
Financial assets	43	(43)	–	–
Financial liabilities	(87)	104	146	(101)
Cash flow sensitivity (net)	(44)	61	146	(101)

16 Financial instruments (continued)

Capital management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholder's value. In order to maintain or achieve an optimal capital structure, the Group will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and assets enhancements, and utilise interest rate and currency hedging strategies where appropriate. The Manager reviews this policy on a continuous basis.

On 16 April 2020, the MAS announced that the Aggregate Leverage limit (as defined in the Property Funds Appendix of the CIS Code) for Singapore REITs ("S-REITs") will be raised from 45% to 50% with immediate effect. The MAS has proposed for S-REITs to have a new minimum adjusted interest coverage ratio of 2.5 times before they are allowed to increase their leverage to beyond 45% up to 50%. However, the MAS has deferred the new adjusted interest cover ratio requirement to 1 January 2022 in light of the current COVID-19 pandemic situation.

As at 31 December 2021, the Group's Aggregate Leverage was 39.5% (2020: 39.0%) with an interest cover ratio of 4.7 times[1] (2020: 4.4 times[1]). This complied with the Aggregate Leverage limit as described above.

[1] As defined in the Code on Collective Investment Schemes revised by the Monetary Authority of Singapore ("MAS") on 3 March 2022 and computed in accordance with the MAS Circular dated 28 December 2021 where MAS clarified exclusion of interest expense on lease liabilities from computation of ICR.

16 Financial instruments (continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount					Fair value			
	Fair value – hedging instruments $'000	**Mandatorily at FVTPL $'000**	**Financial asset at amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Group									
31 December 2021									
Financial assets measured at fair value									
Investment in property funds	–	289,838	–	–	289,838	–	–	289,838	289,838
Interest rate swaps at fair value through statement of total return	–	3,895	–	–	3,895	–	3,895	–	3,895
Forward foreign exchange contracts	617	–	–	–	617	–	617	–	617
	617	293,733	–	–	294,350				
Financial assets not measured at fair value									
Trade and other receivables ^	–	–	77,103	–	77,103				
Cash and cash equivalents	–	–	15,536	–	15,536				
	–	–	92,639	–	92,639				

16 Financial instruments (continued)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
Group	**Fair value – hedging instruments $'000**	**Mandatorily at FVTPL $'000**	**Financial asset at amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2021									
Financial liabilities measured at fair value									
Interest rate swaps designated as hedging instruments	(4,997)	–	–	–	(4,997)	–	(4,997)	–	(4,997)
Interest rate swaps at fair value through statement of total return	–	(12)	–	–	(12)	–	(12)	–	(12)
Forward foreign exchange contracts	(47)	–	–	–	(47)	–	(47)	–	(47)
	(5,044)	(12)	–	–	(5,056)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,157)	(2,157)	–	–	(2,060)	(2,060)
Trade and other payables (current) ^^	–	–	–	(25,030)	(25,030)				
Interest-bearing borrowings	–	–	–	(742,436)	(742,436)				
Lease liabilities	–	–	–	(221,884)	(221,884)				
	–	–	–	(991,507)	(991,507)				

^ Excludes prepayments
^^ Exclude income received in advance

16 Financial instruments (continued)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments $'000	Mandatorily at FVTPL $'000	Financial asset at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
31 December 2020									
Financial assets measured at fair value									
Forward purchase contracts	–	9,001	–	–	9,001	–	–	9,001	9,001
Financial assets not measured at fair value									
Trade and other receivables ^	–	–	15,560	–	15,560				
Cash and cash equivalents	–	–	26,397	–	26,397				
	–	–	41,957	–	41,957				
Financial liabilities measured at fair value									
Forward foreign exchange contracts	(999)	–	–	–	(999)	–	(999)	–	(999)
Interest rate swaps designated as hedging instruments	(12,613)	–	–	–	(12,613)	–	(12,613)	–	(12,613)
Interest rate swaps at fair value through statement of total return	(1,797)	–	–	–	(1,797)	–	(1,797)	–	(1,797)
	(15,409)	–	–	–	(15,409)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(3,052)	(3,052)	–	–	(2,855)	(2,855)
Trade and other payables (current) ^^	–	–	–	(18,237)	(18,237)				
Interest-bearing borrowings	–	–	–	(518,767)	(518,767)				
Lease liabilities	–	–	–	(74,825)	(74,825)				
	–	–	–	(614,881)	(614,881)				

^ Excludes prepayments
^^ Exclude income received in advance

16 Financial instruments (continued)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
Trust	**Fair value – hedging instruments $'000**	**Mandatorily at FVTPL $'000**	**Financial asset at amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
31 December 2021									
Financial assets measured at fair value									
Interest rate swaps at fair value through statement of total return	–	694	–	–	694	–	694	–	694
Forward foreign exchange contracts	617	–	–	–	617	–	617	–	617
	617	694	–	–	1,311				
Financial assets not measured at fair value									
Advances to a subsidiary	–	–	3,420	–	3,420				
Trade and other receivables ^	–	–	146,401	–	146,401				
Cash and cash equivalents	–	–	12,753	–	12,753				
	–	–	162,574	–	162,574				
Financial liabilities measured at fair value									
Interest rate swaps designated as hedging instruments	(4,997)	–	–	–	(4,997)	–	(4,997)	–	(4,997)
Interest rate swaps at fair value through statement of total return	–	(12)	–	–	(12)	–	(12)	–	(12)
Forward foreign exchange contracts	(47)	–	–	–	(47)	–	(47)	–	(47)
	(5,044)	(12)	–	–	(5,056)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(1,969)	(1,969)	–	–	(1,872)	(1,872)
Trade and other payables (current) ^^	–	–	–	(20,164)	(20,164)				
Interest-bearing borrowings	–	–	–	(484,396)	(484,396)				
Lease liabilities	–	–	–	(70,865)	(70,865)				
	–	–	–	(577,394)	(577,394)				

^ Excludes prepayments
^^ Exclude income received in advance

16 Financial instruments (continued)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments $'000	**Mandatorily at FVTPL $'000**	**Financial asset at amortised cost $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Trust									
31 December 2020									
Financial assets measured at fair value									
Forward purchase contracts	–	9,001	–	–	9,001	–	–	9,001	9,001
Financial assets not measured at fair value									
Advances to a subsidiary	–	–	3,420	–	3,420				
Trade and other receivables ^	–	–	127,018	–	127,018				
Cash and cash equivalents	–	–	17,383	–	17,383				
	–	–	147,821	–	147,821				
Financial liabilities measured at fair value									
Forward foreign exchange contracts	(999)	–	–	–	(999)	–	(999)	–	(999)
Interest rate swaps designated as hedging instruments	(12,050)	–	–	–	(12,050)	–	(12,050)	–	(12,050)
Interest rate swaps at fair value through statement of total return	(1,797)	–	–	–	(1,797)	–	(1,797)	–	(1,797)
	(14,846)	–	–	–	(14,846)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,968)	(2,968)	–	–	(2,771)	(2,771)
Trade and other payables (current) ^^	–	–	–	(14,365)	(14,365)				
Interest-bearing borrowings	–	–	–	(374,550)	(374,550)				
Lease liabilities	–	–	–	(74,825)	(74,825)				
	–	–	–	(466,708)	(466,708)				

^ Excludes prepayments
^^ Exclude income received in advance

16 Financial instruments (continued)

Determination of fair value

Financial instruments not measured at fair value

The following table shows the valuation technique and the significant unobservable inputs used in the determination of fair value of the Level 3 financial instruments not measured at fair value:

Financial instrument	Valuation technique
Other financial liabilities*	Discounted cash flows**

* *Other financial liabilities include trade and other payables and exclude interest-bearing borrowings and lease liabilities.*
** *It is assumed that inputs considered as observable used in the valuation technique are significant to the fair value measurement.*

Financial instruments for which fair value is equal to the carrying amount

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of their relative short period to maturity or where the effect of discounting is immaterial.

Transfers between levels of the fair value hierarchy

During the years ended 31 December 2021 and 31 December 2020, there were no transfers between the levels of the fair value hierarchy.

17 Gross revenue

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Rental income (1)	118,777	105,596	80,860	79,334
Other operating income	16,428	11,525	8,113	7,220
Other income (2)	28	311	28	311
	135,233	117,432	89,001	86,865

(1) Includes rental waiver and cash grant top-up given by the Group to eligible tenants.
(2) Relates to the net effect of grant income of $216,000 (2020: $3,854,000) and grant expense of $188,000 (2020: $3,543,000) recognised in relation to the rental relief for eligible tenants from the Singapore government as part of the COVID-19 relief measures.

18 Property expenses

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Property and lease management fees (including reimbursable expenses) paid/payable to the Property Manager		5,337	4,499	3,911	3,441
Other fees paid/payable to the Property Manager		1,884	1,703	1,581	1,559
Depreciation of plant and equipment	6	130	290	130	290
Utilities		6,097	5,639	5,456	5,132
Property tax		6,974	6,744	6,974	6,744
Land tax		4,021	3,027	–	–
Others		5,901	5,540	2,915	4,115
		30,344	27,442	20,967	21,281

19 Net financing costs

	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Interest income:				
- Bank deposits	49	30	29	13
- Loan to subsidiary	–	–	3,024	3,341
Finance income	49	30	3,053	3,354
Interest expense:				
- Bank loans	(10,385)	(10,847)	(6,772)	(8,706)
- Interest rate swaps	(5,999)	(4,837)	(5,471)	(4,573)
- Lease liabilities	(11,474)	(2,840)	(2,707)	(2,840)
Commitment fee	(328)	(164)	(233)	(110)
Amortisation/write-off of transaction costs	(1,181)	(1,150)	(931)	(987)
Others	(123)	(4)	(64)	(3)
Finance expenses	(29,490)	(19,842)	(16,178)	(17,219)
Net financing costs	(29,441)	(19,812)	(13,125)	(13,865)

20 Manager's fees

	Group and Trust	
	2021	**2020**
	$'000	**$'000**
Manager's base fees	8,669	6,492
Manager's performance fees	1,387	1,255
	10,056	7,747

The total Manager's fees paid in Units for the year ended 31 December 2021 amounted to approximately $5,002,000 (2020: $5,810,000). This comprises 5,989,226 (2020: 10,649,430) Units, of which 5,989,226 (2020: 6,968,268) Units were issued during the year.

21 Other trust expenses

Included in other trust expenses are:

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Audit fees paid/payable to:				
- Auditors of the Trust	607	340	624	332
- Other auditors	234	133	–	–
Non-audit fees paid/payable to:				
- Auditors of the Trust	137	55	137	55
- Other auditors	112	282	–	–

22 Leases

Leases as lessee

The Group leases land from JTC Corporation and Port of Queensland, and pays annual land rent in respect of certain properties. The annual land rent payable is based on the market land rent in the relevant year of the lease term or on the contractual agreement for such land leases. The annual rent payable may also be subject to fixed escalation, inflation indexation or a maximum increase over the immediate preceding year.

Information about leases for which the Group and the Trust is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that meet the definition of investment property are presented within investment properties (see Note 4).

22 Leases (continued)

Amounts recognised in the statement of financial position

	Group		Trust	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Lease liabilities				
- Non-current	209,183	71,515	67,558	71,515
- Current	12,701	3,310	3,307	3,310
	221,884	74,825	70,865	74,825

Amounts recognised in the statement of total return

		Group		Trust	
	Note	**2021**	**2020**	**2021**	**2020**
Interest expense on lease liabilities	19	11,474	2,840	2,707	2,840

Amounts recognised in statement of cash flows

	Group	
	2021	**2020**
	$'000	**$'000**
Total cash outflow for leases	883	3,190

Extension options

Some of the land leases with JTC Corporation contain an extension option for a further term on the same terms and conditions with that of the first term of the land lease, provided that JTC Corporation determines that there is no existing breach or non-observance of any terms and conditions of the land lease obligation prior to the expiry of the first term of the land lease. As a result, the related lease payments associated with the extension options on the land leases have not been included within lease liabilities. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as lessor

The Group leases out its investment properties (see Note 4). All leases are classified as operating leases from a lessor perspective.

22 Leases (continued)

Operating leases

Investment properties are held for use by tenants under operating leases. Generally, the leases contain an initial non-cancellable period of between 3 to 10 years and subsequent renewals are negotiated with the lessee to reflect market rentals. None of the leases contain contingent rental arrangements. The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date and excluding prevailing market rent adjustments.

	Group		**Trust**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Less than 1 year	114,102	97,079	75,152	72,583
1 to 2 years	87,145	69,299	48,602	52,119
2 to 3 years	69,351	46,418	34,210	32,557
3 to 4 years	59,182	33,586	28,847	24,670
4 to 5 years	32,898	27,912	6,923	21,860
More than 5 years	131,672	10,582	–	2,549
Total lease receivables	494,350	284,876	193,734	206,338

23 Tax expense

	Group		**Trust**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Withholding tax	2,986	2,136	2,986	2,136
Deferred tax expenses	35,877	–	–	–
	38,863	2,136	2,986	2,136

Reconciliation of effective tax rate

	Group		**Trust**	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Total return for the year before tax	269,987	46,767	71,171	38,649
Tax using the Singapore tax rate of 17% (2020: 17%)	45,898	7,950	12,099	6,570
Non-tax deductible items	5,912	8,886	6,379	7,159
Non-taxable income	(11,222)	(6,688)	(6,571)	(3,581)
Tax transparency	(9,799)	(10,148)	(11,907)	(10,148)
Tax on overseas tax-deferred profits	5,088	–	–	–
Withholding tax	2,986	2,136	2,986	2,136
	38,863	2,136	2,986	2,136

24 Net asset value per Unit

		Group		Trust	
	Note	**2021**	**2020**	**2021**	**2020**
Net asset value per Unit is based on:					
Net assets attributable to Unitholders ($'000)		977,223	678,545	825,498	670,738
Total Units issued and to be issued at 31 December ('000)	15	1,452,179[(1)]	1,186,966[(2)]	1,452,179[(1)]	1,186,966[(2)]

[(1)] Units issued as at 31 December 2021 excludes 691,439 new units issued on 12 January 2022 as payment for the acquisition fee of S$0.61 million in relation to the acquisition of Heron Property.
[(2)] Units issued and to be issued as at 31 December 2020 excludes 91,112,930 preferential offering Units which were issued on 25 January 2021.

25 Earnings and distribution per Unit

(a) Basic earnings per Unit

Basic earnings per Unit is based on:

	Group	
	2021 $'000	**2020 $'000**
Total return for the year after tax attributable to Unitholders of the Trust and perpetual securities holders	231,124	44,631
Less: amount reserved for distribution to perpetual securities holders	(5,500)	(5,515)
Total return for the year after tax, attributable to Unitholders of the Trust	225,624	39,116

	Number of Units '000	**Number of Units '000**
Issued Units at the beginning of year	1,186,966	1,085,819
Effect of creation of new Units:		
- Issued as payment of Manager's base fees	2,970	3,742
- Private placement	114,359	12,610
- Preferential offering	85,122	–
- To be issued as payment of Manager's base and performance fees payable in Units	–	10
- Issued as payment of Manager's acquisition fee	5,246	–
Adjustment for effect of preferential offering [(1)]	545	7,385
Weighted average number of issued and issuable Units at the end of year	1,395,208	1,109,566

25 Earnings and distribution per Unit (continued)

(1) The figures have been restated for the effect of the bonus element of the preferential offering of 91,112,930 Units which were issued on 25 January 2021.

(b) Diluted earnings per Unit

The calculation of diluted earnings per Unit for the Group was based on the total return for the year attributable to Unitholders and a weighted average number of Units outstanding adjusted for the effects of all dilutive potential Units.

	Group	
	2021 Number of Units '000	2020 Number of Units '000
Weighted average number of Units used in calculation of basic earnings per Unit	1,395,208	1,109,566
Weighted average number of Units from Manager's base and performance fees	–	6,897
Weighted average number of Units outstanding used in calculation of diluted earnings per Unit	1,395,208	1,116,463

(c) Distribution per Unit

	Group	
	1 January 2021 to 31 December 2021	1 January 2020 to 31 December 2020
Total amount available for distribution for the period/year ($'000)	16,508	10,475
Distribution per Unit (cents)		
- As actually distributed or distributable to Unitholders	5.034	5.250
- As restated to reflect the effect of bonus element of the preferential offering issuance on 25 January 2021	5.034	5.220

26 Operating segments

The Manager considers the business from a geographical segment perspective. Geographically, the Manager manages and monitors the business by 2 countries: Singapore and Australia.

All geographical locations are in the business of investing in logistics warehouse properties, which is the only business segment of the Group.

The Manager assesses the performance of the geographical segments based on a measure of Net Property Income ("NPI"). Interest income and finance expenses are not allocated to the segments as certain treasury activities are centrally managed by the Group.

The segment information provided to the Manager for the reportable segments are as follows:

	Singapore $'000	Australia $'000	Total $'000
2021			
Gross revenue	89,001	46,232	135,233
Property expenses	(20,967)	(9,377)	(30,344)
Net property income	68,034	36,855	104,889
Dividend income	–	7,636	7,636
Gain on disposal of investment properties	896	587	1,483
Net change in fair value of investment properties	(3,406)	100,561	97,155
Net change in fair value of investment in property funds	–	101,535	101,535
Interest on lease liabilities	(2,707)	(8,767)	(11,474)
Net change in fair value of financial derivatives	3,684	3,276	6,960
Unallocated amounts:			
- Other income			5
- Interest income			49
- Finance expenses			(18,016)
- Unallocated costs [1]			(20,235)
Total return for the year before tax			269,987
Tax expense	–	(38,863)	(38,863)
Total return for the year after tax			231,124
Assets and liabilities			
Segment assets			
- Investment properties	897,964	825,348	1,723,312
- Investment in property funds	–	289,838	289,838
- Others	18,427	80,060	98,487
	916,391	1,195,246	2,111,637
Unallocated assets			–
Consolidated total assets			2,111,637
Segment liabilities	78,605	450,045	528,650
Unallocated liabilities [2]			504,217
Consolidated total liabilities			1,032,867

[1] Unallocated costs include Manager's fees, Trustee's fees and other trust expenses.
[2] Unallocated liabilities include accrued operating expenses.

26 Operating segments (continued)

	Singapore $'000	Australia $'000	Total $'000
2020			
Gross revenue	86,865	30,567	117,432
Property expenses	(21,281)	(6,161)	(27,442)
Net property income	65,584	24,406	89,990
Net change in fair value of investment properties	(25,486)	8,656	(16,830)
Interest on lease liabilities	(2,840)	–	(2,840)
Net change in fair value of financial derivatives	(3,006)	–	(3,006)
Unallocated amounts:			
- Interest income			30
- Finance expenses			(17,002)
- Unallocated costs (1)			(3,575)
Total return for the year before tax			46,767
Tax expense	–	(2,136)	(2,136)
Total return for the year after tax			44,631
Assets and liabilities			
Segment assets			
- Investment properties	909,525	446,339	1,355,864
- Others	44,630	11,969	56,599
	954,155	458,308	1,412,463
Unallocated assets (2)			3
Consolidated total assets			1,412,466
Segment liabilities	94,495	149,561	244,056
Unallocated liabilities (3)			388,318
Consolidated total liabilities			632,374

(1) Unallocated costs include Manager's fees, Trustee's fees and other trust expenses.
(2) Unallocated assets include other receivables.
(3) Unallocated liabilities include accrued operating expenses.

27 Acquisitions of subsidiaries, net of cash acquired

In April 2021, the Group, through its wholly owned subsidiaries, acquired the following subsidiaries:

- LP Bishop Asset Trust
- LP Curlew Asset Trust
- Larapinta Property Asset Trust

The acquisitions were accounted for as acquisitions of assets based on the Manager's assessment.

The cash flows and net assets and liabilities of subsidiaries acquired are provided below:

	Recognised values on acquisition 2021 $'000
Investment properties (including acquisition costs)	172,724
Trade and other receivables	2,796
Trade and other payables	(1,244)
Net identifiable assets and liabilities acquired (including right-of-use assets and lease liabilities acquired)	174,276
Purchase consideration	174,276
Purchase consideration reflected in other receivables	309
Net cash outflow on acquisition of subsidiaries	174,585

28 Commitments

	Group		**Trust**	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Capital commitments:				
Capital expenditure contracted but not provided for	3,562	3,455	3,441	1,575
Committed forward purchase of investment properties and interest in investment funds	59,500	441,200	–	–

On 26 October 2020, the Group committed for the forward purchase of investment properties and interest in investment funds of S$441.2 million.

In April 2021, the Group completed the forward purchase of the investment properties and the interest in the investment funds, except for the Heron Property. The total acquisition outlay for the Heron Property is estimated to be approximately S$59.5 million.

29 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in mainly 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 or other entities. The Manager and the Property Manager are indirect subsidiaries of a substantial Unitholder of the Trust.

In the normal course of operations of the Group, Manager's fees and Trustee's fees were paid or are payable to the Manager and Trustee respectively.

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	Group		Trust	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Property and lease management fees (including reimbursable expenses) paid/payable to the Property Manager	(5,337)	(4,499)	(3,911)	(3,441)
Other fees paid/payable to the Property Manager (1)	(1,884)	(1,703)	(1,584)	(1,559)
Investment management fees paid/payable to LOGOS REIT Investment Management Pty Ltd	(730)	(139)	–	–
Investment management fees rebate receivable from LOGOS Investment Management Pty Ltd	276	–	–	–
Investment management fees paid/payable to a related corporation of ARA Asset Management Limited	–	(186)	–	–
Acquisition of investment properties and through acquisition of subsidiaries from funds indirectly managed by LOGOS Property Group Limited	(184,738)	–	–	–
Acquisition of interest in property funds from funds indirectly managed by LOGOS Property Group Limited	(183,648)	–	–	–

29 Significant related party transactions (continued)

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Divestment fees paid to the Manager	(295)	–	(84)	–
Acquisition fees paid to the Manager	(5,601)	–	(5,601)	–

(1) Marketing commissions and service fees for property tax savings

30 Financial ratios

	Group	
	2021	2020
	%	%
Expenses to weighted average net assets (1)		
- Including performance component of Manager's fees	1.3	1.6
- Excluding performance component of Manager's fees	1.2	1.4
Portfolio turnover rate (2)	6.0	–

(1) The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses, interest expenses and tax expense.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

31 Contingent liability

On 1 April 2022, the Trustee, as trustee of the Trust, and the Property Manager received a writ of summons from a former tenant of a property in Singapore, claiming damages from losses suffered amounting to approximately $8.0 million plus interest and costs arising from damages in its rented premises. Based on the Manager's assessment of the merits of the claim which has yet to be determined by court, the Manager has determined that at the date of this financial statement, provision for this claim need not be recognised as the Manager does not consider it probable that these proceedings will result in a significant outflow of resources. The Manager is working with the Group's appointed external legal counsel to file a statement of defence in late April 2022.

32 Subsequent events

On 11 January 2022, the Group completed the acquisition of the Heron Property for A$63.0 million. The acquisition fee earned by the Manager of $0.61 million in respect of the acquisition of the Heron Property was paid in the form of Units at an issue price of $0.888 on 12 January 2022.

On 25 January 2022, the Manager approved a distribution of 1.135 cents per Unit in respect of the period from 1 October 2021 to 31 December 2021 to be paid on 28 February 2022.

Further to the joint announcement on 15 October 2021 made by the respective managers of the Trust and ESR-REIT in relation to the proposed merger of ALOG and ESR-REIT (the “Proposed Merger”) which will be effected by way of a trust scheme of arrangement in compliance with the Singapore Code on Take-overs and Mergers, with ESR-REIT acquiring all units of ALOG in exchange for a combination of cash and new units in ESR-REIT, ALOG and ESR-REIT had on 22 January 2022 entered into the first supplemental letter amending and restating the Implementation Agreement following the revised scheme consideration received from the ESR-REIT Manager.

Further to the joint announcement on 22 January 2022 made by the respective managers of the Trust and ESR-REIT in relation to the first supplemental letter amending and restating the Implementation Agreement following the revised scheme consideration received from the ESR-REIT Manager, the Manager of ALOG had on 25 February 2022 given the following notices to the Unitholders:

(a) an extraordinary general meeting of the Unitholders (“EGM”) to be held on 21 March 2022 at 3.00 p.m. for the purpose of seeking approval from the Unitholders for the Trust Deed Amendments (as defined in the notice of EGM); and

(b) a trust scheme meeting of the Unitholders to be held on 21 March 2022 at 3.30 p.m., for the purpose of seeking approval from the Unitholders for the Trust Scheme.

On 21 March 2022, the ALOG Unitholders approved the Trust Deeds Amendments and the Trust Scheme in the EGM and the trust scheme meeting respectively. The ESR-REIT unitholders also approved the Proposed Merger in the ESR-REIT extraordinary general meeting held on the same day.

On 23 March 2022, ALOG and ESR-REIT entered into the second supplemental letter amending and restating the Implementation Agreement to extend the long stop date of the Proposed Merger to 15 May 2022.

On 18 April 2022, the High Court of Singapore sanctioned the Trust Scheme.

On 19 April 2022, the Trust received the Approval-in-Principal for the proposed delisting from SGX-ST, subject to the Trust Scheme becoming effective.

On 22 April 2022, the Trust Scheme became effective.