



**AIMS APAC REIT  
UNAUDITED FINANCIAL STATEMENT  
ANNOUNCEMENT  
THIRD QUARTER ENDED 31 DECEMBER 2020  
("3Q FY2021")**

**Introduction**

AIMS APAC REIT ("AA REIT" or the "Trust") is a real estate investment trust which was listed on the Main Board of the SGX-ST on 19 April 2007. AA REIT is externally managed by AIMS APAC REIT Management Limited (the "Manager"). The principal investment objective of the Manager is to invest in a diversified portfolio of income-producing real estate assets located in Singapore and throughout the Asia-Pacific region that is used for industrial purposes, including, but not limited to warehousing and distribution activities, business park activities and manufacturing activities. The Manager's key objectives are to deliver stable distributions to Unitholders and to provide long-term capital growth.

The Group<sup>1</sup> has a portfolio of 28 industrial properties, 26 of which are located throughout Singapore, one industrial property located in Gold Coast, Queensland, Australia and one business park property located in Macquarie Park, New South Wales ("NSW"), Australia<sup>2</sup>.

**Summary of AIMS APAC REIT Group results**

	Note	3Q FY2021	2Q FY2021	+ / (-)	3Q FY2020	+ / (-)	YTD FY2021	YTD FY2020	+ / (-)
		S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(a)	32,142	30,492	5.4	29,458	9.1	89,874	90,642	(0.8)
Net property income	(a)	23,579	21,324	10.6	23,110	2.0	63,532	68,541	(7.3)
Share of profits of joint venture (net of tax)	(a)	3,438	4,309	(20.2)	47,367	(92.7)	11,062	56,776	(80.5)
Distributions to Unitholders	(b)	14,486	14,134	2.5	17,586	(17.6)	42,754	52,379	(18.4)
Distribution per Unit ("DPU") (cents)		2.05	2.00	2.5	2.50	(18.0)	6.05	7.50	(19.3)

**Notes:**

- (a) Please refer to section 8 on "Review of the performance" for explanation of the variances.
- (b) The Manager resolved to distribute S\$14.5 million to Unitholders for 3Q FY2021, comprising (i) taxable income of S\$13.8 million from Singapore operations; and (ii) tax-exempt income and capital distribution of S\$0.7 million remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia and Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia. AA REIT's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 3Q FY2021, the Manager has resolved to distribute 95.6% of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

<sup>1</sup> The Group comprises AIMS APAC REIT, its wholly-owned subsidiaries and its interest in a joint venture.

<sup>2</sup> AA REIT has a 49.0% interest in Optus Centre located in Macquarie Park, NSW, Australia.

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**Distribution and Record Date**

Distribution	For 1 October 2020 to 31 December 2020
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution <sup>3</sup>
Distribution Rate	(a) Taxable Income Distribution: 1.95 cents per Unit (b) Tax-Exempt Income Distribution: 0.05 cents per Unit (c) Capital Distribution <sup>3</sup> : <u>0.05 cents per Unit</u> <u>2.05 cents per Unit</u>
Record Date	5 February 2021
Payment Date	19 March 2021

**1 (a)(i) Consolidated Statements of Total Return**

	Note	Group 3Q FY2021 S\$'000	Group 3Q FY2020 S\$'000	+ /(-) %	Group YTD FY2021 S\$'000	Group YTD FY2020 S\$'000	+ /(-) %
Gross revenue	(a)	32,142	29,458	9.1	89,874	90,642	(0.8)
Property operating expenses	(a)	(8,563)	(6,348)	34.9	(26,342)	(22,101)	19.2
<b>Net property income</b>	(a)	23,579	23,110	2.0	63,532	68,541	(7.3)
Foreign exchange gain/(loss)	(b)	73	2	>100.0	279	(80)	>(100.0)
Interest and other income	(c)	160	104	53.8	447	180	>100.0
Borrowing costs	(a)	(5,449)	(5,698)	(4.4)	(16,883)	(16,508)	2.3
Manager's management fees	(a)	(2,166)	(1,969)	10.0	(6,263)	(5,723)	9.4
Other trust expenses	(a)	(1,732)	(594)	>100.0	(2,684)	(1,756)	52.8
Non-property expenses		(9,347)	(8,261)	13.1	(25,830)	(23,987)	7.7
<b>Net income before joint venture's profits</b>		14,465	14,955	(3.3)	38,428	44,654	(13.9)
Share of profits of joint venture (net of tax)	(d)	3,438	47,367	(92.7)	11,062	56,776	(80.5)
<b>Net income</b>		17,903	62,322	(71.3)	49,490	101,430	(51.2)
Net change in fair value of investment properties and investment property under development	(e)	(6,109)	(1,394)	>100.0	(27,436)	(17,155)	59.9
Net change in fair value of derivative financial instruments	(f)	(108)	847	>(100.0)	(702)	(1,834)	(61.7)
<b>Total return before income tax</b>		11,686	61,775	(81.1)	21,352	82,441	(74.1)
Income tax expense	(g)	(1,024)	(7,766)	(86.8)	(3,846)	(8,161)	(52.9)
<b>Total return after income tax</b>		10,662	54,009	(80.3)	17,506	74,280	(76.4)
<b>Attributable to:</b>							
Unitholders		8,882	54,009	(83.6)	14,797	74,280	(80.1)
Perpetual Securities holders	(h)	1,780	-	NM	2,709	-	NM
		10,662	54,009	(80.3)	17,506	74,280	(76.4)

NM: not meaningful.

<sup>3</sup> This relates to the tax deferred component arising from the distributions remitted from the Group's investments in Australia.

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**Notes:**

- (a) Please refer to section 8 on “Review of the performance” for explanation of the variances.
- (b) The foreign exchange gain/(loss) mainly relates to the exchange differences on the Trust’s Australian distribution income and Australian dollar cash and cash equivalents. The foreign exchange gain in 3Q FY2021 and YTD FY2021 was contributed by the strengthening of the Australian dollar against the Singapore dollar.
- (c) The increase in interest and other income was mainly due to the interest income earned on a proportionate unitholder loan to a joint venture to fund AA REIT’s share of the asset enhancement initiative at Optus Centre (see note (c) of section 1(b)(i)).
- (d) The share of profits of joint venture (net of tax) comprised contribution from the Group’s 49.0% interest in Optus Centre. The higher contribution in 3Q FY2020 was mainly due to the share of revaluation surplus of S\$44.1 million recognised from the valuation of the underlying property following the execution of a new agreement for lease with the existing master tenant, Optus Administration Pty Limited in November 2019.
- (e) The net change in fair value of investment properties and investment property under development for 3Q FY2021 arose from the fair value adjustments of right-of-use (“ROU”) assets included in investment properties in accordance with FRS 116 *Leases* (“FRS 116”) of S\$1.3 million as well as the adjustment of property acquisition costs of S\$4.8 million on the Group’s investment property at 7 Bulim Street, Singapore acquired on 9 October 2020. 7 Bulim Street was valued at S\$130.0 million as at 7 August 2020 and the independent valuation was carried out by Savills Valuation And Professional Services (S) Pte Ltd.
- The net change in fair value of investment properties and investment property under development is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.
- (f) This relates to changes in fair value due to the revaluation of certain interest rate swap contracts and cross-currency interest rate swap contracts in accordance with FRS 109. Please refer to note (h) of section 1(b)(i) for further details of the contracts. The net change in fair value of derivative financial instruments is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.
- (g) Income tax expense relates to withholding tax paid/payable by the Trust on the distribution from Australia, income tax payable by the Trust’s wholly-owned subsidiary, AACI REIT MTN Pte. Ltd. (“AACI REIT MTN”) as well as provision for the translated deferred tax liabilities for the Trust’s investments in Australia. The higher income tax expense in 3Q FY2020 was mainly due to the deferred income tax expense recognised on the share of revaluation surplus on Optus Centre.
- (h) On 14 August 2020, the Trust issued S\$125.0 million of subordinated perpetual securities (“Perpetual Securities”). The Perpetual Securities confer a right to its holders to receive distribution payments at a rate of 5.65% per annum, with the first distribution rate reset falling on 14 August 2025 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative in accordance with the terms and conditions of the Perpetual Securities.

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**1(a)(ii) Distribution Statement**

		<b>Group 3Q FY2021 S\$'000</b>	<b>Group 3Q FY2020 S\$'000</b>	<b>+ /(-) %</b>	<b>Group YTD FY2021 S\$'000</b>	<b>Group YTD FY2020 S\$'000</b>	<b>+ /(-) %</b>
Total return before income tax		11,686	61,775	(81.1)	21,352	82,441	(74.1)
Less: Amount reserved for distribution to Perpetual Securities holders		(1,780)	-	NM	(2,709)	-	NM
Net effect of tax adjustments	(a)	6,840	1,565	>100.0	31,754	19,841	60.0
Other adjustments	(b)	(2,329)	(47,091)	(95.1)	(11,635)	(52,383)	(77.8)
Amount available for distribution from Singapore taxable income		14,417	16,249	(11.3)	38,762	49,899	(22.3)
Distribution from Singapore taxable income	(c)	13,780	16,179	(14.8)	37,384	48,883	(23.5)
Distribution from tax-exempt income	(d)	353	1,055	(66.5)	2,473	2,761	(10.4)
Capital distribution	(e)	353	352	0.3	2,897	735	>100.0
Distributions to Unitholders		14,486	17,586	(17.6)	42,754	52,379	(18.4)

NM: not meaningful.

**Notes:**

(a) Net effect of tax adjustments

	<b>Group 3Q FY2021 S\$'000</b>	<b>Group 3Q FY2020 S\$'000</b>	<b>+ /(-) %</b>	<b>Group YTD FY2021 S\$'000</b>	<b>Group YTD FY2020 S\$'000</b>	<b>+ /(-) %</b>
Amortisation and write-off of borrowing transaction costs	216	198	9.1	670	557	20.3
Foreign exchange (gain)/loss	(24)	(6)	>100.0	(149)	126	>(100.0)
Manager's management fees in Units	-	985	(100.0)	-	2,862	(100.0)
Land rent paid/payable on investment properties	(2,168)	(2,084)	4.0	(6,504)	(6,239)	4.2
Interest expense on lease liabilities	878	772	13.7	2,669	2,349	13.6
Net change in fair value of investment properties and investment property under development	6,109	1,358	>100.0	29,150	14,383	>100.0
Net change in fair value of derivative financial instruments	62	(847)	>(100.0)	566	1,834	(69.1)
Net tax adjustment on foreign sourced income	1,145	1,035	10.6	3,597	2,772	29.8
Temporary differences and other tax adjustments	622	154	>100.0	1,755	1,197	46.6
Net effect of tax adjustments	6,840	1,565	>100.0	31,754	19,841	60.0

(b) Other adjustments comprised primarily the net accounting results of the Trust's subsidiaries.

(c) The Trust's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 3Q FY2021, the Manager has resolved to distribute 95.6% of the Singapore taxable income available for distribution to the Unitholders.

(d) This relates to tax-exempt income arising from the distributions remitted from the Group's investments in Australia.

(e) This relates to the tax deferred component arising from the distributions remitted from the Group's investments in Australia.

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**1(b)(i) Statements of Financial Position as at 31 December 2020 vs. 31 March 2020**

		<b>Group</b>	<b>Group</b>	<b>+ / (-)</b>	<b>Trust</b>	<b>Trust</b>	<b>+ / (-)</b>
	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Mar 2020</b>	<b>%</b>	<b>31 Dec 2020</b>	<b>31 Mar 2020</b>	<b>%</b>
		<b>S\$'000</b>	<b>S\$'000</b>		<b>S\$'000</b>	<b>S\$'000</b>	
<b>Non-current assets</b>							
Investment properties	(a)	1,492,057	1,366,789	9.2	1,450,171	1,332,742	8.8
Subsidiaries	(b)	-	-	-	108,763	107,519	1.2
Joint venture	(c)	309,972	252,782	22.6	-	-	-
Trade and other receivables	(d)	3,126	3,424	(8.7)	3,126	3,424	(8.7)
		<b>1,805,155</b>	<b>1,622,995</b>	<b>11.2</b>	<b>1,562,060</b>	<b>1,443,685</b>	<b>8.2</b>
<b>Current assets</b>							
Trade and other receivables	(d)	4,407	5,488	(19.7)	3,578	4,928	(27.4)
Cash and cash equivalents	(e)	14,793	20,449	(27.7)	12,296	19,153	(35.8)
		<b>19,200</b>	<b>25,937</b>	<b>(26.0)</b>	<b>15,874</b>	<b>24,081</b>	<b>(34.1)</b>
<b>Total assets</b>		<b>1,824,355</b>	<b>1,648,932</b>	<b>10.6</b>	<b>1,577,934</b>	<b>1,467,766</b>	<b>7.5</b>
<b>Non-current liabilities</b>							
Trade and other payables	(f)	9,569	11,901	(19.6)	9,569	11,901	(19.6)
Interest-bearing borrowings	(g)	555,142	382,690	45.1	396,718	260,610	52.2
Derivative financial instruments	(h)	8,488	7,635	11.2	8,208	7,519	9.2
Deferred tax liabilities	(i)	17,385	14,116	23.2	-	-	-
Lease liabilities	(j)	91,433	84,435	8.3	91,433	84,435	8.3
		<b>682,017</b>	<b>500,777</b>	<b>36.2</b>	<b>505,928</b>	<b>364,465</b>	<b>38.8</b>
<b>Current liabilities</b>							
Trade and other payables	(k)	34,494	30,225	14.1	32,862	28,482	15.4
Interest-bearing borrowings	(g)	30,724	156,635	(80.4)	30,724	156,635	(80.4)
Derivative financial instruments	(h)	1,332	833	59.9	1,332	833	59.9
Lease liabilities	(j)	5,277	5,507	(4.2)	5,277	5,507	(4.2)
		<b>71,827</b>	<b>193,200</b>	<b>(62.8)</b>	<b>70,195</b>	<b>191,457</b>	<b>(63.3)</b>
<b>Total liabilities</b>		<b>753,844</b>	<b>693,977</b>	<b>8.6</b>	<b>576,123</b>	<b>555,922</b>	<b>3.6</b>
<b>Net assets</b>		<b>1,070,511</b>	<b>954,955</b>	<b>12.1</b>	<b>1,001,811</b>	<b>911,844</b>	<b>9.9</b>
Represented by:							
Unitholders' funds		944,082	954,955	(1.1)	875,382	911,844	(4.0)
Perpetual Securities holders' funds	(l)	126,429	-	NM	126,429	-	NM
		<b>1,070,511</b>	<b>954,955</b>	<b>12.1</b>	<b>1,001,811</b>	<b>911,844</b>	<b>9.9</b>

NM: not meaningful.

**Notes:**

- (a) The increase in investment properties was mainly due to the acquisition of the property at 7 Bulim Street, recognition of ROU asset on the extension option for the property at 15 Tai Seng Drive, in accordance with FRS 116 (see note 1(b)(i)(j)) as well as the strengthening of the Australian dollar against the Singapore dollar which resulted in a higher translated balance for the Group's Australian investment property, Boardriders Asia Pacific HQ. As the cost of the Australian investment is substantially hedged through the use of Australian dollar denominated loans, there was a corresponding increase in the Australian dollar denominated interest-bearing borrowings used to fund the acquisition of Boardriders Asia

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Pacific HQ (see note 1(b)(i)(g)). The increase was partially offset by the net revaluation loss of S\$27.4 million recognised in YTD FY2021.

- (b) This relates to the Trust's interests in its wholly-owned subsidiaries, AACI REIT MTN, AIMS APAC REIT (Australia) Trust and AACI REIT Opera Pte. Ltd..
- (c) This relates to the Group's 49.0% interest in Macquarie Park Trust, the Australian unit trust which holds Optus Centre, located in Macquarie Park, NSW, Australia and a proportionate unitholder loan to the joint venture. The increase in the joint venture balances was mainly due to the increase in the unitholder loan to the joint venture of A\$15.5 million and the strengthening of the Australian dollar against the Singapore dollar. As the cost of the Australian investment is substantially hedged through the use of Australian dollar denominated loans, there was also a corresponding increase in the Australian dollar denominated interest-bearing borrowings used to fund the investment in Optus Centre (see note 1(b)(i)(g)).
- (d) Non-current trade and other receivables relate to the unamortised portion of the marketing services commission for leases with tenors of more than one year. The decrease in the balances was mainly due to the reclassification of the unamortised portion of the marketing services commission to current trade and other receivables for leases with remaining tenors of less than one year.

Current trade and other receivables as at 31 December 2020 of S\$4.4 million was S\$1.1 million lower compared to the balances as at 31 March 2020. The decrease was mainly due to a refundable deposit for the acquisition of 7 Bulim Street of S\$1.2 million included within the balances as at 31 March 2020. The acquisition of the property was completed on 9 October 2020.

- (e) The decrease in cash and cash equivalents was mainly contributed from partial utilisation of cash and cash equivalents, together with the net proceeds of the issuance of the S\$125.0 million Perpetual Securities (see note 1(a)(i)(h)), to fund the acquisition of 7 Bulim Street which was completed on 9 October 2020.
- (f) Non-current trade and other payables mainly comprised rental deposits received from tenants with tenors of more than one year. The decrease in the balances was mainly due to the reclassification of the rental deposits received from tenants for leases with remaining tenors of less than one year.
- (g) The total borrowings of the Group as at 31 December 2020 of S\$585.9 million was S\$46.5 million higher compared to balances as at 31 March 2020 mainly due to the strengthening of the Australian dollar against the Singapore dollar which resulted in a higher translated balance for the Group's Australian dollar denominated borrowings; as well as the drawdown of approximately A\$15.5 million to fund AA REIT's share of the asset enhancement initiative at Optus Centre.

On 9 July 2020, AA REIT and its indirect wholly-owned trust, AA REIT Macquarie Park Investment Trust entered into a supplemental agreement with existing lenders to refinance the facilities due in 2020 with a new four-year term loan facility of S\$100.0 million and a new three-year term loan facility of A\$32.5 million. The new S\$100.0 million term loan facility was drawn down in July 2020 to refinance the term loan facility due in August 2020. The new A\$32.5 million term loan facility was drawn down in November 2020, and together with other existing debt facilities of AA REIT and cross-currency interest rate swaps (see note 1(b)(i)(h)), were utilised to refinance the term loan facility of A\$65.0 million due in November 2020.

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The current interest-bearing borrowings as at 31 December 2020 mainly comprised of the revolving credit facility which is due to mature in November 2021. The Trust is currently working with its lenders to assess the refinancing options for this facility.

- (h) The derivative financial instruments as at 31 December 2020 were in relation to interest rate swap and cross-currency interest rate swap contracts with a total notional amount of S\$315.5 million. As at 31 December 2020, approximately 78.9% of the Group's borrowings were on fixed rates taking into account (i) the interest rate swap contracts entered into and (ii) the medium term notes ("Medium Term Notes"). Under the interest rate swap contracts, the Group pays fixed interest rates of between 0.28% to 2.82% per annum and receives interest at the three-month Singapore swap offer rate or at the three-month Australian bank bill swap bid rates, as the case may be, to fix the floating-rate term loans. Under the cross-currency interest rate swap contracts, the Group pays a fixed interest rate of 1.57% per annum on the notional principal of A\$31.5 million and receives interest based on a three-month Singapore swap offer rate plus margin. The changes in fair value were mainly due to the revaluation of the interest rate swap contracts and cross-currency interest rate swap contracts in accordance with FRS 109.
- (i) This relates to the provision of deferred tax liabilities for the Trust's investment in Australia. The increase in deferred tax liabilities was mainly due to higher translated balances for deferred tax liabilities arising from the strengthening of the Australian dollar against the Singapore dollar.
- (j) This relates to the recognition of lease liabilities in relation to the capitalisation of land rent payments, in accordance with FRS 116. The increase in lease liabilities was mainly due to the recognition of the lease liability on the extension option for the property at 15 Tai Seng Drive, in accordance with FRS 116 (see note 1(b)(i)(a)).
- (k) The increase in current trade and other payables was mainly due to the estimated unpaid Rental Relief<sup>4</sup> and Additional Rental Relief<sup>4</sup> for eligible tenants under the Singapore rental relief framework and the rental deposits received from tenants for leases with remaining tenors of less than one year. The increase was partially offset by the payments made on the development costs incurred for 3 Tuas Avenue 2. The balance as at 31 December 2020 included retention sums of S\$1.2 million relating to the Trust's recent development projects at 3 Tuas Avenue 2 and 51 Marsiling Road (31 March 2020: included retention sums of S\$1.8 million relating to the Trust's recent development projects at 3 Tuas Avenue 2 and 51 Marsiling Road). As at 31 December 2020, the Group and the Trust had total undrawn committed facilities of S\$139.5 million to fulfil their liabilities as and when they fall due.
- (l) On 14 August 2020, The Trust issued S\$125.0 million of Perpetual Securities under its S\$750 million Multicurrency Debt Issuance Programme. The carrying value represents the Perpetual Securities issued, net of issue costs and includes the amount reserved for distribution to the Perpetual Securities holders from the issuance date.

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<sup>4</sup> As defined in section 19H and 19J of the COVID-19 (Temporary Measures) Act 2020. Industrial landlords are generally required to provide one month of Rental Relief and one month of Additional Rental Relief to eligible tenants.

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**1(b)(ii) Aggregate amount of borrowings**

	<b>Group 31 Dec 2020 S\$'000</b>	<b>Group 31 Mar 2020 S\$'000</b>	<b>Trust 31 Dec 2020 S\$'000</b>	<b>Trust 31 Mar 2020 S\$'000</b>
<b>Interest-bearing borrowings</b>				
Amount repayable within one year				
<b>Secured</b>				
Bank borrowings	30,851	156,745	30,851	156,745
Less: Unamortised borrowing transaction costs	(127)	(110)	(127)	(110)
	<u>30,724</u>	<u>156,635</u>	<u>30,724</u>	<u>156,635</u>
Amount repayable after one year				
<b>Secured</b>				
Bank borrowings	407,618	235,163	248,390	112,222
<b>Unsecured</b>				
Medium Term Notes	150,000	150,000	150,000	150,000
	<u>557,618</u>	<u>385,163</u>	<u>398,390</u>	<u>262,222</u>
Less: Unamortised borrowing transaction costs	(2,476)	(2,473)	(1,672)	(1,612)
	<u>555,142</u>	<u>382,690</u>	<u>396,718</u>	<u>260,610</u>
<b>Total</b>	<u><u>585,866</u></u>	<u><u>539,325</u></u>	<u><u>427,442</u></u>	<u><u>417,245</u></u>

**Details of borrowings and collateral**

**(a) Secured borrowings**

AA REIT and its indirect wholly-owned trust, AA REIT Macquarie Park Investment Trust, have secured credit facilities from a syndicate of financial institutions which comprised of the following:

- a four-year revolving credit facility of S\$120.0 million maturing in November 2021;
- a four-year term loan facility of S\$125.0 million maturing in July 2022;
- a five-year term loan facility of A\$110.0 million maturing in July 2023;
- a three-year revolving credit facility of A\$65.0 million maturing in June 2022;
- a three-year term loan facility of A\$32.5 million maturing in November 2023; and
- a four-year term loan facility of S\$100.0 million maturing in July 2024.

The details of the collateral for these facilities are as follows:

- first legal mortgage over 16 investment properties of the Trust (the "Mortgaged Properties");
- assignment of rights, benefits, title and interest in, *inter alia*, the building agreement and leases of two investment properties of the Trust;
- assignment of rights, benefits, title and interest in the property management agreements, insurances and tenancy agreements, sale agreements and performance guarantees (including sale proceeds and rental proceeds) of the Mortgaged Properties; and
- first ranking specific security agreement over the bank account and units in Macquarie Park Trust held by AA REIT Investments (Australia) Pty Limited in its capacity as trustee of AA REIT Macquarie Park Investment Trust.



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On 9 July 2019, AIMS Capital Management Pty Ltd in its capacity as trustee of Burleigh Heads Trust, an indirect wholly-owned trust of AA REIT (“Borrower”) and HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of AA REIT had entered into a facility agreement with a financial institution for a secured five-year term loan facility maturing July 2024 of A\$21,153,000 to partially fund the acquisition of the Boardriders Asia Pacific HQ. The loan is guaranteed by AA REIT and secured by a mortgage over the property and a general security agreement over all present and after acquired property of the Borrower.

**(b) Unsecured borrowings**

As at 31 December 2020, S\$150.0 million unsecured Medium Term Notes had been issued comprising:

- (i) S\$50.0 million five-year Medium Term Notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears and will mature on 22 March 2022 which had been issued under the S\$500 million Multicurrency Medium Term Note Programme which had been established in July 2012; and
- (ii) S\$100.0 million five-year Medium Term Notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears and will mature on 12 November 2024 which had been issued under the S\$750 million Multicurrency Debt Issuance Programme which had been established in November 2018.

**Capital management**

On 16 April 2020, the Monetary Authority of Singapore (“MAS”) announced that the aggregate leverage limit for S-REITs will be raised from 45% to 50% with immediate effect. In its public consultation last year, the MAS had proposed for S-REITs to have a new minimum adjusted interest coverage ratio (“ICR”) of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation.

As at 31 December 2020, AA REIT’s Aggregate Leverage<sup>5</sup> was 34.1% (31 March 2020: 34.8%) and its ICR was 3.8 times and its adjusted ICR was 3.4 times<sup>6</sup>.

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<sup>5</sup> Aggregate Leverage ratio is computed as total borrowings as a percentage of total assets. ROU assets and lease liabilities were excluded from the computation of aggregate leverage. The total borrowings excluded Perpetual Securities holders’ funds.

<sup>6</sup> Based on ICR and adjusted ICR definition in Appendix 6 of the Code of Collective Investment Schemes (last revised on 16 April 2020). For purpose of the computation, interest expense included borrowing costs on lease liabilities and the interest expense for Adjusted ICR further included the amount reserved for distribution to Perpetual Securities holders.

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**1(c) Consolidated Statement of Cash Flows**

	Group		Group	
	3Q FY2021	3Q FY2020	YTD FY2021	YTD FY2020
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Total return after income tax	10,662	54,009	17,506	74,280
<b>Adjustments for:</b>				
Share of profits of joint venture (net of tax)	(3,438)	(47,367)	(11,062)	(56,776)
Borrowing costs	5,449	5,698	16,883	16,508
Foreign exchange (gain)/loss	(73)	(2)	(279)	80
Manager's management fees in Units	-	985	-	2,862
Net change in fair value of investment properties and investment property under development	6,109	1,394	27,436	17,155
Net change in fair value of derivative financial instruments	108	(847)	702	1,834
Income tax expense	1,024	7,766	3,846	8,161
<b>Operating income before working capital changes</b>	<b>19,841</b>	<b>21,636</b>	<b>55,032</b>	<b>64,104</b>
<b>Changes in working capital</b>				
Trade and other receivables	684	867	1,147	1,295
Trade and other payables	2,475	(1,686)	4,172	504
Cash generated from operations	23,000	20,817	60,351	65,903
Income tax paid	254	(603)	(578)	(1,108)
<b>Net cash from operating activities</b>	<b>23,254</b>	<b>20,214</b>	<b>59,773</b>	<b>64,795</b>
<b>Cash flows from investing activities</b>				
Capital expenditure on investment properties and investment property under development	(14)	(7,197)	(2,246)	(25,769)
Acquisition of investment properties <sup>7</sup>	(133,576)	(36)	(134,882)	(36,606)
Investment in a joint venture	-	-	-	(1,408)
Loan to a joint venture	(7,331)	(7,709)	(15,205)	(7,709)
Distributions from a joint venture	4,045	3,737	11,661	11,402
<b>Net cash used in investing activities</b>	<b>(136,876)</b>	<b>(11,205)</b>	<b>(140,672)</b>	<b>(60,090)</b>
<b>Cash flows from financing activities</b>				
Distributions to Unitholders	(14,047)	(10,403)	(42,658)	(40,226)
Proceeds from issuance of Perpetual Securities	-	-	125,000	-
Issue costs paid in relation to Perpetual Securities	(4)	-	(1,258)	-
Proceeds from interest-bearing borrowings	71,235	108,537	179,109	207,991
Repayments of interest-bearing borrowings	(63,904)	(89,000)	(163,904)	(147,000)
Borrowing costs paid	(4,840)	(5,112)	(14,974)	(15,181)
Repayment of lease liabilities	(2,168)	(2,164)	(6,504)	(6,478)
<b>Net cash (used in)/from financing activities</b>	<b>(13,728)</b>	<b>1,858</b>	<b>74,811</b>	<b>(894)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(127,350)</b>	<b>10,867</b>	<b>(6,088)</b>	<b>3,811</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>141,994</b>	<b>10,863</b>	<b>20,449</b>	<b>18,091</b>
Effect of exchange rate fluctuations on cash held	149	41	432	(131)
<b>Cash and cash equivalents at end of the period</b>	<b>14,793</b>	<b>21,771</b>	<b>14,793</b>	<b>21,771</b>

<sup>7</sup> This relates to the acquisitions of 7 Bulim Street, Singapore and Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia which were completed in 3Q FY2021 and 2Q FY2020 respectively.

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**1(d)(i) Statements of Movements in Unitholders' Funds (3Q FY2021 vs. 3Q FY2020)**

	<b>Group</b> <b>3Q FY2021</b> <b>S\$'000</b>	<b>Group</b> <b>3Q FY2020</b> <b>S\$'000</b>	<b>Trust</b> <b>3Q FY2021</b> <b>S\$'000</b>	<b>Trust</b> <b>3Q FY2020</b> <b>S\$'000</b>
<b>Unitholders' Funds</b>				
<b>Balance at beginning of the period</b>	944,570	918,223	881,877	902,222
<b>Operations</b>				
Total return after income tax, attributable to Unitholders and Perpetual Securities holders	10,662	54,009	9,230	16,470
Less: Amount reserved for distribution to Perpetual Securities holders	(1,780)	-	(1,780)	-
Net increase in net assets from operations	8,882	54,009	7,450	16,470
<b>Foreign currency translation reserve</b>				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	4,575	1,388	-	-
<b>Hedging reserve</b>				
Effective portion of changes in fair value of cash flow hedges	189	212	189	212
<b>Unitholders' transactions</b>				
Issuance of Units (including units to be issued):				
- Distribution Reinvestment Plan	-	7,154	-	7,154
- Manager's management fees	-	985	-	985
Distributions to Unitholders	(14,134)	(17,422)	(14,134)	(17,422)
Change in Unitholders' funds resulting from Unitholders' transactions	(14,134)	(9,283)	(14,134)	(9,283)
Total (decrease)/increase in Unitholders' funds	(488)	46,326	(6,495)	7,399
<b>Balance at end of the period</b>	<b>944,082</b>	<b>964,549</b>	<b>875,382</b>	<b>909,621</b>
<b>Perpetual Securities holders' funds</b>				
<b>Balance at beginning of the period</b>	124,653	-	124,653	-
Issuance cost	(4)	-	(4)	-
Amount reserved for distribution to Perpetual Securities holders	1,780	-	1,780	-
<b>Balance at end of the period</b>	<b>126,429</b>	<b>-</b>	<b>126,429</b>	<b>-</b>
<b>Total</b>	<b>1,070,511</b>	<b>964,549</b>	<b>1,001,811</b>	<b>909,621</b>

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**1(d)(ii) Statements of Movements in Unitholders' Funds (YTD FY2021 vs. YTD FY2020)**

	Group YTD FY2021 S\$'000	Group YTD FY2020 S\$'000	Trust YTD FY2021 S\$'000	Trust YTD FY2020 S\$'000
<b><u>Unitholders' Funds</u></b>				
<b>Balance at beginning of the period</b>	954,955	928,452	911,844	907,104
<b>Operations</b>				
Total return after income tax, attributable to Unitholders and Perpetual Securities holders	17,506	74,280	8,030	39,893
Less: Amount reserved for distribution to Perpetual Securities holders	(2,709)	-	(2,709)	-
Net increase in net assets from operations	14,797	74,280	5,321	39,893
<b>Foreign currency translation reserve</b>				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	16,113	(807)	-	-
<b>Hedging reserve</b>				
Effective portion of changes in fair value of cash flow hedges	619	(90)	619	(90)
<b>Unitholders' transactions</b>				
Issuance of Units (including units to be issued):				
- Distribution Reinvestment Plan	-	13,645	-	13,645
- Manager's management fees	-	2,862	-	2,862
Distributions to Unitholders	(42,402)	(53,793)	(42,402)	(53,793)
Change in Unitholders' funds resulting from Unitholders' transactions	(42,402)	(37,286)	(42,402)	(37,286)
Total (decrease)/increase in Unitholders' funds	(10,873)	36,097	(36,462)	2,517
<b>Balance at end of the period</b>	944,082	964,549	875,382	909,621
<b><u>Perpetual Securities holders' funds</u></b>				
<b>Balance at beginning of the period</b>	-	-	-	-
Issue of Perpetual Securities	125,000	-	125,000	-
Issuance cost	(1,280)	-	(1,280)	-
Amount reserved for distribution to Perpetual Securities holders	2,709	-	2,709	-
<b>Balance at end of the period</b>	126,429	-	126,429	-
<b>Total</b>	1,070,511	964,549	1,001,811	909,621

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**1(d)(iii) Details of any change in the Units**

	<b>Trust 3Q FY2021 Units '000</b>	<b>Trust 3Q FY2020 Units '000</b>	<b>Trust YTD FY2021 Units '000</b>	<b>Trust YTD FY2020 Units '000</b>
Units in issue at beginning of the period	706,663	696,852	706,663	690,913
<u>Issue of new Units relating to:</u>				
- Manager's management fees	-	-	-	1,285
- Distribution Reinvestment Plan	-	5,226	-	9,880
Units in issue at end of the period	706,663	702,078	706,663	702,078
<u>Units to be issued:</u>				
Manager's management fees	-	1,358	-	1,358
<b>Total Units in issue and to be issued at end of the period</b>	<b>706,663</b>	<b>703,436</b>	<b>706,663</b>	<b>703,436</b>

**2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by auditors.

**3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

Not applicable.

**4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation applied in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2020.

**5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted a number of new standards, amendments to standards and/or interpretations that are effective for annual periods beginning on or after 1 April 2020. The adoption of new standards, amendments to standards and/or interpretations did not result in any significant impact on the financial statements of the Group.

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**6 Earnings per Unit (“EPU”) and distribution per Unit (“DPU”) for the period**

	<b>Group 3Q FY2021</b>	<b>Group 3Q FY2020</b>	<b>Group YTD FY2021</b>	<b>Group YTD FY2020</b>
<u>Basic EPU</u>				
Weighted average number of Units ('000)	706,663	697,533	706,663	694,596
Earnings per Unit (cents)	1.26	7.74	2.09	10.69
<u>Diluted EPU</u>				
Weighted average number of Units ('000)	706,663	698,433	706,663	694,972
Earnings per Unit (cents)	1.26	7.73	2.09	10.69

The basic EPU is computed using total return after tax attributable to Unitholders over the weighted average number of Units issued for the period. The diluted EPU is computed using total return after tax attributable to Unitholders over the weighted average number of Units issued for the period and adjusted for the effects of Units to be issued to the Manager as partial payment of the Manager’s management fees incurred for the period.

The decrease in the EPU in the current period was mainly due to share of revaluation surplus recognised from the valuation of the Group’s 49.0% interest in Optus Centre in 3Q FY2020.

The share of revaluation surplus recognised is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

In computing the DPU, the number of Units entitled to the distribution for each respective period was used.

	<b>Group 3Q FY2021</b>	<b>Group 3Q FY2020</b>	<b>Group YTD FY2021</b>	<b>Group YTD FY2020</b>
Number of Units in issue at end of period ('000)	706,663	702,078	706,663	702,078
Number of Units to be issued before the Record Date ('000)	-	1,358	-	1,358
Applicable number of Units for calculation of DPU ('000)	706,663	703,436	706,663	703,436
<b>Distribution per Unit (cents)</b>	<b>2.05</b>	<b>2.50</b>	<b>6.05</b>	<b>7.50</b>

**7 Net asset value / Net tangible asset per Unit based on issued Units at the end of the period**

	<b>Group 31 Dec 2020 S\$</b>	<b>Group 31 Mar 2020 S\$</b>	<b>Trust 31 Dec 2020 S\$</b>	<b>Trust 31 Mar 2020 S\$</b>
Net asset value / net tangible asset per Unit <sup>8</sup>	1.34	1.35	1.24	1.29

<sup>8</sup> Net asset value / net tangible asset is based on the net assets attributable to Unitholders and excluded the net assets attributable to Perpetual Securities holders. Number of units is based on Units in issue and to be issued at the end of the period.

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**8 Review of the performance**

	Group 3Q FY2021 S\$'000	Group 2Q FY2021 S\$'000	Group 3Q FY2020 S\$'000	Group YTD FY2021 S\$'000	Group YTD FY2020 S\$'000
Gross revenue	32,142	30,492	29,458	89,874	90,642
Property operating expenses	(8,563)	(9,168)	(6,348)	(26,342)	(22,101)
<b>Net property income</b>	<b>23,579</b>	<b>21,324</b>	<b>23,110</b>	<b>63,532</b>	<b>68,541</b>
<b>Net property income margin</b>	<b>73.4%</b>	<b>69.9%</b>	<b>78.5%</b>	<b>70.7%</b>	<b>75.6%</b>
Foreign exchange gain/(loss)	73	21	2	279	(80)
Interest and other income	160	155	104	447	180
Borrowing costs	(5,449)	(5,674)	(5,698)	(16,883)	(16,508)
Manager's management fees	(2,166)	(2,121)	(1,969)	(6,263)	(5,723)
Other trust expenses	(1,732)	(564)	(594)	(2,684)	(1,756)
Non-property expenses	(9,347)	(8,359)	(8,261)	(25,830)	(23,987)
<b>Net income before joint venture's profits</b>	<b>14,465</b>	<b>13,141</b>	<b>14,955</b>	<b>38,428</b>	<b>44,654</b>
Share of profits of joint venture (net of tax)	3,438	4,309	47,367	11,062	56,776
<b>Net income</b>	<b>17,903</b>	<b>17,450</b>	<b>62,322</b>	<b>49,490</b>	<b>101,430</b>
<b>Distributions to Unitholders</b>	<b>14,486</b>	<b>14,134</b>	<b>17,586</b>	<b>42,754</b>	<b>52,379</b>

**Review of the performance for 3Q FY2021 vs. 2Q FY2021**

The gross revenue achieved for 3Q FY2021 of S\$32.1 million was S\$1.7 million higher than that of 2Q FY2021. This was mainly due to the maiden rental contribution from the recently acquired property at 7 Bulim Street. The increase was partially offset by lower rental and recoveries for the properties at 27 Penjuru Lane, 103 Defu Lane 10 and 3 Tuas Avenue 2.

Property operating expenses for 3Q FY2021 of S\$8.6 million was S\$0.6 million lower than the property operating expenses for 2Q FY2021 mainly due to the timing of property expenses incurred for the property at 1A International Business Park in 2Q FY2021 and an additional property tax of S\$0.3 million recognised in 2Q FY2021 for the period from 10 January 2020 to 30 September 2020 for the property at 3 Tuas Avenue 2 arising from the change in annual value assessed by the Inland Revenue of Singapore ("IRAS"). The property tax incurred for the property at 3 Tuas Avenue 2 is fully recoverable from the master tenant.

Net property income for 3Q FY2021 stood at S\$23.6 million, or S\$2.3 million higher compared to 2Q FY2021 mainly due to higher gross revenue and lower property operating expenses. As a result, net property income margin increased to 73.4% in 3Q FY2021 compared to 69.9% in 2Q FY2021.

Borrowing costs for 3Q FY2021 of S\$5.4 million was S\$0.2 million lower compared to 2Q FY2021 mainly due to lower fixed interest rates paid on the interest rate swaps and cross-currency interest rate swaps entered in FY2021.

Other trust expenses for 3Q FY2021 of S\$1.7 million was S\$1.2 million higher compared to 2Q FY2021 mainly due to the finalisation of the revision in the investment management fees paid/payable to the Australian investment manager, AA REIT Management Australia Pty Limited, applied retrospectively from 15 July 2019, being the date of completion of the acquisition of Boardriders Asia Pacific HQ.

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The share of profits of joint venture (net of tax) for 3Q FY 2021 comprised the contribution from the Group's 49.0% interest in Optus Centre. The share of profits of joint venture (net of tax) in 2Q FY2021 included the share of revaluation surplus of S\$0.9 million recognised from the valuation of Optus Centre.

The 3Q FY2021 distributions to Unitholders was higher compared to 2Q FY2021 mainly due to the net contribution from the recently acquired property at 7 Bulim Street.

**Review of the performance for 3Q FY2021 vs. 3Q FY2020**

The gross revenue achieved for 3Q FY2021 of S\$32.1 million was S\$2.7 million higher compared to the gross revenue of 3Q FY2020. The increase in revenue was mainly contributed by the recently acquired property at 7 Bulim Street and higher rental and recoveries at the properties at 3 Tuas Avenue 2 and 20 Gul Way. The increase was partially offset by lower contributions from the property at 1A International Business Park arising from the conversion from master lease to multi-tenancy leases and the expiry of the master lease at 541 Yishun Industrial Park A and lower rental and recoveries from the property at 103 Defu Lane 10.

Property operating expenses for 3Q FY2021 of S\$8.6 million was S\$2.2 million higher than the property operating expenses for 3Q FY2020 mainly arising from a property tax refund of S\$2.3 million for 20 Gul Way recognised in 3Q FY2020 due to the change in the prior years' annual value assessed by IRAS.

Net property income for 3Q FY2021 stood at S\$23.6 million, or S\$0.5 million higher compared to 3Q FY2020 mainly due to higher gross revenue offset by higher property operating expenses. As a result, net property income margin decreased to 73.4% in 3Q FY2021 compared to 78.5% in 3Q FY2020.

Borrowing costs for 3Q FY2021 of S\$5.4 million was S\$0.2 million lower compared to 3Q FY2020 mainly due to lower fixed interest rates paid on the interest rate swaps and cross-currency interest rate swaps entered in FY2021.

Manager's management fees for 3Q FY2021 of S\$2.2 million was S\$0.2 million higher compared to 3Q FY2020 due to higher value of the Deposited Property mainly due to the acquisition of the property at 7 Bulim Street and the asset enhancement initiative at Optus Centre.

Other trust expenses for 3Q FY2021 of S\$1.7 million was S\$1.1 million higher compared to 3Q FY2020 mainly due to the finalisation of the revision in the Australian investment management fees, applied retrospectively from 15 July 2019, being the date of completion of the acquisition of Boardriders Asia Pacific HQ.

The decrease in the share of profits of joint venture (net of tax) for 3Q FY2021 was mainly due to the share of revaluation surplus of S\$44.1 million recognised from the valuation of Optus Centre in 3Q FY2020.

Distributions to Unitholders for 3Q FY2021 stood at S\$14.5 million, which was S\$3.1 million lower compared to the distributions to Unitholders for 3Q FY2020 mainly due to management fees paid fully in cash for 3Q FY2021 as well as amount reserved for distribution to Perpetual Securities holders.



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**Review of the performance for YTD FY2021 vs. YTD FY2020**

The gross revenue achieved for YTD FY2021 of S\$89.9 million was S\$0.8 million lower compared to the gross revenue for YTD FY2020. This was mainly due to an estimated Additional Rental Relief for eligible tenants under the Singapore rental relief framework, lower contributions from the properties at 1A International Business Park arising from the conversion of master leases to multi-tenancy leases as well as the expiry of the master lease at 541 Yishun Industrial Park A. The decrease was partially offset by the rental contribution from Boardriders Asia Pacific HQ which was acquired in July 2019 and the property at 7 Bulim Street which was acquired in October 2020, as well as the property at 3 Tuas Avenue 2 which redevelopment was completed in January 2020, and commenced its maiden rental contribution from April 2020.

Property operating expenses for YTD FY2021 of S\$26.3 million were S\$4.2 million higher than the property expenses for YTD FY2020 mainly due to a property tax refund of S\$2.3 million for 20 Gul Way recognised in YTD FY2020 due to the change in prior years' annual value assessed by IRAS, higher costs arising from the conversion from master lease to multi-tenancy leases for the property at 1A International Business Park. The increase in property operating expense was also contributed by the property operating expenses incurred for the recently completed property at 3 Tuas Avenue 2 and recently acquired property at 7 Bulim Street.

Net property income for YTD FY2021 stood at S\$63.5 million, or S\$5.0 million lower compared to YTD FY2020 mainly due to lower gross revenue and higher property operating expenses. As a result, net property income margin decreased to 70.7% in YTD FY2021 compared to 75.6% in YTD FY2020.

Borrowing costs for YTD FY2021 of S\$16.9 million was S\$0.4 million higher than borrowing costs for YTD FY2020 mainly due to the Australian dollar borrowing costs incurred on the acquisition of Boardriders Asia Pacific HQ as well as borrowing costs incurred to fund the asset enhancement initiative at Optus Centre. The increase was partially offset by lower fixed interest rates paid on the interest rate swaps and cross-currency interest rate swaps entered in FY2021.

Manager's management fees for YTD FY2021 of S\$6.3 million was S\$0.5 million higher compared to YTD FY2020 due to higher value of the Deposited Property mainly due to the acquisition of Boardriders Asia Pacific HQ in July 2019, the revaluation of Optus Centre following the execution of a new agreement for lease with the existing tenant, Optus Administration Pty Limited in November 2019 and the acquisition of the property at 7 Bulim Street in October 2020.

Other trust expenses for YTD FY2021 of S\$2.7 million was S\$0.9 million higher compared to YTD FY2020 mainly due to the finalisation of the revision in the Australian investment management fees, applied retrospectively from 15 July 2019, being the date of completion of the acquisition Boardriders Asia Pacific HQ which was partially offset by the costs associated with the administration of AA REIT's Distribution Reinvestment Plan in YTD FY2020.

The decrease in share of profits of joint venture (net of tax) for YTD FY2021 was mainly due to the lower share of revaluation surplus of S\$1.0 million (YTD FY2020: S\$46.8 million) recognised from the valuation of Optus Centre.

Distributions to Unitholders for YTD FY2021 stood at S\$42.8 million, which was S\$9.6 million lower compared to the distributions to Unitholders for YTD FY2020 mainly due to lower net property income for the first half of FY2021, management fees paid fully in cash for YTD FY2021, partially offset by net contribution from the recently acquired property at 7 Bulim Street.

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**9 Variance between Forecast / Prospect Statement**

The Trust has not disclosed to the market any forecast in relation to the current financial period.

**10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

**Macro Economy**

Globally, news on the COVID-19 situation continues to be mixed. The number of infected COVID-19 cases has increased rapidly across the world, from Asia to Europe and the United States. Global vaccination campaigns, concerted health policies and government financial programmes are expected to lift the global economy in 2021, after a contraction in 2020. The signing in November 2020 of the Regional Comprehensive Economic Partnership (RCEP) Agreement, a regional trade deal between 15 Asia-Pacific countries, will further energise intra-regional trade and investment flows.

**Singapore**

As Singapore moved into Phase 3 of re-opening on 28 December 2020, business activity is anticipated to increase and shed a positive light on the recovery of the overall economy.

Based on advance estimates for the fourth quarter of 2020 ("4Q 2020") by the Ministry of Trade and Industry ("MTI"), the Singapore economy contracted by 3.8% on a year-on-year basis, an improvement from the 5.6% contraction recorded in the third quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 2.1% in 4Q 2020 following the 9.5% expansion in the third quarter. For the whole of 2020, the Singapore economy contracted by 5.8%. MTI also recently announced a new 10-year plan to grow Singapore's manufacturing sector by 50% in the next decade and maintain its share of about 20% of GDP.

The manufacturing sector continues to portray its resilience with a 9.5% expansion on a year-on-year basis in the fourth quarter, extending the 10.8% growth in the previous quarter. The growth of the sector was supported primarily by output expansions in the electronics, biomedical manufacturing and precision engineering clusters, which outweighed output decline in the transport engineering and general manufacturing clusters. On a quarter-on-quarter seasonally-adjusted basis, the manufacturing sector contracted by 2.6% in 4Q 2020, a pullback from the 12.6% expansion in the third quarter.

Based on JTC Corporation's market report for 3Q 2020 released earlier on 22 October 2020, the occupancy rate of Singapore's overall industrial property market rose marginally by 0.2 percentage points to 89.6%, compared to the previous quarter, driven by an increase in demand for storage amid a delay in new completions. Looking further ahead, between 2021 and 2022, around 4.4 million sqm of industrial space is expected to be completed. Due to the impact of COVID-19 on the construction sector, the completion of 0.7 million sqm of new industrial spaces has been delayed from 2020, to 2021 and 2022.

**Australia**

In Australia, the Reserve Bank of Australia ("RBA") has maintained its policy setting after its most recent meeting in December 2020 with official interest rates at 0.10%, which marks the lowest rate in the monetary policy history of Australia's central bank. Given the outlook for employment and inflation, the RBA does not expect interest rates to increase for at least three years as monetary and fiscal support will be required for some time.

The RBA has also indicated that it will not increase the official interest rate until actual inflation is sustainably within the 2% to 3% target range. For this to occur, wages growth will have to be materially higher than it is currently. This will require significant gains in employment and a return to a tight labour market.

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Under the backdrop of the evolving COVID-19 situation, economic developments continue to be driven by the COVID-19 pandemic and the responses to it. The overall industrial outlook for Singapore and Australia continues to be supported by shifts in consumer behaviour towards e-commerce and increased business activities in the advanced manufacturing and ICT industries.

On 27 January 2021, AA REIT announced the acquisition of a property at 315 Alexandra Road which marks AA REIT's first asset in the city fringe area, which is typically tightly held amongst owners and investors. With a 10-year lease to a strong anchor tenant, the yield-accretive acquisition will contribute to AA REIT's performance, and provide greater income stability and diversity to the REIT.

Including this latest development, coupled with the completion of the acquisition of 7 Bulim Street, and the addition of a new master tenant for 541 Yishun Industrial Park A to a subsidiary of a major Japanese energy and environment group, AA REIT's diversified portfolio will be enlarged to 206 tenants across 29 properties in Singapore and Australia operating in a broad range of industries, and a well-balanced mix of both multi-tenanted and master leased properties. The Manager will continue to proactively manage the portfolio to sustain long-term value for the Unitholders.

**11 Distributions**

**(a) Current financial period**

Any distributions declared for the current financial period:	Yes								
Name of distribution:	Fifty-ninth distribution, for the period from 1 October 2020 to 31 December 2020								
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution								
Distribution Rate:	<table> <tr> <td>Taxable Income</td> <td>1.95 cents per Unit</td> </tr> <tr> <td>Tax-Exempt Income</td> <td>0.05 cents per Unit</td> </tr> <tr> <td>Capital Distribution</td> <td><u>0.05 cents per Unit</u></td> </tr> <tr> <td>Total</td> <td><u>2.05 cents per Unit</u></td> </tr> </table>	Taxable Income	1.95 cents per Unit	Tax-Exempt Income	0.05 cents per Unit	Capital Distribution	<u>0.05 cents per Unit</u>	Total	<u>2.05 cents per Unit</u>
Taxable Income	1.95 cents per Unit								
Tax-Exempt Income	0.05 cents per Unit								
Capital Distribution	<u>0.05 cents per Unit</u>								
Total	<u>2.05 cents per Unit</u>								
Par value of units:	Not applicable								

Tax Rate:

**Taxable Income Distributions**

Taxable income distributions are made out of AA REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through a partnership or as trading assets). Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

**Tax-Exempt Income Distributions**

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders.

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**Capital Distributions**

Capital distributions represent a return of capital to Unitholders for Singapore income tax purposes and are therefore not subject to income tax. For Unitholders who are liable for Singapore income tax on profits from sale of AA REIT Units, the amount of capital distribution will be applied to reduce the cost base of their AA REIT Units for Singapore income tax purposes. Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

**(b) Corresponding period of the immediate preceding year**

Any distributions declared for the previous corresponding financial period:	Yes								
Name of distribution:	Fifty-fifth distribution, for the period from 1 October 2019 to 31 December 2019								
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution								
Distribution Rate:	<table> <tr> <td>Taxable Income</td> <td>2.30 cents per Unit</td> </tr> <tr> <td>Tax-Exempt Income</td> <td>0.15 cents per Unit</td> </tr> <tr> <td>Capital Distribution</td> <td><u>0.05 cents per Unit</u></td> </tr> <tr> <td>Total</td> <td><u>2.50 cents per Unit</u></td> </tr> </table>	Taxable Income	2.30 cents per Unit	Tax-Exempt Income	0.15 cents per Unit	Capital Distribution	<u>0.05 cents per Unit</u>	Total	<u>2.50 cents per Unit</u>
Taxable Income	2.30 cents per Unit								
Tax-Exempt Income	0.15 cents per Unit								
Capital Distribution	<u>0.05 cents per Unit</u>								
Total	<u>2.50 cents per Unit</u>								
Par value of units:	Not applicable								
Tax Rate:									

**Taxable Income Distributions**

Taxable income distributions are made out of AA REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through a partnership or as trading assets). Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

**Tax-Exempt Income Distributions**

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders.

**Capital Distributions**

Capital distributions represent a return of capital to Unitholders for Singapore income tax purposes and are therefore not subject to income tax. For Unitholders who are liable for Singapore income tax on profits from sale of AA REIT Units, the amount of capital distribution will be applied to reduce the cost base of their AA REIT Units for Singapore income tax purposes. Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

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- (c) **Record date:** 5 February 2021
- (d) **Date payable:** 19 March 2021
- 12 If no distribution has been declared (recommended), a statement to that effect and the reason(s) for the decision**

Not applicable.

**13 Interested Person Transactions**

The Trust has not required nor obtained a general mandate from Unitholders for Interested Person Transactions.

**14 Confirmation by the board pursuant to Rule 705(5) of the Listing Manual**

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of AIMS APAC REIT Management Limited (as Manager of AA REIT) which may render these interim financial statements to be false or misleading in any material respect.

On behalf of the Board of Directors of  
AIMS APAC REIT Management Limited  
(as Manager of AIMS APAC REIT)

George Wang  
Chairman and Director

Koh Wee Lih  
Director

**15 Confirmation by the board pursuant to Rule 720(1) of the Listing Manual**

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of Listing Manual.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

**By Order of the Board**

AIMS APAC REIT Management Limited  
(Company Registration No. 200615904N)  
(as Manager of AIMS APAC REIT)

Koh Wee Lih  
Chief Executive Officer  
28 January 2021