AIMS APAC REIT
UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT
FOURTH QUARTER ENDED 31 MARCH 2021 ("4Q 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[1] 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[2].

Summary of AIMS APAC REIT Group results

	Note	4Q FY2021	3Q FY2021	+/(-)	4Q FY2020	+/(-)	FY2021	FY2020	+/(-)
		S$'000	S$'000	%	S$'000	%	S$'000	S$'000	%
Gross revenue	(a)	32,759	32,142	1.9	28,218	16.1	122,633	118,860	3.2
Net property income	(a)	24,000	23,579	1.8	20,513	17.0	87,532	89,054	(1.7)
Share of profits of joint venture (net of tax)	(a)	24,292	3,438	>100.0	4,323	>100.0	35,354	61,099	(42.1)
Distributions to Unitholders[3]	(b)	20,493	14,486	41.5	14,134	45.0	63,247	66,513	(4.9)
Distribution per Unit ("DPU") (cents)		2.90	2.05	41.5	2.00	45.0	8.95	9.50	(5.8)

Notes:

(a) Please refer to section 8 on "Review of the performance" for explanation of the variances.

(b) The Manager resolved to distribute S$20.5 million to Unitholders for 4Q FY2021, comprising (i) taxable income of S$16.2 million from Singapore operations; and (ii) capital distribution of S$4.3 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 FY2021, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

[1] The Group comprises AIMS APAC REIT, its wholly-owned subsidiaries and its interest in a joint venture.

[2] AA REIT has a 49.0% interest in Optus Centre located in Macquarie Park, NSW, Australia.

[3] In 4Q FY2020, AA REIT retained S$2.9 million of the Australian distributable income to conserve cash for the Group's working capital purposes in view of COVID-19. In 2Q FY2021, distributions to Unitholders included the release of S$1.8 million of the previous year's retained distributable income. The 4Q FY2021 distributions to Unitholders included the release of the balance S$1.1 million distributable income previously retained in 4Q FY2020. With this, the 4Q FY2020 retained distributable income of S$2.9 million has been fully released in FY2021.

Distribution and Record Date

Distribution	For 1 January 2021 to 31 March 2021	
Distribution Type	(a) Taxable Income (b) Capital Distribution[4]	
Distribution Rate	(a) Taxable Income Distribution: (b) Capital Distribution[4]:	2.287 cents per Unit 0.613 cents per Unit 2.900 cents per Unit
Record Date	14 May 2021	
Payment Date	24 June 2021	

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

	Note	Group 4Q FY2021 S$'000	Group 4Q FY2020 S$'000	+/(-) %	Group FY2021 S$'000	Group FY2020 S$'000	+/(-) %
Gross revenue	(a)	32,759	28,218	16.1	122,633	118,860	3.2
Property operating expenses	(a)	(8,759)	(7,705)	13.7	(35,101)	(29,806)	17.8
Net property income	(a)	24,000	20,513	17.0	87,532	89,054	(1.7)
Foreign exchange gain/(loss)	(b)	17	(81)	>(100.0)	296	(161)	>(100.0)
Interest and other income	(c)	184	159	15.7	631	339	86.1
Borrowing costs	(a)	(5,244)	(5,576)	(6.0)	(22,127)	(22,084)	0.2
Manager's management fees	(a)	(2,148)	(1,963)	9.4	(8,411)	(7,686)	9.4
Other trust expenses	(a)	(895)	(936)	(4.4)	(3,579)	(2,692)	32.9
Non-property expenses		(8,287)	(8,475)	(2.2)	(34,117)	(32,462)	5.1
Net income before joint venture's profits		15,914	12,116	31.3	54,342	56,770	(4.3)
Share of profits of joint venture (net of tax)	(d)	24,292	4,323	>100.0	35,354	61,099	(42.1)
Net income		40,206	16,439	>100.0	89,696	117,869	(23.9)
Net change in fair value of investment properties and investment property under development	(e)	(4,370)	(4,103)	6.5	(31,806)	(21,258)	49.6
Net change in fair value of derivative financial instruments	(f)	2,880	(1,692)	>(100.0)	2,178	(3,526)	>(100.0)
Total return before income tax		38,716	10,644	>100.0	60,068	93,085	(35.5)
Income tax (expense)/credit	(g)	(4,201)	595	>(100.0)	(8,047)	(7,566)	6.4
Total return after income tax		34,515	11,239	>100.0	52,021	85,519	(39.2)
Attributable to:							
Unitholders		32,774	11,239	>100.0	47,571	85,519	(44.4)
Perpetual Securities holders	(h)	1,741	-	NM	4,450	-	NM
		34,515	11,239	>100.0	52,021	85,519	(39.2)

NM: not meaningful.

[4] This relates to the tax deferred component arising from the distributions remitted from the Group's investments in Australia.

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 4Q FY2021 and 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 4Q FY2021 was mainly due to the share of revaluation surplus of S$20.7 million (4Q FY2020: S$1.2 million) recognised arising from the compression of discount rate and terminal yield used in the valuation of the underlying property. As at 31 March 2021, the independent valuation of Optus Centre was carried out by Jones Lang LaSalle Advisory Services Pty Ltd and the property was valued at A$660 million, equivalent to approximately S$675.4 million (31 March 2020: A$584.0 million, equivalent to approximately S$509.8 million).

(e) The net change in fair value of investment properties and investment property under development for 4Q 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 revaluation loss of the Group's 27 properties of S$3.1 million. As at 31 March 2021, the independent valuations of the Trust's 26 investment properties in Singapore were carried out by Cushman & Wakefield VHS Pte Ltd or CBRE Pte. Ltd. while the valuation of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia was carried out by Jones Lang LaSalle Advisory Services Pty 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 mainly 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 4Q FY2021 was mainly due to the deferred tax expense recognised on the share of revaluation surplus on Optus Centre and fair value gain recognised for the investment property at Boardriders Asia Pacific HQ.

(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.

1(a)(ii) Distribution Statement

	Note	Group 4Q FY2021 S$'000	Group 4Q FY2020 S$'000	+/(-) %	Group FY2021 S$'000	Group FY2020 S$'000	+/(-) %
Total return before income tax		38,716	10,644	>100.0	60,068	93,085	(35.5)
Less: Amount reserved for distribution to Perpetual Securities holders		(1,741)	-	NM	(4,450)	-	NM
Net effect of tax adjustments	(a)	5,495	6,026	(8.8)	37,249	25,867	44.0
Other adjustments	(b)	(27,687)	(4,167)	>100.0	(39,322)	(56,550)	(30.5)
Release of distribution retained in previous quarters		1,378	1,016	35.6	-	-	-
Amount available for distribution from Singapore taxable income		16,161	13,519	19.5	53,545	62,402	(14.2)
Distribution from Singapore taxable income	(c)	16,161	13,519	19.5	53,545	62,402	(14.2)
Distribution from tax-exempt income	(d)	-	615	(100.0)	2,473	3,376	(26.7)
Capital distribution	(e)	4,332	-	NM	7,229	735	>100.0
Distributions to Unitholders		20,493	14,134	45.0	63,247	66,513	(4.9)

NM: not meaningful.

Notes:

(a) Net effect of tax adjustments

	Group 4Q FY2021 S$'000	Group 4Q FY2020 S$'000	+/(-) %	Group FY2021 S$'000	Group FY2020 S$'000	+/(-) %
Amortisation and write-off of borrowing transaction costs	201	210	(4.3)	871	767	13.6
Foreign exchange (gain)/loss	(28)	100	>(100.0)	(177)	226	>(100.0)
Manager's management fees in Units	-	-	-	-	2,862	(100.0)
Land rent paid/payable on investment properties	(2,165)	(2,156)	0.4	(8,669)	(8,395)	3.3
Interest expense on lease liabilities	866	812	6.7	3,535	3,161	11.8
Net change in fair value of investment properties and investment property under development	7,736	4,229	82.9	36,886	18,612	98.2
Net change in fair value of derivative financial instruments	(2,726)	1,571	>(100.0)	(2,160)	3,405	>(100.0)
Net tax adjustment on foreign sourced income	959	1,014	(5.4)	4,556	3,786	20.3
Temporary differences and other tax adjustments	652	246	>100.0	2,407	1,443	66.8
Net effect of tax adjustments	5,495	6,026	(8.8)	37,249	25,867	44.0

(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 FY2021, the Manager has resolved to distribute 100.0% 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.

1(b)(i) Statements of Financial Position as at 31 March 2021 vs. 31 March 2020

	Note	Group 31 Mar 2021 S$'000	Group 31 Mar 2020 S$'000	+/(-) %	Trust 31 Mar 2021 S$'000	Trust 31 Mar 2020 S$'000	+/(-) %
Non-current assets							
Investment properties	(a)	1,489,030	1,366,789	8.9	1,443,489	1,332,742	8.3
Subsidiaries	(b)	-	-	-	108,764	107,519	1.2
Joint venture	(c)	335,704	252,782	32.8	-	-	-
Trade and other receivables	(d)	3,041	3,424	(11.2)	3,041	3,424	(11.2)
Derivative financial instruments	(h)	1,126	-	NM	1,126	-	NM
		1,828,901	1,622,995	12.7	1,556,420	1,443,685	7.8
Current assets							
Trade and other receivables	(d)	6,521	5,488	18.8	6,255	4,928	26.9
Cash and cash equivalents	(e)	11,159	20,449	(45.4)	8,884	19,153	(53.6)
		17,680	25,937	(31.8)	15,139	24,081	(37.1)
Total assets		**1,846,581**	**1,648,932**	12.0	**1,571,559**	**1,467,766**	7.1
Non-current liabilities							
Trade and other payables	(f)	10,780	11,901	(9.4)	10,780	11,901	(9.4)
Interest-bearing borrowings	(g)	510,740	382,690	33.5	347,146	260,610	33.2
Derivative financial instruments	(h)	6,770	7,635	(11.3)	6,642	7,519	(11.7)
Deferred tax liabilities	(i)	21,419	14,116	51.7	-	-	-
Lease liabilities	(j)	89,974	84,435	6.6	89,974	84,435	6.6
		639,683	500,777	27.7	454,542	364,465	24.7
Current liabilities							
Trade and other payables	(k)	32,052	30,225	6.0	31,293	28,482	9.9
Interest-bearing borrowings	(g)	80,716	156,635	(48.5)	80,716	156,635	(48.5)
Derivative financial instruments	(h)	1,444	833	73.3	1,444	833	73.3
Lease liabilities	(j)	5,315	5,507	(3.5)	5,315	5,507	(3.5)
		119,527	193,200	(38.1)	118,768	191,457	(38.0)
Total liabilities		**759,210**	**693,977**	9.4	**573,310**	**555,922**	3.1
Net assets		**1,087,371**	**954,955**	13.9	**998,249**	**911,844**	9.5
Represented by:							
Unitholders' funds		962,758	954,955	0.8	873,636	911,844	(4.2)
Perpetual Securities holders' funds	(l)	124,613	-	NM	124,613	-	NM
		1,087,371	**954,955**	13.9	**998,249**	**911,844**	9.5

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 Pacific HQ (see note 1(b)(i)(g)). The increase was partially offset by the net revaluation loss of S$31.8 million recognised in FY2021.

(b) This relates to the Trust's interests in its wholly-owned subsidiaries, AACI REIT MTN, AIMS APAC REIT (Australia) Trust, AACI REIT Opera Pte. Ltd., AA REIT Alexandra Trust and AA REIT Alexandra 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 strengthening of the Australian dollar against the Singapore dollar which resulted in a higher translated balance by S$41.9 million, the share of revaluation surplus following the valuation of the property as at 31 March 2021 of S$21.7 million and the increase in the unitholder loan to the joint venture of A$19.7 million. 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.

The increase in current trade and other receivables as at 31 March 2021 was mainly due to the option fee and other transaction costs incurred in relation to the proposed acquisition of the property at 315 Alexandra Road, Singapore which will be reclassified to investment properties upon completion of the acquisition.

(e) The decrease in cash and cash equivalents was mainly contributed from the 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 remaining lease 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 lease tenors of less than one year.

(g) The total borrowings of the Group as at 31 March 2021 of S$591.5 million was S$52.1 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$19.7 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.

The current interest-bearing borrowings as at 31 March 2021 mainly comprised of the revolving credit facility which is due to mature in November 2021 and the S$50.0 million five-year medium term notes ("Medium Term Notes") which is due to mature in March 2022. The Trust is in advanced discussions with its lenders to refinance several tranches of its debt facilities to meet the current financial obligations as and when they fall due.

(h) The derivative financial instruments as at 31 March 2021 were in relation to interest rate swap and cross-currency interest rate swap contracts with a total notional amount of S$316.3 million. As at 31 March 2021, approximately 78.3% 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. 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 is in relation to the deferred tax liability recognised on the share of revaluation surplus on Optus Centre and the fair value gain recorded for the investment property at Boardriders Asia Pacific HQ as well as the 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 [5] and Additional Rental Relief[5] for eligible tenants under the Singapore rental relief framework and the rental deposits received from tenants for leases with remaining lease 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 March 2021 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 March 2021, the Group and the Trust had total undrawn committed facilities of S$135.2 million to fulfil their liabilities as and when they fall due. The Trust is in advanced discussions with its lenders to refinance several tranches of its debt facilities to meet the current financial obligations 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 last distribution date.

[5] 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.

1(b)(ii) Aggregate amount of borrowings

	Group 31 Mar 2021 S$'000	Group 31 Mar 2020 S$'000	Trust 31 Mar 2021 S$'000	Trust 31 Mar 2020 S$'000
Interest-bearing borrowings				
Amount repayable within one year				
Secured				
Bank borrowings	30,851	156,745	30,851	156,745
Unsecured				
Medium Term Notes	50,000	-	50,000	-
	80,851	156,745	80,851	156,745
Less: Unamortised borrowing transaction costs	(135)	(110)	(135)	(110)
	80,716	156,635	80,716	156,635
Amount repayable after one year				
Secured				
Bank borrowings	412,933	235,163	248,611	112,222
Unsecured				
Medium Term Notes	100,000	150,000	100,000	150,000
	512,933	385,163	348,611	262,222
Less: Unamortised borrowing transaction costs	(2,193)	(2,473)	(1,465)	(1,612)
	510,740	382,690	347,146	260,610
Total	591,456	539,325	427,862	417,245

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 three-year revolving credit facility of A$65.0 million maturing in June 2022;
- 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 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.

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 March 2021, 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 March 2021, AA REIT's Aggregate Leverage[6] was 33.9% (31 March 2020: 34.8%) and its ICR was 4.0 times and its adjusted ICR was 3.3 times[7].

[6] 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.

[7] Based on ICR and adjusted ICR definitions 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.

1(c) Consolidated Statement of Cash Flows

	Group		Group	
	4Q FY2021 S$'000	4Q FY2020 S$'000	FY2021 S$'000	FY2020 S$'000
Cash flows from operating activities				
Total return after income tax	34,515	11,239	52,021	85,519
Adjustments for:				
Share of profits of joint venture (net of tax)	(24,292)	(4,323)	(35,354)	(61,099)
Borrowing costs	5,244	5,576	22,127	22,084
Foreign exchange (gain)/loss	(17)	81	(296)	161
Manager's management fees in Units	-	-	-	2,862
Net change in fair value of investment properties and investment property under development	4,370	4,103	31,806	21,258
Net change in fair value of derivative financial instruments	(2,880)	1,692	(2,178)	3,526
Income tax expense/(credit)	4,201	(595)	8,047	7,566
Operating income before working capital changes	**21,141**	**17,773**	**76,173**	**81,877**
Changes in working capital				
Trade and other receivables	(919)	(1,242)	228	53
Trade and other payables	(1,973)	1,437	2,199	1,941
Cash generated from operations	18,249	17,968	78,600	83,871
Income tax paid	(166)	(359)	(744)	(1,467)
Net cash from operating activities	**18,083**	**17,609**	**77,856**	**82,404**
Cash flows from investing activities				
Capital expenditure on investment properties and investment property under development	(949)	(2,819)	(3,195)	(28,588)
Acquisition of investment properties[8]	(1,127)	(12)	(136,009)	(36,618)
Investment in a joint venture	-	-	-	(1,408)
Loan to a joint venture	(4,401)	(1,290)	(19,606)	(8,999)
Distributions from a joint venture	4,179	3,664	15,840	15,066
Net cash used in investing activities	**(2,298)**	**(457)**	**(142,970)**	**(60,547)**
Cash flows from financing activities				
Distributions to Unitholders	(14,422)	(12,980)	(57,080)	(53,206)
Distributions to Perpetual Securities holders	(3,560)	-	(3,560)	-
Proceeds from issuance of Perpetual Securities	-	-	125,000	-
Issue expenses paid in relation to Perpetual Securities	(15)	-	(1,273)	-
Proceeds from interest-bearing borrowings	4,400	1,395	183,509	209,386
Repayments of interest-bearing borrowings	-	-	(163,904)	(147,000)
Borrowing costs paid	(3,677)	(4,482)	(18,651)	(19,663)
Repayment of lease liabilities	(2,165)	(2,164)	(8,669)	(8,642)
Issue expenses paid in relation to Distribution Reinvestment Plan	-	(30)	-	(30)
Net cash (used in)/from financing activities	**(19,439)**	**(18,261)**	**55,372**	**(19,155)**
Net (decrease)/increase in cash and cash equivalents	**(3,654)**	**(1,109)**	**(9,742)**	**2,702**
Cash and cash equivalents at beginning of the period	**14,793**	**21,771**	**20,449**	**18,091**
Effect of exchange rate fluctuations on cash held	20	(213)	452	(344)
Cash and cash equivalents at end of the period	**11,159**	**20,449**	**11,159**	**20,449**

[8] This relates to the acquisition of 7 Bulim Street and proposed acquisition of 315 Alexandra Road in FY2021 as well as the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia in FY2020.

1(d)(i) Statements of Movements in Unitholders' Funds (4Q FY2021 vs. 4Q FY2020)

	Group 4Q FY2021 S$'000	Group 4Q FY2020 S$'000	Trust 4Q FY2021 S$'000	Trust 4Q FY2020 S$'000
Unitholders' Funds				
Balance at beginning of the period	944,082	964,549	875,382	909,621
Operations				
Total return after income tax, attributable to Unitholders and Perpetual Securities holders	34,515	11,239	14,481	15,164
Less: Amount reserved for distribution to Perpetual Securities holders	(1,741)	-	(1,741)	-
Net increase in net assets from operations	32,774	11,239	12,740	15,164
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	388	(7,892)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	-	96	-	96
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Distribution Reinvestment Plan	-	4,579	-	4,579
Distributions to Unitholders	(14,486)	(17,586)	(14,486)	(17,586)
Issue expenses	-	(30)	-	(30)
Change in Unitholders' funds resulting from Unitholders' transactions	(14,486)	(13,037)	(14,486)	(13,037)
Total increase/(decrease) in Unitholders' funds	18,676	(9,594)	(1,746)	2,223
Balance at end of the period	962,758	954,955	873,636	911,844
Perpetual Securities holders' funds				
Balance at beginning of the period	126,429	-	126,429	-
Issue expenses	3	-	3	-
Amount reserved for distribution to Perpetual Securities holders	1,741	-	1,741	-
Distributions to Perpetual Securities holders	(3,560)	-	(3,560)	-
Balance at end of the period	124,613	-	124,613	-
Total	1,087,371	954,955	998,249	911,844

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

	Group FY2021 S$'000	Group FY2020 S$'000	Trust FY2021 S$'000	Trust FY2020 S$'000
Unitholders' Funds				
Balance at beginning of the period	954,955	928,452	911,844	907,104
Operations				
Total return after income tax, attributable to Unitholders and Perpetual Securities holders	52,021	85,519	22,511	55,057
Less: Amount reserved for distribution to Perpetual Securities holders	(4,450)	-	(4,450)	-
Net increase in net assets from operations	47,571	85,519	18,061	55,057
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	16,501	(8,699)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	619	6	619	6
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Distribution Reinvestment Plan	-	18,224	-	18,224
- Manager's management fees	-	2,862	-	2,862
Distributions to Unitholders	(56,888)	(71,379)	(56,888)	(71,379)
Issue expenses	-	(30)	-	(30)
Change in Unitholders' funds resulting from Unitholders' transactions	(56,888)	(50,323)	(56,888)	(50,323)
Total increase/(decrease) in Unitholders' funds	7,803	26,503	(38,208)	4,740
Balance at end of the period	962,758	954,955	873,636	911,844
Perpetual Securities holders' funds				
Balance at beginning of the period	-	-	-	-
Issuance of Perpetual Securities	125,000	-	125,000	-
Issue expenses	(1,277)	-	(1,277)	-
Amount reserved for distribution to Perpetual Securities holders	4,450	-	4,450	-
Distributions to Perpetual Securities holders	(3,560)	-	(3,560)	-
Balance at end of the period	124,613	-	124,613	-
Total	1,087,371	954,955	998,249	911,844

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

	Trust 4Q FY2021 Units '000	Trust 4Q FY2020 Units '000	Trust FY2021 Units '000	Trust FY2020 Units '000
Units in issue at beginning of the period	706,663	702,078	706,663	690,913
Issue of new Units relating to:				
- Manager's management fees	-	1,358	-	2,643
- Distribution Reinvestment Plan	-	3,227	-	13,107
Total Units in issue at end of the period	706,663	706,663	706,663	706,663

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 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.

6 Earnings per Unit ("EPU") and distribution per Unit ("DPU") for the period

	Group 4Q FY2021	Group 4Q FY2020	Group FY2021	Group FY2020
Basic EPU				
Weighted average number of Units ('000)	706,663	703,425	706,663	696,791
Earnings per Unit (cents)	4.64	1.60	6.73	12.27
Diluted EPU				
Weighted average number of Units ('000)	706,663	703,425	706,663	696,791
Earnings per Unit (cents)	4.64	1.60	6.73	12.27

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 increase in the EPU in 4Q FY2021 was mainly due to higher share of revaluation surplus recognised from the valuation of the Group's 49.0% interest in Optus Centre in 4Q FY2021. The decrease in the EPU in FY2021 was mainly due to lower share of revaluation surplus recognised from the valuation of the Group's 49.0% interest in Optus Centre and higher net fair value loss on net change in fair value of investment properties and investment property under development.

The share of revaluation surplus and net change in fair value of investment properties and investment property under development are non-tax chargeable/deductible items and have 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.

	Group 4Q FY2021	Group 4Q FY2020	Group FY2021	Group FY2020
Number of Units in issue at end of period ('000)	706,663	706,663	706,663	706,663
Distribution per Unit (cents)	2.90	2.00	8.95	9.50

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

	Group 31 Mar 2021 S$	Group 31 Mar 2020 S$	Trust 31 Mar 2021 S$	Trust 31 Mar 2020 S$
Net asset value / net tangible asset per Unit[9]	1.36	1.35	1.24	1.29

[9] 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.

8 Review of the performance

	Group 4Q FY2021 S$'000	Group 4Q FY2020 S$'000	Group 3Q FY2021 S$'000	Group FY2021 S$'000	Group FY2020 S$'000
Gross revenue	32,759	28,218	32,142	122,633	118,860
Property operating expenses	(8,759)	(7,705)	(8,563)	(35,101)	(29,806)
Net property income	24,000	20,513	23,579	87,532	89,054
Net property income margin	*73.3%*	*72.7%*	*73.4%*	*71.4%*	*74.9%*
Foreign exchange gain/(loss)	17	(81)	73	296	(161)
Interest and other income	184	159	160	631	339
Borrowing costs	(5,244)	(5,576)	(5,449)	(22,127)	(22,084)
Manager's management fees	(2,148)	(1,963)	(2,166)	(8,411)	(7,686)
Other trust expenses	(895)	(936)	(1,732)	(3,579)	(2,692)
Non-property expenses	(8,287)	(8,475)	(9,347)	(34,117)	(32,462)
Net income before joint venture's profits	15,914	12,116	14,465	54,342	56,770
Share of profits of joint venture (net of tax)	24,292	4,323	3,438	35,354	61,099
Net income	40,206	16,439	17,903	89,696	117,869
Distributions to Unitholders	20,493	14,134	14,486	63,247	66,513

Review of the performance for 4Q FY2021 vs. 3Q FY2021

The gross revenue achieved for 4Q FY2021 of S$32.8 million was S$0.6 million higher than that of 3Q FY2021. This was mainly due to the revised estimated Additional Rental Relief for eligible tenants under the Singapore rental relief framework of S$1.7 million (compared to S$2.6 million estimated in 1Q FY2021), the maiden rental contribution from the new master lease for the property at 541 Yishun Industrial Park A as well as the full quarter contribution from the recently acquired property at 7 Bulim Street. The increase was partially offset by lower rental and recoveries for the property at 15 Tai Seng Drive.

Property operating expenses for 4Q FY2021 of S$8.8 million was largely in line with the property operating expenses for 3Q FY2021.

Net property income for 4Q FY2021 stood at S$24.0 million, or S$0.4 million higher compared to 3Q FY2021. The net property income margin in 4Q FY2021 of 73.3% is comparable to that of 3Q FY2021.

Borrowing costs for 4Q FY2021 of S$5.2 million was S$0.2 million lower compared to 3Q FY2021 mainly due to lower floating interest rates and lower fixed interest rates on the interest rate swaps and cross-currency interest rate swaps entered into in FY2021.

Other trust expenses for 4Q FY2021 of S$0.9 million was S$0.8 million lower compared to 3Q FY2021 mainly due to previous quarter's inclusion of 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.

The share of profits of joint venture (net of tax) for 4Q FY2021 comprised the contribution from the Group's 49.0% interest in Optus Centre. The share of profits of joint venture (net of tax) in 4Q FY2021 included the share of revaluation surplus of S$20.7 million recognised from the valuation of Optus Centre mainly attributed to the compression of discount rate and terminal yield assumption adopted by the independent valuer. The independent valuation of Optus Centre was carried out

by Jones Lang LaSalle Advisory Services Pty Ltd and the property was valued at A$660 million, equivalent to approximately S$675.4 million.

Distributions to Unitholders for 4Q FY2021 stood at S$20.5 million, what was S$6.0 million higher compared to the distributions to Unitholders for 3Q FY2021, mainly due to the distribution of income retained in the previous quarters of FY2021, the release of the balance Australian distributable income previously retained in 4Q FY2020 of S$1.1 million as well as higher net property income in 4Q FY2021.

Review of the performance for 4Q FY2021 vs. 4Q FY2020

The gross revenue achieved for 4Q FY2021 of S$32.8 million was S$4.5 million higher compared to the gross revenue of 4Q FY2020. The increase in revenue was mainly contributed by the recently acquired property at 7 Bulim Street, higher rental and recoveries for the properties at 3 Tuas Avenue 2, 20 Gul Way and 27 Penjuru Lane as well as the revised estimated Additional Rental Relief for eligible tenants under the Singapore rental relief framework of S$1.7 million (compared to S$2.6 million estimated in 1Q FY2021). The increase was partially offset by lower rental and recoveries from the properties at 15 Tai Seng Drive and 103 Defu Lane 10.

Property operating expenses for 4Q FY2021 of S$8.8 million was S$1.1 million higher than the property operating expenses for 4Q FY2020 mainly arising from higher property operating expense for the recently acquired property at 7 Bulim Street.

Net property income for 4Q FY2021 stood at S$24.0 million, or S$3.5 million higher compared to 4Q FY2020 mainly due to higher gross revenue which was partially offset by higher property operating expenses. As a result, net property income margin increased to 73.3% in 4Q FY2021 compared to 72.7% in 4Q FY2020.

Borrowing costs for 4Q FY2021 of S$5.2 million was S$0.3 million lower compared to 4Q FY2020 mainly due to lower floating interest rates and lower fixed interest rates on the interest rate swaps and cross-currency interest rate swaps entered into in FY2021.

Manager's management fees for 4Q FY2021 of S$2.1 million was S$0.2 million higher compared to 4Q FY2020 due to higher value of the Deposited Property mainly due to the acquisition of the property at 7 Bulim Street and the higher valuation of Optus Centre.

The increase in the share of profits of joint venture (net of tax) for 4Q FY2021 was mainly due to the share of revaluation surplus of S$20.7 million (4Q FY2020: S$1.2 million) recognised from the valuation of Optus Centre.

Distributions to Unitholders for 4Q FY2021 stood at S$20.5 million, which was S$6.4 million higher compared to the distributions to Unitholders for 4Q FY2020 mainly due to the current quarter's release of the balance Australian distributable income of S$1.1 million previously retained in 4Q FY2020, the distribution of income retained in previous quarters of FY2021 as well as higher net property income in 4Q FY2021, net of amount reserved for distribution to Perpetual Securities holders. In 4Q FY2020, AA REIT retained S$2.9 million of the Australian distributable income to conserve cash for the Group's working capital purposes in view of the COVID-19 situation.

Review of the performance for FY2021 vs. FY2020

The gross revenue achieved for FY2021 of S$122.6 million was S$3.8 million higher compared to the gross revenue for FY2020. This was mainly due to the full year contribution from Boardriders Asia Pacific HQ which was acquired in July 2019 and the redevelopment of the property at 3 Tuas Avenue 2 which commenced its maiden contribution from March 2020; as well as the contributions from the property at 7 Bulim Street which was acquired in October 2020. The increase was partially

offset by the estimated Additional Rental Relief for eligible tenants under the Singapore rental relief framework of S$1.7 million, lower contributions from the property at 1A International Business Park arising from the conversion of a master lease to multi-tenancy leases in November 2019 as well as the expiry of the previous master lease for the property at 541 Yishun Industrial Park A in April 2020. Rental contribution from the new master tenant secured for the property at 541 Yishun Industrial Park A commenced in January 2021.

Property operating expenses for FY2021 of S$35.1 million were S$5.3 million higher than the property expenses for FY2020 mainly due to a property tax refund of S$2.3 million for 20 Gul Way recognised in FY2020 due to the change in prior years' annual value assessed by the Inland Revenue Authority of Singapore as well as 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 property at 3 Tuas Avenue 2 and recently acquired property at 7 Bulim Street.

Net property income for FY2021 stood at S$87.5 million, or S$1.5 million lower compared to FY2020 mainly due to higher property operating expenses offset by higher gross revenue. As a result, net property income margin decreased to 71.4% in FY2021 compared to 74.9% in FY2020.

Borrowing costs for FY2021 was comparable to FY2020. The increase in borrowing costs due to the acquisition of Boardriders Asia Pacific HQ and the asset enhancement initiative at Optus Centre which were substantially debt-funded as well as the higher borrowing costs on lease liabilities incurred for FY2021 due the recognition of the ROU asset arising from the extension option for the property at 15 Tai Seng Drive was offset by lower floating interest rates as well as lower fixed interest rates on the interest rate swaps and cross-currency interest rate swaps entered into in FY2021.

Manager's management fees for FY2021 of S$8.4 million was S$0.7 million higher compared to FY2020 due to higher value of the Deposited Property mainly due to the acquisition of Boardriders Asia Pacific HQ in July 2019, the higher valuation of Optus Centre and the acquisition of the property at 7 Bulim Street in October 2020.

Other trust expenses for FY2021 of S$3.6 million was S$0.9 million higher compared to FY2020 mainly due to the current year's inclusion of 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 incurred with the administration of AA REIT's Distribution Reinvestment Plan in FY2020.

The decrease in share of profits of joint venture (net of tax) for FY2021 was mainly due to the lower share of revaluation surplus of S$21.7 million (FY2020: S$48.0 million) recognised from the valuation of Optus Centre.

Distributions to Unitholders for FY2021 stood at S$63.2 million, which was S$3.3 million lower compared to the distributions to Unitholders for FY2020 mainly due to lower net property income (net of amount reserved for distribution to Perpetual Securities holders), management fees paid fully in cash for FY2021 but partially offset by the full release of the Australian distributable income of S$2.9 million previously retained in 4Q FY2020. In 4Q FY2020, AA REIT retained S$2.9 million of the Australian distributable income to conserve cash for the Group's working capital purposes in view of the COVID-19 situation.

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

The International Monetary Fund has raised global growth projections for 2021 and 2022 to reflect additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of 2021. Global prospects, however, remain uncertain with government fiscal support and economic recovery diverging across markets and sectors. While some economies in the West expect consumer-led recoveries as their governments close in on vaccination goals, some countries in Asia are struggling to contain a resurgence of the virus, to the extent of overwhelming hospitals and more tightening measures. Any setbacks due to assessing blood clot risks as well as the spread of virus mutations are also significant threats to the expected global recovery.

Singapore

As Singapore eases COVID-19 movement restrictions in April 2021, business activity and sentiment are gradually improving. The ramp up of Singapore's mass vaccination programme is anticipated to result in the re-opening of international borders and underpin Singapore's economic growth.

Based on advance estimates for the first quarter of 2021 by the Ministry of Trade and Industry ("MTI"), the Singapore economy expanded by 0.2% year-on-year, a turnaround from the 2.4% contraction recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.0%, extending the 3.8% expansion in the preceding quarter.

This was led by the manufacturing sector, which grew by 7.5% year-on-year, supported by output expansions in the electronics, precision engineering, chemicals and biomedical manufacturing sectors, which outweighed output declines in the transport engineering and general manufacturing clusters. On a quarter-on-quarter seasonally-adjusted basis, the manufacturing sector expanded by 7.6%, a reversal from the 1.4% contraction recorded in the fourth quarter of 2020.

MTI announced that, after taking into account the developments in the global and domestic economic environment including the ongoing COVID-19 pandemic, the GDP growth forecast for the Singapore economy is maintained at "4.0% to 6.0%" in 2021. In addition, Prime Minister Lee Hsien Loong in his May Day Rally speech updated that there is a good chance for Singapore to achieve 6% or better in 2021.

Based on JTC Corporation's market report for 1Q 2021 released on 22 April 2021, the occupancy rate for the overall industrial property market rose marginally by 0.1 percentage points quarter-on-quarter to 90.0%, as delays in completion of new industrial space persist. For the rest of 2021, an estimated 2.4 million sqm of industrial space is scheduled for completion according to approved plans as at end March 2021, whereas between 2022 and 2024, an additional 2.8 million sqm of industrial space is expected to be completed. As the economy starts to recover in 2021, demand for industrial space is projected to increase, while price and rentals are likely to remain stable.

Australia

The economic recovery in Australia is well under way and is stronger than had been expected, with employment rates returning to pre-pandemic levels. It will, however, take some time to reduce the spare capacity with which the economy is operating with, and before wages can increase, in line with inflation targets.

Following the Reserve Bank of Australia's ("RBA") meeting in April 2021, the target cash rate of 10 basis points was maintained, marking this as the lowest rate set by the RBA in its history.

Outlook

Against the macroeconomic headwinds arising from the pandemic, economic recovery remains dependent on the effectiveness of the mass vaccination programmes and government fiscal support. The overall Singapore industrial outlook continues to be supported by favourable operating conditions of the biomedical manufacturing sector, improving demand in the electronics sector, and continued e-commerce purchasing activity by consumers.

AA REIT's quality portfolio operates in a broad range of industries, with a well-balanced mix of multi-tenanted and master leased properties. Amidst the evolving COVID-19 environment, the Manager will continue to proactively manage its portfolio to deliver sustainable distributions and create long-term value for Unitholders.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes	
Name of distribution:	Sixtieth distribution, for the period from 1 January 2021 to 31 March 2021	
Distribution Type[10]:	Taxable Income Capital Distribution	
Distribution Rate:	Taxable Income Capital Distribution Total	2.287 cents per Unit 0.613 cents per Unit 2.900 cents per Unit
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.

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.

[10] No tax-exempt income distribution was declared for the period from 1 January 2021 to 31 March 2021.

(b) Corresponding period of the immediate preceding year

Any distributions declared for the previous corresponding financial period:	Yes	
Name of distribution:	Fifty-sixth distribution, for the period from 1 January 2020 to 31 March 2020	
Distribution Type[11]:	Taxable Income Tax-Exempt Income	
Distribution Rate:	Taxable Income Tax-Exempt Income Total	1.913 cents per Unit 0.087 cents per Unit 2.000 cents per Unit
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.	

(c) Record date: 14 May 2021

(d) Date payable: 24 June 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.

[11] No capital distribution was declared for the period from 1 January 2020 to 31 March 2020.

14 Segment revenue and results

FY2021	Singapore	Australia	Total
	S$'000	S$'000	S$'000
Revenue and expenses			
Gross revenue	119,112	3,521	122,633
Property operating expenses	(35,060)	(41)	(35,101)
Net property income	84,052	3,480	87,532
Share of profits of joint venture (net of tax)	-	35,354[12]	35,354
Net change in fair value of investment properties	(36,886)	5,080	(31,806)
Net change in fair value of derivative financial instruments	1,360	818	2,178
			93,258
Unallocated items:			
Foreign exchange gain			296
Interest and other income			631
Borrowing costs			(22,127)
Trust expenses			(11,990)
Total return before income tax			60,068
Income tax expense			(8,047)
Total return after income tax			52,021

FY2020	Singapore	Australia	Total
	S$'000	S$'000	S$'000
Revenue and expenses			
Gross revenue	116,256	2,604	118,860
Property operating expenses	(29,529)	(277)	(29,806)
Net property income	86,727	2,327	89,054
Share of profits of joint venture (net of tax)	-	61,099[12]	61,099
Net change in fair value of investment properties and investment property under development	(18,612)	(2,646)	(21,258)
Net change in fair value of derivative financial instruments	(1,178)	(2,348)	(3,526)
			125,369
Unallocated items:			
Foreign exchange loss			(161)
Interest and other income			339
Borrowing costs			(22,084)
Trust expenses			(10,378)
Total return before income tax			93,085
Income tax expense			(7,566)
Total return after income tax			85,519

[12] Included in the share of profits of joint venture (net of tax) is the share of revaluation surplus recognised on the valuation of Optus Centre of S$21.7 million (FY2020: S$48.0 million).

No business segment information has been prepared as all its investment properties are used mainly for industrial (including warehousing and business park) purposes and they are similar in terms of purpose, economic characteristics, types of tenants and nature of services provided to tenants. As such, the Manager is of the view that AA REIT has only one reportable business segment, which is the leasing of investment properties.

15 Breakdown of sales

	Group FY2021 S$'000	Group FY2020 S$'000	+(-) %
First half of year			
Gross revenue	57,732	61,184	(5.6)
Total return after income tax attributable to Unitholders	5,915	20,271	(70.8)
Second half of year			
Gross revenue	64,901	57,676	12.5
Total return after income tax attributable to Unitholders	41,656	65,248	(36.2)

16 Breakdown of the total annual distributions

	DPU (Cents)	Group FY2021 S$'000	Group FY2020 S$'000
Distributions paid during the year			
For the period :			
01/10/2020 to 31/12/2020	2.05	14,486	-
01/07/2020 to 30/09/2020	2.00	14,134	-
01/04/2020 to 30/06/2020	2.00	14,134	-
01/01/2020 to 31/03/2020	2.00	14,134	-
01/10/2019 to 31/12/2019	2.50	-	17,586
01/07/2019 to 30/09/2019	2.50	-	17,422
01/04/2019 to 30/06/2019	2.50	-	17,371
01/01/2019 to 31/03/2019	2.75	-	19,000
		56,888	71,379

17 Confirmation by the board pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual, AIMS APAC REIT Management Limited (the "Company"), the manager of AA REIT, confirms that there is no person occupying a managerial position in the Company who is a relative of a director, chief executive officer, substantial shareholder of the Company or substantial Unitholder of AA REIT.

18 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.

19 Additional information required pursuant to Rule 706A of the Listing Manual

On 27 January 2021, the Manager announced the proposed acquisition of 315 Alexandra Road, Singapore. In connection to the proposed acquisition, the Manager announced AA REIT's incorporation of a wholly-owned subsidiary, AA REIT (Alexandra) Pte. Ltd. and the establishment of a new wholly-owned sub-trust, AA REIT Alexandra Trust as detailed below:

Name of company	AA REIT (Alexandra) Pte. Ltd.
Country of incorporation	Singapore
Share capital	S$1 comprising 1 share
Shareholder	HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of AA REIT
Principal activity	Investment holding

Name of trust	AA REIT Alexandra Trust
Country of incorporation	Singapore
Share capital	S$1,000 comprising 1,000 units
Unitholders	1. HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of AA REIT 2. AA REIT (Alexandra) Pte. Ltd.
Principal activity	Direct ownership of the proposed acquisition for the property at 315 Alexandra Road, Singapore

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
5 May 2021