宝泽 AIMS AIMS APAC REIT	**AIMS APAC REIT** **UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT** **FIRST QUARTER ENDED 30 JUNE 2020** **("1Q 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 27 industrial properties, 25 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	1Q FY2021	4Q FY2020	+/(-)	1Q FY2020	+/(-)
		S$'000	S$'000	%	S$'000	%
Gross revenue	(a)	27,240	28,218	(3.5)	30,589	(10.9)
Net property income	(a)	18,629	20,513	(9.2)	22,941	(18.8)
Share of profits of joint venture (net of tax)	(a)	3,315	4,323	(23.3)	3,374	(1.7)
Distributions to Unitholders	(b)	14,134	14,134	-	17,371	(18.6)
Distribution per Unit ("DPU") (cents)		2.00	2.00	-	2.50	(20.0)

Notes:

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

(b) The Manager resolved to distribute S$14.1 million for 1Q FY2021, comprising (i) taxable income of S$10.9 million from Singapore operations; and (ii) tax-exempt income and capital distribution of S$3.2 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 1Q FY2021, the Manager has resolved to distribute 95.5% 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.

Distribution and Record Date

Distribution	For 1 April 2020 to 30 June 2020	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[3]	
Distribution Rate	(a) Taxable Income Distribution: (b) Tax-Exempt Income Distribution: (c) Capital Distribution[3]:	1.54 cents per Unit 0.23 cents per Unit 0.23 cents per Unit 2.00 cents per Unit
Record Date	4 August 2020	
Payment Date	17 September 2020	

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

	Note	Group 1Q FY2021 S$'000	Group 1Q FY2020 S$'000	+/(-) %
Gross revenue	(a)	27,240	30,589	(10.9)
Property operating expenses	(a)	(8,611)	(7,648)	12.6
Net property income	(a)	18,629	22,941	(18.8)
Foreign exchange gain/(loss)	(b)	185	(117)	>(100.0)
Interest and other income	(c)	132	43	>100.0
Borrowing costs	(a)	(5,760)	(5,331)	8.0
Manager's management fees	(a)	(1,976)	(1,846)	7.0
Other trust expenses	(a)	(388)	(576)	(32.6)
Non-property expenses		(8,124)	(7,753)	4.8
Net income before joint venture's profits		10,822	15,114	(28.4)
Share of profits of joint venture (net of tax)	(d)	3,315	3,374	(1.7)
Net income		14,137	18,488	(23.5)
Net change in fair value of investment properties and investment property under development	(e)	(1,267)	(1,300)	(2.5)
Net change in fair value of derivative financial instruments	(f)	(883)	(1,899)	(53.5)
Total return before income tax		11,987	15,289	(21.6)
Income tax expense	(g)	(1,860)	(157)	>100.0
Total return after income tax		10,127	15,132	(33.1)

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 and the foreign exchange gain in 1Q FY2021 was contributed by the strengthening of the Australian dollar against the Singapore dollar.

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

(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.

(e) The net change in fair value of investment properties and investment property under development arose from the fair value adjustments of right-of-use ("ROU") assets included in investment properties, in accordance with FRS 116 *Leases* ("FRS 116").

(f) This relates to changes in fair value due to the revaluation of certain interest rate swap contracts in accordance with FRS 109. Please refer to note (g) of section 1(b)(i) for further details of the swap 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 deferred tax liabilities for the Trust's investments in Australia. The increase in income tax expense in 1Q FY2021 was mainly due to higher provision for deferred tax liabilities arising from the strengthening of the Australian dollar against the Singapore dollar.

1(a)(ii) Distribution Statement

	Note	Group 1Q FY2021 S$'000	Group 1Q FY2020 S$'000	+/(-) %
Total return before income tax		11,987	15,289	(21.6)
Net effect of tax adjustments	(a)	2,683	4,362	(38.5)
Other adjustments	(b)	(3,272)	(2,366)	38.3
Amount available for distribution from Singapore taxable income		11,398	17,285	(34.1)
Distribution from Singapore taxable income	(c)	10,884	16,676	(34.7)
Distribution from tax-exempt income	(d)	1,625	660	>100.0
Capital distribution	(e)	1,625	35	>100.0
Distributions to Unitholders		14,134	17,371	(18.6)

Notes:

(a) Net effect of tax adjustments

	Group 1Q FY2021 S$'000	**Group 1Q FY2020 S$'000**	**+/(-) %**
Amortisation and write-off of borrowing transaction costs	222	175	26.9
Foreign exchange (gain)/loss	(113)	83	>(100.0)
Manager's management fees in Units	-	923	(100.0)
Land rent paid/payable on investment properties	(2,168)	(2,072)	4.6
Interest expense on lease liabilities	901	795	13.3
Net change in fair value of investment properties and investment property under development	1,267	1,300	(2.5)
Net change in fair value of derivative financial instruments	827	1,899	(56.5)
Net tax adjustment on foreign sourced income	1,161	764	52.0
Temporary differences and other tax adjustments	586	495	18.4
Net effect of tax adjustments	2,683	4,362	(38.5)

(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 1Q FY2021, the Manager has resolved to distribute 95.5% 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 30 June 2020 vs. 31 March 2020

	Note	Group 30 Jun 2020 S$'000	Group 31 Mar 2020 S$'000	+/(-) %	Trust 30 Jun 2020 S$'000	Trust 31 Mar 2020 S$'000	+/(-) %
Non-current assets							
Investment properties	(a)	1,379,769	1,366,789	0.9	1,342,166	1,332,742	0.7
Subsidiaries	(b)	-	-	-	108,434	107,519	0.9
Joint venture	(c)	278,745	252,782	10.3	-	-	-
Trade and other receivables	(d)	3,254	3,424	(5.0)	3,254	3,424	(5.0)
		1,661,768	1,622,995	2.4	1,453,854	1,443,685	0.7
Current assets							
Trade and other receivables		5,415	5,488	(1.3)	4,881	4,928	(1.0)
Cash and cash equivalents		20,116	20,449	(1.6)	18,429	19,153	(3.8)
		25,531	25,937	(1.6)	23,310	24,081	(3.2)
Total assets		**1,687,299**	**1,648,932**	2.3	**1,477,164**	**1,467,766**	0.6
Non-current liabilities							
Trade and other payables	(e)	11,671	11,901	(1.9)	11,671	11,901	(1.9)
Interest-bearing borrowings	(f)	397,340	382,690	3.8	261,981	260,610	0.5
Derivative financial instruments	(g)	8,606	7,635	12.7	8,421	7,519	12.0
Deferred tax liabilities	(h)	15,587	14,116	10.4	-	-	-
Lease liabilities	(i)	94,095	84,435	11.4	94,095	84,435	11.4
		527,299	500,777	5.3	376,168	364,465	3.2
Current liabilities							
Trade and other payables	(j)	31,044	30,225	2.7	29,971	28,482	5.2
Interest-bearing borrowings	(f)	162,399	156,635	3.7	162,399	156,635	3.7
Derivative financial instruments	(g)	645	833	(22.6)	645	833	(22.6)
Lease liabilities	(i)	5,183	5,507	(5.9)	5,183	5,507	(5.9)
		199,271	193,200	3.1	198,198	191,457	3.5
Total liabilities		**726,570**	**693,977**	4.7	**574,366**	**555,922**	3.3
Net assets		**960,729**	**954,955**	0.6	**902,798**	**911,844**	(1.0)
Represented by:							
Unitholders' funds		960,729	954,955	0.6	902,798	911,844	(1.0)
		960,729	**954,955**	0.6	**902,798**	**911,844**	(1.0)

Notes:

(a) The increase in investment properties was mainly due to the recognition of ROU asset on the extension option for the property at 15 Tai Seng Drive, in accordance with FRS 116 which also resulted in a corresponding increase in lease liabilities (see note 1(b)(i)(i)). The increase in investment properties was also contributed by the strengthening of the Australian dollar against 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)(f)).

(b) This relates to the Trust's interests in its wholly-owned subsidiaries, AACI REIT MTN Pte. Ltd., 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 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 acquisition of Optus Centre (see note 1(b)(i)(f)).

(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.

(e) Non-current trade and other payables mainly comprised rental deposits received from tenants with tenors of more than one year.

(f) The total borrowings of the Group as at 30 June 2020 of S$559.7 million was S$20.4 million higher compared to balances as at 31 March 2020 mainly due to the increase in borrowings due to Australian dollar denominated borrowings used to partially fund the investments in Australia of S$19.3 million as a result of strengthening of the Australian dollar against the Singapore dollar; and drawdown of approximately A$1.0 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.

(g) The derivative financial instruments as at 30 June 2020 were in relation to interest rate swap contracts with a total notional amount of S$305.7 million. As at 30 June 2020, approximately 81.1% 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 0.80% 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. The changes in fair value were mainly due to the revaluation of the interest rate swap contracts in accordance with FRS 109.

(h) 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 provision for deferred tax liabilities arising from the strengthening of the Australian dollar against the Singapore dollar (see note 1(a)(i)(g)).

(i) 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)).

(j) The increase in current trade and other payables was mainly due to an estimated provision for waiver of rent for eligible tenants under the Singapore rental relief framework for Small and Medium Enterprises ("SMEs"). The increase was partially offset by the payments made on the development costs incurred for 3 Tuas Avenue 2. The balance as at 30 June 2020 included retention sums of S$1.2 million relating to the Trust's recent developments (31 March 2020: included retention sums of S$1.8 million relating to the Trust's recent development projects). As at 30 June 2020, the Group and the Trust had total undrawn committed facilities of S$183.8 million to fulfil their liabilities as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group 30 Jun 2020 S$'000	Group 31 Mar 2020 S$'000	Trust 30 Jun 2020 S$'000	Trust 31 Mar 2020 S$'000
Interest-bearing borrowings				
Amount repayable within one year				
Secured				
Bank borrowings	162,451	156,745	162,451	156,745
Less: Unamortised borrowing transaction costs	(52)	(110)	(52)	(110)
	162,399	156,635	162,399	156,635
Amount repayable after one year				
Secured				
Bank borrowings	249,693	235,163	113,451	112,222
Unsecured				
Medium Term Notes	150,000	150,000	150,000	150,000
	399,693	385,163	263,451	262,222
Less: Unamortised borrowing transaction costs	(2,353)	(2,473)	(1,470)	(1,612)
	397,340	382,690	261,981	260,610
Total	559,739	539,325	424,380	417,245

Details of borrowings and collateral

(a) Secured borrowings

(h) 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 term loan facility of S$100.0 million maturing in August 2020;
- a three-year term loan facility of A$65.0 million maturing in November 2020;
- a four-year revolving credit facility of S$120.0 million maturing in November 2021;
- a four-year term loan facility of S$100.0 million maturing in July 2022;
- a four-year term loan facility of S$25.0 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$50.0 million maturing in June 2022, to finance real estate development and/or acquisitions, and/or general working capital purposes. The revolving credit facility was partially utilised to fund the Group's share of the asset enhancement initiative at Optus Centre; and
- a three-year revolving credit facility of A$15.0 million maturing in June 2022, to finance real estate development and/or acquisitions, and/or general working capital purposes. The revolving credit facility was utilised to partially fund the acquisition of the Boardriders Asia Pacific HQ.

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

- first legal mortgage over 16 investment properties of the Trust (with one as mortgage-in-escrow) (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 2020, AA REIT and its indirect wholly-owned trust, AA REIT Macquarie Park Investment Trust entered into a supplemental agreement with its 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.

(ii) 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 30 June 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 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 30 June 2020, AA REIT's Aggregate Leverage[4] was 35.4% (31 March 2020: 34.8%) and its ICR was 3.8 times[5].

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[4] 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.

[5] Based on 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.

1(c) Consolidated Statement of Cash Flows

	Group	
	1Q FY2021	**1Q FY2020**
	S$'000	**S$'000**
Cash flows from operating activities		
Total return after income tax	10,127	15,132
Adjustments for:		
Share of profits of joint venture (net of tax)	(3,315)	(3,374)
Borrowing costs	5,760	5,331
Foreign exchange (gain)/loss	(185)	117
Manager's management fees in Units	-	923
Net change in fair value of investment properties and investment property under development	1,267	1,300
Net change in fair value of derivative financial instruments	883	1,899
Income tax expense	1,860	157
Operating income before working capital changes	**16,397**	**21,485**
Changes in working capital		
Trade and other receivables	123	(171)
Trade and other payables	2,498	179
Cash generated from operations	19,018	21,493
Income tax paid	(389)	(290)
Net cash from operating activities	**18,629**	**21,203**
Cash flows from investing activities		
Capital expenditure on investment properties and investment properties under development	(1,357)	(8,922)
Acquisition of investment property[6]	-	(3,970)
Investment in a joint venture	-	(1,120)
Loan to a joint venture	(940)	-
Distributions from a joint venture	3,688	3,886
Net cash from/(used in) investing activities	**1,391**	**(10,126)**
Cash flows from financing activities		
Distributions to Unitholders	(14,296)	(15,300)
Proceeds from interest-bearing borrowings	940	55,000
Repayments of interest-bearing borrowings	-	(50,000)
Borrowing costs paid	(5,064)	(4,944)
Repayment of lease liabilities	(2,168)	(2,152)
Net cash used in financing activities	**(20,588)**	**(17,396)**
Net decrease in cash and cash equivalents	**(568)**	**(6,319)**
Cash and cash equivalents at beginning of the period	**20,449**	**18,091**
Effect of exchange rate fluctuations on cash held	235	(114)
Cash and cash equivalents at end of the period	**20,116**	**11,658**

[6] This relates to the initial deposit and other transaction costs incurred in relation to the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia.

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

	Group 1Q FY2021 S$'000	Group 1Q FY2020 S$'000	Trust 1Q FY2021 S$'000	Trust 1Q FY2020 S$'000
Balance at beginning of the period	954,955	928,452	911,844	907,104
Operations				
Total return after income tax	10,127	15,132	4,974	16,598
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	9,667	(1,078)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	114	(314)	114	(314)
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Distribution Reinvestment Plan	-	3,613	-	3,613
- Manager's management fees	-	923	-	923
Distributions to Unitholders	(14,134)	(19,000)	(14,134)	(19,000)
Change in Unitholders' funds resulting from Unitholders' transactions	(14,134)	(14,464)	(14,134)	(14,464)
Total increase/(decrease) in Unitholders' funds	5,774	(724)	(9,046)	1,820
Balance at end of the period	960,729	927,728	902,798	908,924

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

	Note	Trust 1Q FY2021 Units '000	Trust 1Q FY2020 Units '000
Units in issue at beginning of the period		706,663	690,913
<u>Issue of new Units relating to:</u>			
- Distribution Reinvestment Plan		-	2,650
Units in issue at end of the period		706,663	693,563
<u>Units to be issued</u>:			
Manager's management fees		-	1,285
Total Units in issue and to be issued at end of the period		706,663	694,848

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 on the Group

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

	Group 1Q FY2021	**Group 1Q FY2020**
Basic EPU		
Weighted average number of Units ('000)	706,663	691,233
Earnings per Unit (cents)	**1.43**	**2.19**
Diluted EPU		
Weighted average number of Units ('000)	706,663	692,093
Earnings per Unit (cents)	**1.43**	**2.19**

The basic EPU is computed using total return after tax over the weighted average number of Units issued for the period. The diluted EPU is computed using total return after tax 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 1Q FY2021 was mainly due to lower net property income.

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

	Group 1Q FY2021	Group 1Q FY2020
Number of Units in issue at end of period ('000)	706,663	693,563
Number of Units to be issued before the Record Date ('000)	-	1,285
Applicable number of Units for calculation of DPU ('000)	706,663	694,848
Distribution per Unit (cents)	**2.00**	**2.50**

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

	Group 30 Jun 2020 S$	Group 31 Mar 2020 S$	Trust 30 Jun 2020 S$	Trust 31 Mar 2020 S$
Net asset value / net tangible asset per Unit[7]	1.36	1.35	1.28	1.29

8 **Review of the performance**

	Group 1Q FY2021 S$'000	Group 4Q FY2020 S$'000	Group 1Q FY2020 S$'000
Gross revenue	27,240	28,218	30,589
Property operating expenses	(8,611)	(7,705)	(7,648)
Net property income	18,629	20,513	22,941
Net property income margin	*68.4%*	*72.7%*	*75.0%*
Foreign exchange gain/(loss)	185	(81)	(117)
Interest and other income	132	159	43
Borrowing costs	(5,760)	(5,576)	(5,331)
Manager's management fees	(1,976)	(1,963)	(1,846)
Other trust expenses	(388)	(936)	(576)
Non-property expenses	(8,124)	(8,475)	(7,753)
Net income before joint venture's profits	10,822	12,116	15,114
Share of profits of joint venture (net of tax)	3,315	4,323	3,374
Net income	14,137	16,439	18,488
Distributions to Unitholders	14,134	14,134	17,371

7 Based on Units in issue and to be issued at the end of the period.

Review of the performance for 1Q FY2021 vs. 4Q FY2020

The gross revenue achieved for 1Q FY2021 of S$27.2 million was S$1.0 million lower than that of 4Q FY2020. This was mainly due to an estimated provision for waiver of rent for eligible tenants under the Singapore rental relief framework for SMEs of approximately S$2.6 million as well as the expiry of the master lease at 541 Yishun Industrial Park A on 2 April 2020. The decrease was partially offset by the full quarter rental contribution from the recently completed property at 3 Tuas Avenue 2 as well as higher rental and recoveries from the properties at 20 Gul Way, 30 Tuas West Road and 27 Penjuru Lane.

Property operating expenses for 1Q FY2021 of S$8.6 million was S$0.9 million higher than the property operating expenses for 4Q FY2020 mainly due to higher costs arising from the expiry of the second phase of the master lease at 30 Tuas West Road in February 2020 as well as the full quarter property operating expenses incurred for the recently completed property at 3 Tuas Avenue 2.

Net property income for 1Q FY2021 stood at S$18.6 million, or S$1.9 million lower compared to 4Q FY2020 mainly due to lower gross revenue and higher property operating expenses. As a result, net property income margin decreased to 68.4% in 1Q FY2021 compared to 72.7% in 4Q FY2020.

Borrowing costs for 1Q FY2021 of S$5.8 million was S$0.2 million higher than borrowings costs for 4Q FY2020 mainly due to the higher translated Australian dollar borrowing costs arising from the strengthening of Australian dollar against the Singapore dollar as well as borrowing costs incurred to fund the asset enhancement initiative at Optus Centre.

Other trust expenses for 1Q FY2021 of S$0.4 million was S$0.5 million lower compared to 4Q FY2020 mainly due to the previous quarter's other trust expenses which included due diligence and professional fees incurred in relation to a potential acquisition of S$0.3 million.

The share of profits of joint venture (net of tax) for 1Q 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 4Q FY2020 included the share of revaluation surplus of S$1.2 million recognised from the valuation of Optus Centre. The valuation of the property stood at A$584.0 million based on the independent valuation carried out by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2020.

Review of the performance for 1Q FY2021 vs. 1Q FY2020

The gross revenue achieved for 1Q FY2021 of S$27.2 million was S$3.3 million lower than that of 1Q FY2020 mainly due to an estimated provision for waiver of rent for eligible tenants under the Singapore rental relief framework for SMEs of approximately S$2.6 million, lower contributions from the properties at 1A International Business Park and 20 Gul Way arising from the conversion from master leases to multi-tenancy leases as well as the expiry of two phases of the master lease at 30 Tuas West Road and the master lease at 541 Yishun Industrial Park A. The decrease was partially offset by rental contribution from Boardriders Asia Pacific HQ which was acquired in July 2019 and full quarter rental contribution from the recently completed property at 3 Tuas Avenue 2.

Property operating expenses for 1Q FY2021 of S$8.6 million was S$1.0 million higher than the property operating expenses for 1Q FY2020 mainly due to higher costs arising from the conversion from master lease to multi-tenancy leases for the properties at 1A International Business Park and 20 Gul Way as well as the expiry of two phases of the master lease at 30 Tuas West Road. The increase in property operating expense was also contributed by the full quarter property operating expenses incurred for the recently completed property at 3 Tuas Avenue 2.

Net property income for 1Q FY2021 stood at S$18.6 million, or S$4.3 million lower compared to 1Q FY2020 mainly due to lower gross revenue and higher property operating expenses. As a result, net property income margin decreased to 68.4% in 1Q FY2021 compared to 75.0% in 1Q FY2020.

Borrowing costs for 1Q FY2021 of S$5.8 million was S$0.4 million higher than borrowings costs for 1Q FY2020 mainly due to 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.

Manager's management fees for 1Q FY2021 of S$2.0 million was S$0.1 million higher compared to 1Q FY2020 due to higher value of the Deposited Property mainly due to the acquisition of Boardriders Asia Pacific HQ as well as 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.

Other trust expenses for 1Q FY2021 of S$0.4 million was S$0.2 million lower compared to 1Q FY2020 mainly due to costs associated with the administration of AA REIT Distribution Reinvestment Plan in 1Q FY2020.

Distributions to Unitholders for 1Q FY2021 stood at S$14.1 million, which was S$3.2 million lower compared to the distributions to Unitholders for 1Q FY2020 mainly due to lower net property income as well as management fees paid fully in cash for 1Q FY2021. The decrease is partially offset by the distribution of Australian distributable income previously retained in 4Q FY2020.

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

The ongoing COVID-19 outbreak has caused a severe disruption to the global economy, affecting different sectors of the economy to varying degrees. While many countries have successfully contained the spread of COVID-19 and gradually eased lockdown restrictions, there remains a significant degree of uncertainty of a second wave of infection as the situation is fluid and subject to change on an ongoing basis. In Singapore, community infection rates have remained generally stable and the country moved into Phase Two of re-opening on 19 June 2020, permitting the resumption of most activities. In Australia, the National Cabinet finalised a three-step plan to gradually ease restrictions towards the re-opening of the economy. Following the gradual re-opening of the Australian economy, there has been a significant increase in community transmission of COVID-19, mainly limited to the metropolitan Melbourne which has announced a new six-week lockdown.

The Ministry of Trade and Industry, taking into account the significant deterioration in the economic environment as well as the expected economic impact of the Circuit Breaker measures, has downgraded Singapore's gross domestic product ("GDP") growth forecast for 2020 to between -7.0% to -4.0%, from -4.0% to -1.0%.

Based on JTC Corporation's market report for 1Q 2020 released earlier on 23 April 2020, the occupancy rate of Singapore's overall industrial property market was unchanged at 89.2% compared to the previous quarter. For the next three quarters of 2020, around 2.1 million sqm of industrial space originally estimated to be completed, would likely be delayed due to the disruption in construction activities caused by the ongoing COVID-19 situation.

According to the Reserve Bank of Australia ("RBA"), the necessary social distancing restrictions and other containment measures that have been in place to control the COVID-19 pandemic have resulted in significant contraction in economic activity. As a result, the Australian economy is expected to record a contraction in GDP of approximately 10% over the first half of 2020. With the objective of keeping funding costs low and supporting the supply of credit to households and businesses, the RBA reduced its official cash rate to 0.25% in March 2020. Going forward, the RBA will maintain the current policy settings until progress is being made towards full employment and it is confident that inflation will be sustainably within the 2% to 3% target band.

COVID-19 Update

AA REIT's portfolio is backed by a diversified tenant base, with 193 tenants across 27 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 REIT's portfolio has displayed resilience amid the COVID-19 outbreak and as Singapore transitioned to Phase Two of re-opening, its tenants are allowed to recommence business operations.

AA REIT has passed on the property tax rebate announced in the Singapore Government's Resilience Budget, to prescribed lessees or licensees within the prescribed timeframe[8]. From end-July 2020, the Inland Revenue Authority of Singapore will issue notices of cash grants and disburse the Government cash grant, as part of the Fortitude Budget, to qualifying property owners and AA REIT will provide rental waivers to its eligible tenants within the prescribed timeframe. In addition, AA REIT was also obligated to grant one month's waiver of rent[9] ("Landlord's Rent Waiver"), to be applied for the month of May 2020, to eligible SME tenants. In view of this requirement, a provision for Landlord's Rent Waiver of approximately S$2.6 million was included for AA REIT's portfolio in its first quarter results ended 30 June 2020.

In addition, the Manager continues to engage its tenants in Singapore and Australia, who have been affected by the COVID-19 situation and will provide assistance on a case-by-case basis.

The Manager continues to adopt a prudent and disciplined approach to capital management. As at 30 June 2020, AA REIT's aggregate leverage was 35.4%, which is well within the aggregate leverage limit of 50% and providing the REIT with more than adequate debt headroom to manage its capital structure. AA REIT's interest coverage ratio of approximately 3.8 times is also well within the requirement of a minimum of 2.5 times[10]. The Manager is closely monitoring AA REIT's cash flows and has taken various steps to conserve cash including prioritising critical asset enhancement, deferring uncommitted capital expenditure and implementing cost savings, where possible. As at 30 June 2020, AA REIT had cash balances of approximately S$20.1 million and undrawn committed facilities of S$183.8 million. The Manager remains focused on maintaining adequate cash reserves to effectively manage AA REIT's operations through the COVID-19 crisis.

The Manager remains vigilant and will continue to proactively manage the portfolio to protect its long-term value for Unitholders.

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[8] Property tax rebate has been passed on to prescribed lessees or licensees in accordance to Part 6 of the COVID-19 (Temporary Measures) Act 2020 (No. 14 of 2020) and the related subsidiary legislation, COVID-19 (Temporary Measures) (Transfer of Benefit of Property Tax Remission) Regulations 2020.

[9] The value of rent to be waived is based on the contractual rent of the tenant, excluding any maintenance fees and charges for the provision of services such as cleaning and security.

[10] MAS has deferred the new 2.5 times ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes	
Name of distribution:	Fifty-seventh distribution, for the period from 1 April 2020 to 30 June 2020	
Distribution Type:	Taxable Income Tax-Exempt Income	
Distribution Rate:	Taxable Income	1.54 cents per Unit
	Tax-Exempt Income	0.23 cents per Unit
	Capital Distribution	0.23 cents per Unit
	Total	2.00 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.

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 to 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-third distribution, for the period from 1 April 2019 to 30 June 2019	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.400 cents per Unit
	Tax-Exempt Income	0.095 cents per Unit
	Capital Distribution	0.005 cents per Unit
	Total	2.500 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.

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 to 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.

(c) Record date: 4 August 2020

(d) Date payable: 17 September 2020

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.

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
23 July 2020