AIMS
AA REIT

CAPTURING OPPORTUNITIES
STRENGTHENING RESILIENCE

ANNUAL REPORT 2024

About
AIMS APAC REIT

AIMS APAC REIT ("AA REIT") is a real estate investment trust listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 2007. The principal investment objective of AA REIT is to invest in a diversified portfolio of high quality income-producing industrial, logistics and business park real estate across Asia Pacific. As at 31 March 2024, AA REIT's portfolio comprises 28 properties, of which 25 properties are located across Singapore and 3 properties located in Australia, with a total portfolio value of S$2.16 billion.

AA REIT is managed by AIMS APAC REIT Management Limited (the "Manager"), which is wholly-owned by AIMS Financial Group ("AIMS"). Established in 1991, AIMS is a diversified financial services and investment group, active in the areas of funds management, mortgage lending, investment banking and property investment. AIMS is also the owner of the Sydney Stock Exchange.

AIMS' head office is in Sydney and it has businesses across Australia, mainland China, Hong Kong and Singapore. Its highly qualified, professional and experienced cross-cultural teams enable AIMS to bridge the gap between Australia and Asia across various sectors.

Mission

To be the preferred Asia Pacific industrial, logistics and business park real estate solutions provider to our tenants and partners.

Vision

To provide investors with sustainable long-term returns through strategic acquisitions and partnerships, prudent capital management and proactive asset management of a high quality industrial, logistics and business park real estate portfolio across Asia Pacific.

Capturing Opportunities, Strengthening Resilience

Just as net fishing covers a broad area to catch fish, this symbolises how AA REIT casts a wide net to capture diverse market opportunities and build a more resilient portfolio. The art of fishing showcases a fisherman's strategic planning and execution. It requires knowledge of the sea and understanding fish behaviour to yield a large catch. This is akin to AA REIT's ability to tap into its proven experience and expertise to net long-term sustainable returns for its Unitholders.

Each fishing net is made up of strong mesh to secure every catch. It is also a social activity that fisherman can enjoy in groups. These elements symbolise the strong partnership AA REIT cultivates with internal and external stakeholders, its alignment of shared goals for sustainable outcomes, and working together to drive business growth over the long term.

CONTENTS

OUR PORTFOLIO

Diversified Portfolio of High Quality Industrial Assets

AA REIT owns a diversified portfolio of modern and high quality industrial, logistics and business park properties valued at S$2.16 billion[1] and with a total net lettable area of 777,881 sqm across Singapore and Australia. Our properties are leased to over 190 global, regional and leading national customers across a range of industries.

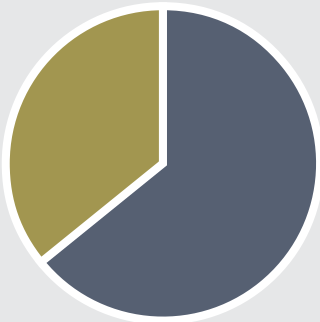
AUSTRALIA

Properties

3[2]

Portfolio Value

32%



SINGAPORE

Properties

25

Portfolio Value

68%

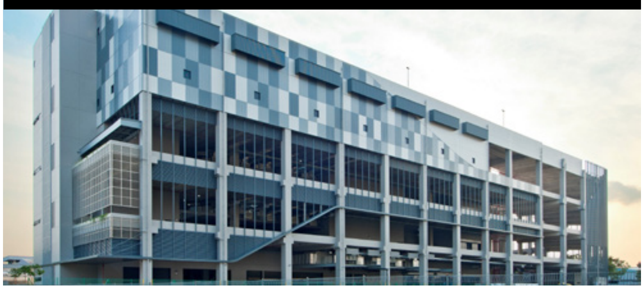
LOGISTICS AND WAREHOUSE

Logistics and warehouse properties are typically used for storage and distribution by national, regional and international companies. In Singapore, these properties are usually multi-storey with vehicular ramp access or heavy duty cargo lift access.

BUSINESS PARK

Business Parks cater to companies engaged in high-technology, research and development, high value-added and knowledge intensive activities. These properties comprise modern decentralised office buildings situated within a business park zone.

INDUSTRIAL



Industrial properties are dedicated to manufacturing and, production activities with ancillary storage. Tenants range from local distributors, food manufacturers and precision engineering companies.

HI-TECH

Hi-Tech properties are high specifications mixed-used industrial buildings with a higher proportion of office space in conjunction with production and warehousing space. These buildings appeal to large multinational companies wanting to house both their headquarters and operations together.

[1] Portfolio valuation as at 31 March 2024, including the 49.0% interest in Optus Centre located in Macquarie Park, NSW, Australia.
[2] Includes a 49.0% interest in Optus Centre located in Macquarie Park, NSW, Australia.

FY2024 KEY HIGHLIGHTS

STRONG FINANCIAL PERFORMANCE

Gross Revenue
+ 5.9%
YoY
S$177.3 million

Net Property Income
+ 6.9%
YoY
S$131.0 million

Distributions to Unitholders
+ 3.8%
YoY
S$74.3 million

ROBUST BALANCE SHEET

Gearing
32.6%

Debt on Fixed Rates
75.0%[1]

Interest Cover Ratio
4.1 Times

PROACTIVE ASSET MANAGEMENT

Occupancy
97.8%

Rental Reversion
+24.3%[2]

Weighted Average Lease Expiry
5.1 Years

SUSTAINABILITY HIGHLIGHTS

Achieved
17% Carbon Reduction
From FY2020 baseline; on track to meet SBTi goal of 42% reduction by FY2030

Completed Installation
Phase 1 Rooftop Solar Panels (10.8 MWp)
at 6 properties;
Phase 2 underway

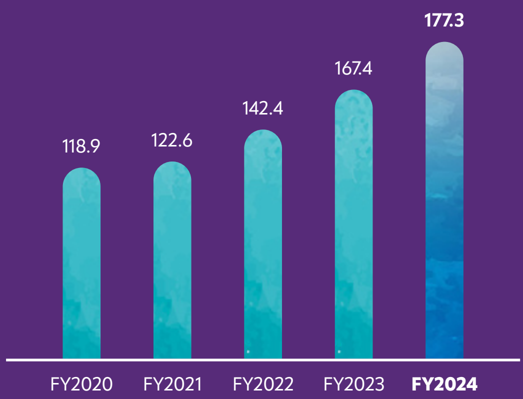
Executed agreement to install
EV Fast Charging Station
at 4 of our properties in Singapore

1 Includes forward interest rate swaps.
2 Full year average rental reversion.

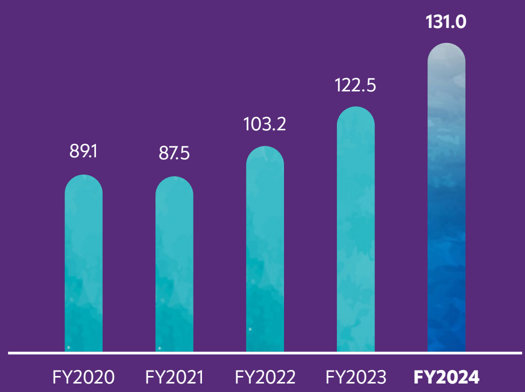
FINANCIAL HIGHLIGHTS

For the Financial Year ended 31 March

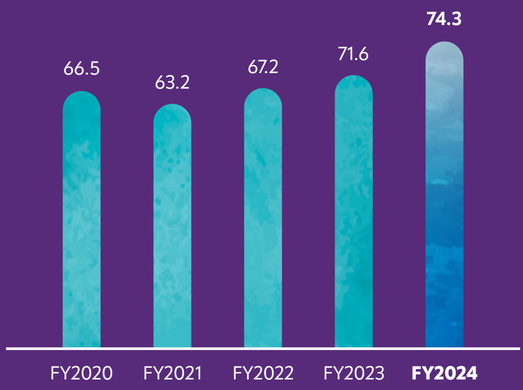
Gross Revenue *(S$'million)*



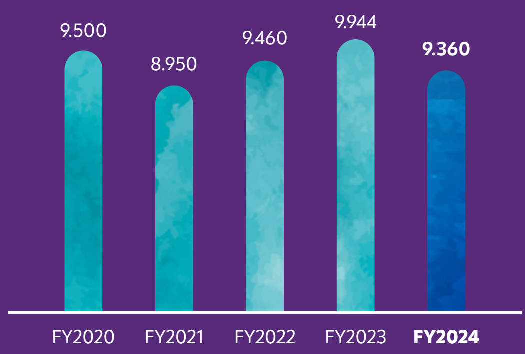
Net Property Income *(S$'million)*



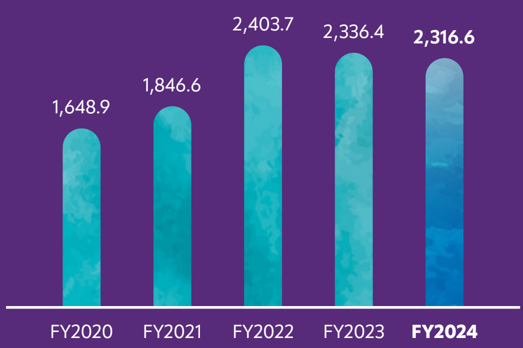
Distributions to Unitholders *(S$'million)*



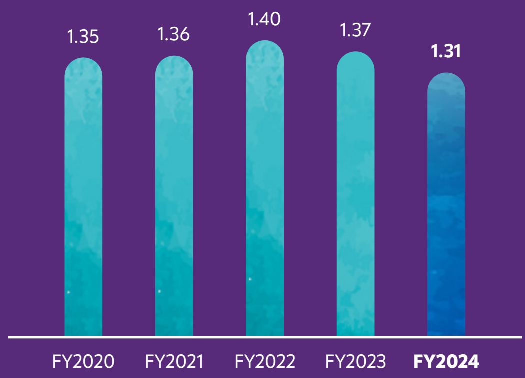
Distribution per Unit *(Singapore cents)*



Total Assets *(S$'million)*



Net Asset Value per Unit *(S$)*



For the Financial Year ended 31 March *(S$'million unless otherwise stated)*	FY2020	FY2021	FY2022	FY2023	**FY2024**
Gross Revenue	118.9	122.6	142.4	167.4	**177.3**
Net Property Income[1]	89.1	87.5	103.2	122.5	**131.0**
Distributions to Unitholders	66.5	63.2	67.2	71.6	**74.3**
Distribution per Unit (Singapore cents)	9.500	8.950	9.460	9.944	**9.360**

Balance Sheet as at 31 March *(S$'million unless otherwise stated)*	FY2020	FY2021	FY2022	FY2023	**FY2024**
Total assets	1,648.9	1,846.6	2,403.7	2,336.4	**2,316.6**
Total liabilities	693.9	759.2	1,029.9	969.0	**882.3**
Total borrowings[2]	541.9	593.8	858.9	796.0	**690.6**
Unitholders' funds	955.0	962.8	1,000.2	993.8	**1,060.7**
Perpetual Securities holders' funds	–	124.6	373.6	373.6	**373.6**

Key Financial Ratios as at 31 March	FY2020	FY2021	FY2022	FY2023	**FY2024**
Net asset value per Unit (S$)	1.35	1.36	1.40	1.37	**1.31**
Aggregate leverage ratio[3] (%)	34.8	33.9	37.5	36.1	**32.6**
Interest coverage ratio[4] (times)	4.0	4.0	5.1	3.8	**4.1**
All-in-cost of debt (%)	3.5	3.0	2.7	3.4	**4.1**

1 Pursuant to the adoption of FRS 116 *Leases* on 1 April 2019, land rent payments for certain properties in AA REIT's portfolio were excluded from property operating expenses and net property income from 1 April 2019.
2 Excluding unamortised loan transaction costs.
3 Aggregate leverage ratio is computed as total borrowings as a percentage of total assets and includes lease liabilities that are entered into in the ordinary course of AA REIT's business on or after 1 April 2019 in accordance with MAS guidelines. The total borrowings excluded Perpetual Securities holders' funds.
4 Based on the interest coverage ratio ("ICR") definition in the Code on Collective Investment Schemes. The ICR excluded the unwinding of the discounting effect on the present value of lease liabilities and the deferred consideration.

EXTENDING OUR REACH

BUILDING A DIVERSE PORTFOLIO

Through continuous enhancements and re-development of our assets over the years, we have built a solid foundation that has enabled AA REIT to deliver another year of resilient performance. We achieved healthy financial growth, robust operational metrics and enhanced returns for Unitholders despite the uncertain market conditions. Our commitment to rejuvenating our portfolio and revitalising our assets has fostered long-term resilience and value for our stakeholders.

CHAIRMAN'S MESSAGE

DEAR UNITHOLDERS,

In another year marked by elevated inflation, higher interest rates, and geopolitical risks that have affected global supply chains, AA REIT has continued to build on its foundation in its core markets of Singapore and Australia.

We are pleased to report another year of resilient financial results, healthy portfolio metrics and strong balance sheet for the financial year ended 31 March 2024 ("FY2024"):

- Increased Distributions to Unitholders for FY2024 by 3.8%;
- Increased Gross Revenue and Net Property Income ("NPI") for FY2024 by 5.9% and 6.9% respectively;
- Delivered strong rental reversions of 24.3% (FY2023: 18.5%);
- Sustained strong occupancy of 97.8% (FY2023: 98.0%);
- Extended portfolio Weighted Average Lease Expiry ("WALE") to 5.1 years (FY2023: 4.4 years);
- Reduced gearing ratio to 32.6%, which is well below the Monetary Authority of Singapore's maximum gearing level; and
- Healthy interest cover ratio of 4.1 times, with 75.0% (or 72.9% excluding forward starting interest rate swaps) of our borrowings hedged.

Our focus on selective investments and developments, active asset management and strategic partnerships, supported by prudent capital and risk management, form the pillars of our successful track record. Our high-quality portfolio curated over the years through strategic acquisitions and divestments, re-developments and enhancements, provides AA REIT with a strong foundation that has demonstrated its resilience, despite the volatile and uncertain market environment.

Between FY2022 to FY2024, our revenue and NPI achieved a compounded annual growth rate ("CAGR") of 7.6% and 8.3% respectively. The strong financial performance was supported by the record rental reversion of 24.3% achieved over FY2024, which surpassed the previous years of 18.5% in FY2023 and 7.4% in FY2022.

Notwithstanding the increase in Distributions to Unitholder by 3.8% for FY2024, Distribution per Unit ("DPU") fell by 5.9% year-on-year, due to a larger unitholder base following the S$100 million equity fund raising ("EFR"). We believe this initiative provides AA REIT with the right foundation to continue to deliver sustainable income and long-term value.

BOLSTERING BALANCE SHEET

In light of the rising interest rate environment and heighten risks in global capital markets following the collapse of Silicon Valley Bank & Signature Bank, and the UBS emergency takeover of Credit Suisse in early 2023, AA REIT launched a S$100 million EFR on 31 May 2023 and successfully completed the raise in July 2023.

Against the uncertain market backdrop, we proceeded with the EFR for the following reasons:

i. To provide AA REIT with growth capital for deployment into organic growth opportunities via planned asset enhancement initiatives ("AEIs") and re-development, which is in line with the Manager's portfolio rejuvenation and "future proofing" strategy. The completed projects will generate higher income returns and capital growth over the long term;
ii. To position AA REIT to capitalise on acquisition opportunities in Singapore and Australia at potentially favourable valuations in the current tight credit environment; and
iii. To strengthen AA REIT's balance sheet though the reduction of gearing, which provides AA REIT with ample headroom, as well as improve AA REIT's financial and credit metrics given the prevailing credit and market uncertainty.

CHAIRMAN'S MESSAGE

With the completion of the EFR, AA REIT's gearing currently sits at 32.6% and is well positioned to capture future growth opportunities to enhance long-term unitholder returns.

STRENGTHENING PORTFOLIO RESILIENCE

For a structure to grow, its foundation must be strong and sturdy. It is only through the ongoing enhancement and selection of strong foundational assets, coupled with a prudent and experienced management team, that we can drive financial performance and growth that can be sustained over the long term.

To date, we have completed six developments, five major asset enhancement projects and made several recent strategic acquisitions that have enhanced the overall portfolio quality. As a result, we have been able to consistently, secure and renew major global and national corporate occupiers on long term leases.

Furthermore, we are making good progress of our two identified AEIs highlighted under the EFR. The upgrade and modernisation strategy of our warehouse, and industrial buildings will not only improve the building specifications and services but will result in higher contracted rents on long lease terms which will lift earnings and valuations upon completion.

Our portfolio's geographic diversity and high quality tenant base has enabled us to maintain our resilient performance. Singapore's industrial market continues to be healthy with manufacturing sentiment improving and a tightening of supply that is fuelling a 'flight to quality'. With our portfolio undergoing constant rejuvenation and disciplined capital recycling strategy to divest non-core assets such as 541 Yishun Industrial Park A, AA REIT will continue to benefit from sustained demand of our premium assets.

In Australia, our three properties are located in key hubs of innovation and economic activity with substantial infrastructure investments, such as the Macquarie Park Innovation District, which contributed approximately A$13.6 billion to the economy, expansion of the Sydney Metro Train network which benefits our Woolworths HQ asset in Bella Vista, and infrastructure development within the Gold Coast region being a great benefit to our Boardriders HQ asset in Burleigh Heads, Gold Coast. Given the substantial land parcel of these three properties, we are confident in the long-term value creation opportunities through future enhancement or re-development of these sites.

Looking ahead, our strategic positioning across Singapore and Australia, supported by our high quality portfolio, strong tenant base and favourable market developments will continue to provide unitholders with sustainable long-term returns.

CAPTURING FUTURE GROWTH

With the elevated interest rate environment, we have maintained our focus on organic growth initiatives including executing on the two AEIs as well as evaluating other enhancement and re-development opportunities within the portfolio.

In addition, we continue to assess new acquisition opportunities of quality logistics, industrial and business park assets in Singapore and Australia. We have adopted a prudent and disciplined approach and will only proceed with acquisitions if they are able to generate favourable risk-adjusted returns and sustainable long-term income.

PROGRESSING ON OUR SUSTAINABILITY GOALS

Environmental, Social, and Governance ("ESG") remain integral to our operations. In a world where ESG metrics are central to overall business performance, particularly for those in the investment community, it is also an important way of creating long term value for AA REIT and its stakeholders.

We are committed to reducing our carbon footprint and have made significant progress in FY2024, including expanding our rooftop solar panel installation project to additional properties and commencing several new sustainability projects that will reduce our energy consumption and carbon emissions within the portfolio. We have also commenced our assessment of climate and environmental risks and will continue to evaluate new initiatives to "future proof" our portfolio and mitigate the impact of climate and environmental risks over the long term.

On the social front, we are accelerating our engagement with local communities, which includes partnership with Club Rainbow, as well as enhancing our engagement with tenants and employees alike, whether through tenant satisfaction surveys or increased training hours per employee.

We are also proud to see AA REIT ranked 13th out of 43 REITs and Business Trust under the Singapore Governance and Transparency Index 2023. Backed by our ESG framework, we remain focused on progressing on our ESG roadmap. To read more on our ESG progress, please refer to our Sustainability Report on page 86.

CHAIRMAN'S MESSAGE

LOOKING AHEAD

As we look to the future, will continue to build a high quality portfolio that is able to attract and retain world class tenants, and will be guided by our four strategic pillars to deliver on this commitment:

1) **Selective Investments to Generate Attractive Long-Term Total Returns**
   - Focus on growing stable and sustainable DPU.
   - Disciplined investment approach, continuing our track record in acquiring quality assets in Singapore and Australia that offer long-term sustainable income and capital growth for our Unitholders.
   - Continuous portfolio rejuvenation through targeted redevelopment projects in Singapore and Australia to enhance long term value and returns.

2) **Active Asset Management**
   - Continue to push for value-add opportunities and rejuvenate the portfolio.
   - Proactive lease management to maintain high occupancy and drive positive rental reversion.
   - Secure long lease terms and renewals with built-in rental escalations.

3) **Prudent Capital & Risk Management**
   - Maintain robust balance sheet by implementing proactive measures to mitigate interest rate fluctuations and disciplined hedging policy to reduce forex risks.
   - Focused capital recycling strategy; divestment of non-core assets and reinvestment of proceeds to AEIs, redevelopment and quality assets.

4) **Business Operation and Capital Partnership Strategy**
   - Business Operation Partnership Strategy: The benefit of introducing a business operation partner to a potential development can add value for both parties. For example, a logistics tenant, seeking a dedicated facility, could work closely with AA REIT and take up a long-term lease of a new build to suit development.
   - Capital Partnership Strategy: The benefit of introducing a capital partner is to diversify AA REIT's risk by broadening its investment holdings through investment with joint venture partners in select assets and developments. This will allow AA REIT to diversify its capital and be invested in more assets, which will reduce exposure risk, while providing access to the income and capital growth of those assets.

ACKNOWLEDGEMENT

I would like to extend my deepest appreciation to our Unitholders, tenants, partners, financiers, board members and my fellow colleagues in the management team for their hard work in creating another year of progress. We will continue to execute our strategy, strengthen our portfolio and capitalise on opportunities to continue creating long-term value for our Unitholders.

Yours faithfully,

George Wang
Chairman

CEO INTERVIEW

"FY2024 was another year of resilient results and steady progress, underpinned by our asset and lease management capabilities. We completed numerous lease renewals to industry leading companies and achieved a record 24.3% rental reversion for the year, while maintaining high portfolio occupancy at 97.8%. With a strengthened balance sheet following our S$100 million Equity Fund Raising during the year, we continue to progress on our two asset enhancement initiatives and prepare for further organic growth and potential acquisitions."

Russell Ng
Chief Executive Officer

Q WHAT ACHIEVEMENTS HAS AA REIT ACCOMPLISHED OVER THE PAST YEAR?

A We are pleased to report another year of resilient financial results and portfolio metrics despite a period of elevated inflation and higher interest rates. Revenue and net property income grew by 5.9% and 6.9% respectively, mainly due to the growth in rents from our prime logistics and industrial properties including 20 Gul Way, 8 & 10 Pandan Crescent, 30 Tuas West Road and 27 Penjuru Lane.

Through our active asset and lease management capability, we were able to maintain our strong operating performance for FY2024, achieving record double-digit rental reversions of 24.3% and significantly outperforming the peer average of 8.7% - all the while maintaining our portfolio occupancy at 97.8%, which also outperformed the peer average of 93.8%. With the signing of a few strategic master lease deals, we were also able to extend our portfolio WALE from 4.4 years to 5.1 years, compared with our peer average of 4.0 years.

FY2024 was also a year of progress. We undertook a S$100 million equity fund raise ("EFR") in July 2023 to strengthen AA REIT's balance sheet and to lay the groundwork for future growth. As a result of the enlarged unitholder base after the EFR, AA REIT reported a fall in full year DPU by 5.9% despite Distributions to Unitholders growing by 3.8%. As a result of the EFR however, AA REIT's gearing fell year-on-year from 36.1% to 32.6%, providing it with the necessary headroom to fund the two planned asset enhancement initiatives ("AEIs") as well pursue new acquisition opportunities in Singapore and Australia that can offer stable and growing cashflow and deliver attractive long term total returns in the current macroeconomic and uncertain interest rate environment.

CEO INTERVIEW

As we ended the financial year, we announced the signing of a global storage and information management company on a new 15 year master lease for our first AEI project, which will commence in 1Q FY2026 after the building upgrade works to a GreenMark Gold Plus certification are completed. We also announced that we are in advanced lease negotiations with a global precision engineering and technology group to anchor one-third of the building on a long term lease for our second AEI project. This project comprises the repositioning of an older industrial property via targeted building upgrades to attract hi-tech and higher value tenants. The combined AEI costs of the two projects are budgeted up to S$32 million and will deliver incremental rental income with annual escalations over the long term, as well as generate higher post-AEI NPI yields of over 7.0% upon completion. The revitalisation of our older properties to new modern logistics and industrial properties will not only provide sustainable long term income for AA REIT but will also improve the asset specifications, property valuation and earnings quality through the securing of high calibre tenants.

Q

WHAT WERE THE CORE DRIVERS BEHIND AA REIT'S PERFORMANCE FOR THE YEAR?

A

In a year of higher interest rates and market uncertainty we remained focused on driving organic growth through active leasing and asset enhancements. We were able to build on our strong leasing momentum over the year and signed 65 leases totaling 231,837 sqm which covered around 30% of our total leasable area. With over 70% of our FY2024 expired leases coming from our logistics and warehouse segments and approximately 48% of our portfolio comprising of ramp-up facilities, we were able to capitalise on the tight market supply and sustained demand for prime logistics space and achieved an average full year rental reversion of 26.5% for this segment. Similarly, our industrial segment was resilient and recorded an average full year rental reversion of 7.2%.

The strong rental reversions achieved across our portfolio were due in part to the successful master lease renewal with KWE-Kintetsu World Express, a major Japanese freight forwarding and logistics company at 7 Bulim Street for a new 5 year term and extended master lease term with Aalst Chocolate, a wholly owned subsidiary of Cargill, at 26 Tuas Avenue 7 for a further 10 years. The signing of the new 15 year master lease with the global storage and information management company for our first AEI project also contributed to the overall extension of our portfolio WALE to over 5.1 years.

The resilient portfolio performance was also supported by the long term revenue contribution of Woolworths, Optus and Illumina, who are national and global leaders in their respective industries. These three world class companies solely occupy our two business parks in Australia and one hi-tech property in Singapore on long-term leases ranging from over 7.3 to 9.3 years and subject to annual rental escalations of around 2.5% to 3.0%. Collectively, they contribute to around a third of AA REIT's portfolio income.

By having a well diversified portfolio of over 190 tenants across resilient and defensive industries such as food and consumer staples, telecommunication, life science, logistics, healthcare and data centres, as well as having a balanced portfolio of multi-tenanted and master leased properties, AA REIT has been able to capture strong rental reversions from the logistics & warehouse and industrial segment across a range of industries, whilst having the benefit of having long term stable and growing income from our business park and hi-tech properties.

Q

AMIDST THE HIGH INTEREST RATE ENVIRONMENT, WHAT STEPS HAVE YOU TAKEN TO STRENGTHEN AA REIT'S BALANCE SHEET? WHAT SUPPORT DOES YOUR CURRENT CAPITAL MANAGEMENT STRATEGY PROVIDE?

A

The adoption of a prudent capital and risk management strategy forms another core strategic pillar of AA REIT's objective to deliver long term sustainable returns for unitholders. In a year where interest rates remained elevated and credit markets were uncertain in the wake of the US and Swiss banking crisis, we took the necessary step to strengthen our balance sheet via the EFR and reduced our gearing to 32.6%. At this level, we are well positioned to pursue our organic growth strategy as well as new growth opportunities.

We also have no debt refinancing requirements until 3Q FY2025 while our undrawn committed facilities, and cash and bank balances, totalled S$153.5 million as at 31 March 2024.

At 75.0% fixed rate borrowings (or 72.9% excluding forward starting interest rate swaps), our prudent capital management approach offers downside protection in the current environment and is well balanced so that we can realise the upside of lower cost of capital once macro conditions improve and in the event interest rates are cut.

Practicing strategic capital recycling of non-core assets that have matured and offer less growth prospects also helps us realise value and fund our growth initiative, and capital expenditure. Over the past year, we took the decision to divest 541 Yishun Industrial Park A at an 8.2% premium to book valuation, generating proceeds of S$12.9 million

CEO INTERVIEW

and allowing us to redeploy capital in support of our growth strategy.

Q CAN YOU TELL US ABOUT YOUR ESG STRATEGY? WHAT ARE SOME OF YOUR ACHIEVEMENTS FROM THE PAST YEAR AND HOW DOES IT BENEFIT UNITHOLDERS?

A Our overarching goal is to reduce 42% of our Scope 2 greenhouse gas emissions by FY2030 and we are happy with the progress we have made over the year. On the environmental side, we have completed Phase 1 of our rooftop solar panel installation across 6 properties with a total solar generation capacity of 10.8 MWp and have commenced with Phase 2 for a further 6 properties. We have also commenced several major sustainability projects this year including the installation of an energy saving plant and equipment at 135 Joo Seng, new smart lighting system at 20 Gul Way, new electric vehicle fast charging stations at 4 properties in Singapore and smart metering system to track our energy and water consumption.

Purposeful ESG enhances our ability to deliver value to Unitholders and our attractiveness to tenants who have ESG demands of their own. This is an ongoing journey, and we firmly believe it is not only good for communities but good for business. It is also an example of how we work to revitalise our portfolio and sow the seeds to capture new opportunities in the future.

We remain committed to engaging with our stakeholders, comprising our tenants, employees and community to ensure that we are able to meet our environmental targets and uplift and support our stakeholders. More details on AA REIT's sustainability targets and progress for FY2024 can be found in our Sustainability Report on page 86.

Q WHAT ARE THE KEY RISKS YOU SEE COMING IN THE NEW YEAR AND WHAT ARE YOUR PRIORITIES?

A As we look ahead into the next year, the external environment is expected to be uncertain with elevated inflation, higher for longer interest rates, ongoing geopolitical risks as well as higher expected supply of logistics, warehouse and industrial space.

With the external market risks in mind, we will continue to execute on our four strategic pillars

CEO INTERVIEW

comprising disciplined investment and development, active asset management, prudent capital and risk management and strategic partnerships.

As part of our revitalisation strategy, we will continue to drive organic growth through active leasing and progressing on our two AEI projects. This ensures we maximise the value of our assets to deliver long term sustainable income and capital growth for our Unitholders.

We are also working closely with a panel of lending banks to refinance our debt at competitive margins so that AA REIT has sufficient headroom for "higher-for-longer" interest rates in the near term, while also being well-positioned to benefit from potential cuts in interest rates.

At this uncertain time, we will continue to adopt a financially prudent and disciplined capital management approach to ensure our balance sheet is robust while being ready to deploy into yield-accretive acquisitions that are aligned with our investment strategy and able to deliver stable income returns and sustainable growth for Unitholders.

Finally, we may also seek to optimise our portfolio through partnerships and divestments of non-core assets and recycle capital to reduce gearing, fund future AEI projects or acquisitions to diversify our portfolio risk and improve our overall portfolio returns.

OUR STRATEGY

By leveraging on our strengths and executing of our 4 strategic pillars we have been able to capture market growth opportunities. By embedding sustainability principles and frameworks into our business processes, we are creating a portfolio that is resilient and preserves long term value for our stakeholders.

Our Advantages

HIGH QUALITY PORTFOLIO

- Supports high occupancy and tenant retention rate
- Able to withstand economic cycles

DIVERSIFIED AND STRONG TENANT BASE

- Diversified income stream from over 190 tenants with large exposure to tenants in defensive and resilient sectors
- Top-10 tenants are market leaders in their field

ROBUST FINANCIALS

- Quality income-generating assets
- Strong balance sheet

EXPERIENCED TEAM

- Manager has extensive experience and deep understanding of the market
- In-depth knowledge of our tenants to meet evolving business needs

ESTABLISHED TRACK RECORD IN ASSET ENHANCEMENTS AND REDEVELOPMENTS

- Future-proof our buildings for tenants
- Portfolio has significant long-term redevelopment potential which offers upside potential for income and capital value

Our Strategy

SELECTIVE INVESTMENTS & DEVELOPMENTS

- Disciplined investment approach, with track record in acquiring quality assets in Singapore and Australia that offer long-term sustainable income
- Continuous portfolio rejuvenation through targeted redevelopment projects in Singapore and Australia to enhance long term value and returns

PRUDENT CAPITAL AND RISK MANAGEMENT

- Maintain resilient balance sheet, prudent level of aggregate leverage and disciplined hedging policy
- Disciplined capital recycling strategy; divestment of non-core assets and reinvestment of proceeds to AEIs, redevelopment and quality assets

We recognise that we have a role to play in creating a sustainable future and are committed to sustainable and responsible growth. Our four sustainability pillars are:

BUILD A SUSTAINABLE BUSINESS

ACT RESPONSIBLY

PROMOTE WELL-BEING

OPERATE ETHICALLY

OUR STRATEGY

ACTIVE ASSET MANAGEMENT

- Proactive lease management to maintain high occupancy and drive positive rental reversion
- Ongoing enhancement of assets to improve building specifications to meet requirements of corporate occupiers
- Two asset enhancement initiatives (AEIs) underway in Singapore to drive organic growth

STRATEGIC PARTNERSHIPS

- Ongoing collaboration with operators and end-users to occupy newly refurbished and redeveloped properties on long-term leases
- Leverage track record in investments, developments and asset management to form new partnerships for larger and joint projects

Delivering for Our Stakeholders

LONG-TERM VALUE FOR OUR UNITHOLDERS

We strive to deliver long-term sustained performance and growth. In FY2024, Net Property Income and Distributions to Unitholders was up by 6.9% and 3.8% year-on-year respectively. Although DPU fell by 5.9% year-on-year, this was mainly due to the enlarged units from the S$100 million Equity Fund Raising. With a strengthened balance sheet and gearing of 32.6%, AA REIT is well placed to fund the two identified AEIs, and capture new organic growth initiatives and acquisition opportunities.

PRIME INDUSTRIAL SPACE FOR OUR CUSTOMERS

We create and provide high-quality spaces to over 190 tenants, supporting their business needs and expansion plans.

ENGAGED PEOPLE

We recognise that the strength of our business lies in our people. We ensure that our workplace is safe, open, diverse and inclusive and promote a strong learning and development culture to drive the engagement of our workforce.

STRONG PARTNERSHIPS

We enjoy mutually beneficial partnerships with our business partners. We also choose suppliers responsibly and pay them on time.

ECONOMIC AND SOCIAL VALUE

We remain respectful of the local laws and regulatory standards in the markets in which we operate, and strive to create economic value through job creation as well as economic growth. We also actively give back to the community through corporate social responsibility initiatives.

BETTER ENVIRONMENT

We strive to limit the negative impact on the environment in which we operate and are committed to play our part in the transition to a low-carbon economy.

Read more on our Stakeholders on pages 90 to 91.

To be able to realise our sustainability framework, we identified five critical enablers. These key enablers support all strategic priorities:

1. **Responsible Investments**
2. **Disciplined Capital Allocation**
3. **Strong Partnerships**
4. **Good Governance and Responsible Business Practices**
5. **Internal Collaboration**

Read more on our Sustainability Framework see page 89.

KEY MARKET TRENDS

Staying well informed about various market trends in AA REIT's operating markets enables the Manager to shape its strategy in response to the ever-changing business landscape, seize opportunities, and tackle challenges. Looking ahead, the industrial sector in both Singapore and Australia remains buoyed by favourable structural factors, indicating sustainable income stability and growth prospects in the medium term.

Cyclical Drivers

1. ECONOMIC UNCERTAINTIES

The global economy continues to face significant uncertainty mainly due to high interest rates, geopolitical tensions and persistent high inflation figures. Global GDP growth is expected to come in at just 3.2% in 2024 according to the International Monetary Fund[1]. The pace of expansion is low by historical standards.

AA REIT's Response:

The resilient performance of AA REIT's portfolio in face of economic uncertainty underscores the robust foundation that the Manager has built up across the years. By actively undertaking portfolio rejuvenation through selective redevelopment and asset enhancement, AA REIT has cultivated a premium portfolio that is capable of weathering economic headwinds. AA REIT will continue to review its portfolio holistically to maintain its relevance and resilience.

2. ELEVATED INTEREST RATE ENVIRONMENT AND ONGOING INFLATIONARY PRESSURES

Central banks especially the Federal Reserve continued to keep interest rate at multi year high to tackle inflation. This brings about significant uncertainties within the property investment markets, with investors keeping a cautious stance until there is visibility on future interest rates.

AA REIT's Response:

The Manager adopts a proactive capital management strategy. As at 31 March 2024, 75.0% (or 72.9% excluding forward starting interest rate swaps) of AA REIT's borrowings have been hedged at fixed interest rates, and there is also no refinancing needs until 3Q FY2025. Whilst maintaining sufficient financial flexibility, AA REIT continues to be committed in driving organic growth and maintaining a disciplined approach to acquisitions to ensure sustainable long-term returns for Unitholders.

3. ELEVATED ENERGY COSTS

Energy prices have remained on the high side over the past year due to ongoing geopolitical tension. Despite recent stabilisation in prices, it is still well above the pre pandemic levels[2].

AA REIT's Response:

AA REIT faces some exposure to rising electricity costs. Aligning with AA REIT's commitment to minimise its carbon footprint, the Manager is implementing various energy-saving measures in specific properties, such as installation of energy efficient Air-Conditioning and Mechanical Ventilation ("ACMV") and chiller systems, installation of fast charging EV station as well as Phase 2 installation of rooftop solar panels of up to 6 properties.

1 Steady but Slow: Resilience amid Divergence, International Monetary Fund, 16 April 2024.
2 Energy commodity price index worldwide, Statista.

KEY MARKET TRENDS

Structural Drivers

1. INITIATIVE TO PROMOTE INDUSTRY DEVELOPMENT – MANUFACTURING 2030

Under the Manufacturing 2030 initiative, Singapore targets to boost the manufacturing sector contribution to S$160 billion by 2030, from its current standing at S$130 billion. Some of the key priorities include innovation for performance to reinforce supply chain resilience, greater connectivity to minimise disruption as well as tackling climate change by adopting sustainability efforts such as the reduction of carbon emission.

AA REIT's Response:

The focus on these priorities mentioned above are fuelling the demand for modern specification in buildings. AA REIT has successfully re-developed six properties, completed five asset enhancement initiatives ("AEIs") and progressing on two new AEIs, to maintain portfolio relevance and fulfil the modern needs of occupants.

2. TRANSITIONING TOWARDS HIGHER-VALUE ADDED ACTIVITIES AND EMERGING LIFE SCIENCE SECTOR

Singapore continues to uphold its status as a top destination for state-of-the-art manufacturing facilities, particularly benefiting from the expansion of sectors like pharmaceuticals, biotechnology, electronics, and precision engineering. Additionally, Singapore has set a target to increase its manufacturing sector by 50% by 2030, aiming to carve out a distinct position in the global value chain. This strategic initiative, coupled with ongoing investments in healthcare and life sciences, will drive the demand for advanced facilities with high specification.

AA REIT's Response:

Tenants within the higher value manufacturing activities such as precision engineering, healthcare and life science, make up 14.3% of our tenant base[3] and we expect this figure to grow in the future. AA REIT will continue to pursue asset enhancement initiatives to upgrade or repurpose older industrial assets to meet modern occupier requirements.

3. FLIGHT TOWARDS QUALITY BUSINESS PARK AND OFFICE SPACE

Real estate professionals are now seeking adaptable and high-quality office environments. As a result, there's a trend toward premium offerings across various sectors. These properties typically boast modern amenities, updated infrastructure and convenient proximity to public transit.

AA REIT's Response:

Within Sydney, the desire for superior assets and ongoing infrastructure enhancements are fueling the demand for premium spaces and fresh projects in the Macquarie Park and Norwest Business Park precincts. Macquarie Park is on track to evolve into a cutting-edge innovation hub, prioritising sectors such as education, healthcare, technology and advanced manufacturing. Notably, AA REIT's two business parks, Optus Centre and Woolworths HQ in Sydney, Australia, are on triple-net leases with long lease terms of over 9 years and 7 years[4] respectively.

4. SUSTAINABLE DEVELOPMENT AND CLIMATE CHANGE

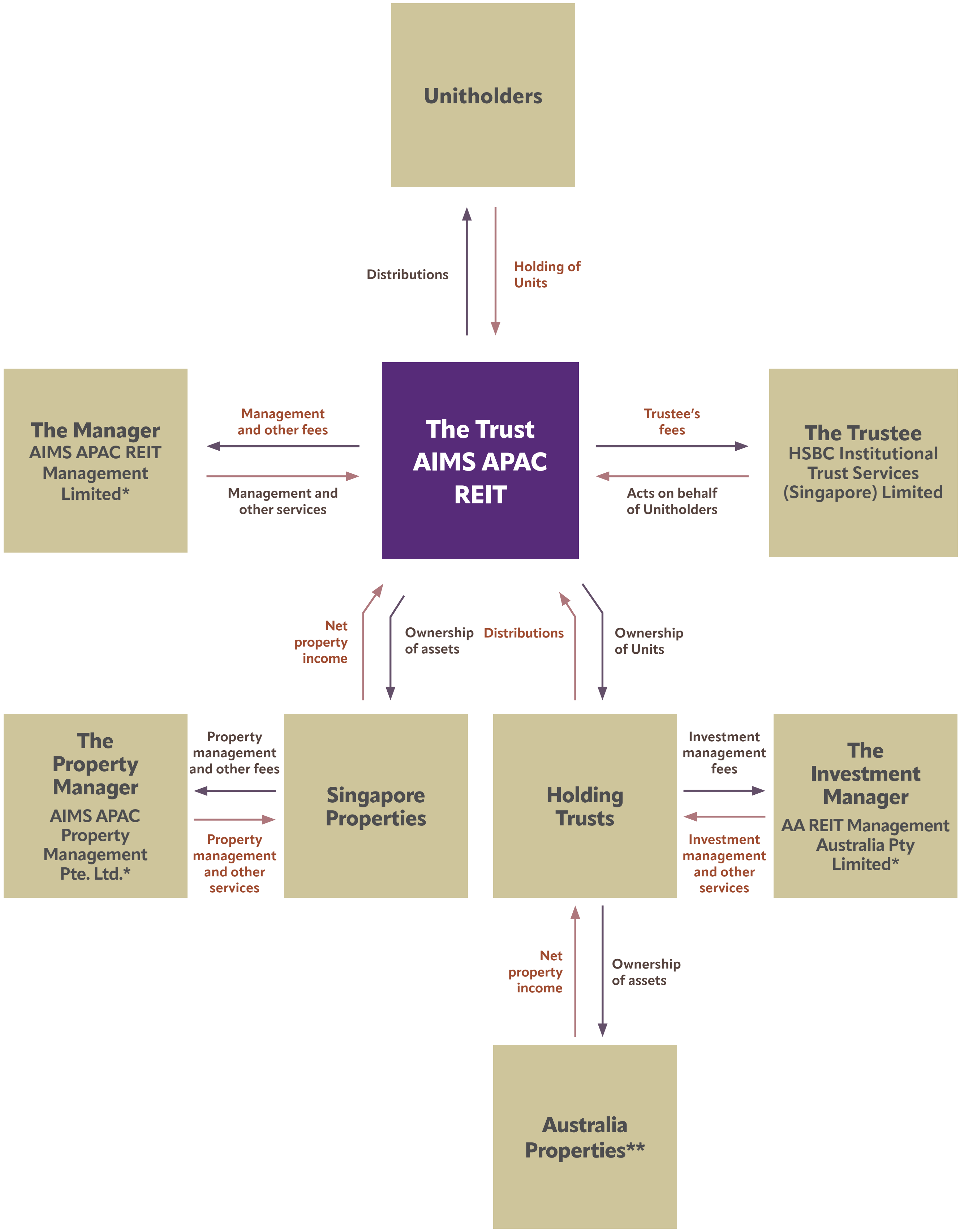
Given the strong emphasis on environment impact within the real estate sector, landlords face mounting pressure to reduce carbon emission and meet the demand for eco-friendly options. As countries continue to fight against climate change, carbon pricing may be more widespread, potentially resulting in increased energy expenses for landlords.

AA REIT's Response:

AA REIT is dedicated to minimising its carbon footprint and aims to reduce its scope 2 carbon emission across the portfolio by 42% by 2030, using 2020 as a baseline. Moving forward, AA REIT will focus on bolstering the sustainability profile of its portfolio and integrate various environmental, social and governance factors into its investment approach.

[3] By FY2024 Gross Rental Income.
[4] As at 31 March 2024.

TRUST STRUCTURE



* Indirectly owned by AIMS Financial Group.
** The Australian properties are Woolworths HQ, Optus Centre and Boardriders Asia Pacific HQ. Optus Centre is held through a joint venture and the joint venture partners have certain pre-emptive rights that may be triggered if there are changes in the trust ownership structure.

BOARD OF DIRECTORS

GEORGE WANG, 62

Designation: Chairman, Non-Executive Non-Independent Director
Date of first appointment: 7 August 2009
Length of service as Director (as at 31 March 2024): 14.7 years

Board committee(s) served on:

- Nominating and Remuneration Committee

Description:

Mr George Wang is the founding Executive Chairman of AIMS Financial Group. Established in 1991, AIMS Financial Group is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, venture capital and high-tech investment. AIMS Financial Group also owns the Sydney Stock Exchange ("SSX").

Mr Wang is a patron of the Taronga Foundation which is affiliated with the Taronga Zoo based in Sydney, Australia which operates wildlife conservation programs.

Academic & Professional Qualifications:

- Bachelor of Environmental Engineering, Donghua University, the People's Republic of China
- Introduction to Securitisation, Securities Institute of Australia
- Advanced Securitisation, Securities Institute of Australia
- Tier 1 RG146 Generic Knowledge, Kaplan Professional
- Tier 1 RG146 Derivatives – General Advice, Kaplan Professional
- Tier 1 RG146 Securities – General Advice, Kaplan Professional
- MFAA (Mortgage & Finance Industry Association of Australia) – Full Member

Present Directorships/Major Appointments in Listed Companies/REITs/Trusts/Others:

- AIMS Property Securities Fund (ASX: APW)
- Founding Executive Chairman of AIMS Financial Group
- Executive Director of Sydney Stock Exchange
- Director of AIMS Home Loans Pty Ltd
- Director of AIMS Securitisation Pty Ltd
- Director of APP Securities Pty Ltd
- Director of AIMS Fund Management Limited
- Director of AIMS Asset Management Limited
- Director of AIMS Capital Management Limited
- Director of AIMS Investment Managers Ltd.
- Director of AIMS Capital Pty Ltd
- Director of FloatX Pty Ltd
- Director of AIMS APAC Property Management Pte. Ltd.

Present Directorships in Listed Companies held over the preceding 3 years:

- AIMS Property Securities Fund (ASX: APW) (from August 2009 to current)

Past Major Appointments (other than Directorships):

- Chairman of MacarthurCook Limited (was listed on ASX and privatised by AIMS Financial Group)

BOARD OF DIRECTORS

CHIA NAM TOON, 63

Designation: Lead Non-Executive Independent Director
Date of first appointment: 8 February 2023
• Non-Executive Independent Director on 8 February 2023
• Non-Executive Lead Independent Director on 25 April 2023
Length of service as Director (as at 31 March 2024): 1.2 years

Board committee(s) served on:

- Audit, Risk and Compliance Committee
- Nominating and Remuneration Committee

Description:

Mr Chia Nam Toon has more than 31 years of commercial and financial experience with approximately 16 years in senior management roles within the real estate industry. He was the Chief Executive Officer of the Manager of Ascendas REIT, one of the largest Singapore listed REITs, and held several senior roles within the Group, including Group Chief Financial Officer and Group Assistant Chief Executive Officer. He last served as the Assistant Group Chief Executive Officer of ARA Asset Management Ltd where he was responsible for the business and operations of ARA's REIT Division.

Academic & Professional Qualifications:

- Fellow Member of the Association of Chartered Certified Accountants
- Member with the Institute of Singapore Chartered Accountants

Present Directorships/Major Appointments in Listed Companies/REITs/Trusts/Others:

- Member of the exchange advisory committee & appeals committee of SDAX (digital investment exchange)

Present Directorships in Listed Companies held over the preceding 3 years:

- Nil

Past Major Appointments (other than Directorships):

- Assistant Group Chief Executive Officer of ARA Asset Management Ltd
- Chief Executive Officer of Ascendas REIT
- Chief Financial Officer of Ascendas-Singbridge

BOARD OF DIRECTORS

CHONG TECK SIN, 69

Designation: Non-Executive Independent Director, Chairperson of Audit, Risk and Compliance Committee
Date of first appointment:
- Non-Executive Independent Director on 1 October 2018
- Chairperson of the Audit, Risk and Compliance Committee on 29 March 2019

Length of service as Director (as at 31 March 2024): 5.5 years

Board committee(s) served on:
- Audit, Risk and Compliance Committee

Description:
Mr Chong Teck Sin has extensive years of experience in technology, business, finance and general management. From 1986 to 2004, Mr Chong served in various directorial and management positions with Seksun Corporation Ltd (subsequently known as Enporis Greenz Limited), Glaxo Wellcome Asia Pacific, China-Singapore Suzhou Industrial Park Development Co., Ltd, Standard Chartered Bank and the Economic Development Board. He was a board member of the Accounting and Corporate Regulatory Authority ("ACRA") from 2004 to 2010 and ACRA's Investment Committee Chairman from 2008 to 2010. Mr Chong was also a board member of The National Kidney Foundation from 2008 to 2010.

Mr Chong has over 25 years of experience as an independent director of various companies listed on the Singapore, Hong Kong and Australia stock exchanges. He is also an Independent Director and Audit Committee Chairman of Civmec Limited and InnoTek Limited. He previously held a few major appointments as below:

- Independent director of Changan Minsheng APLL Logistics Co., Ltd, a leading automobile logistics firm in China which is listed on the mainboard of the Hong Kong Stock Exchange;
- Independent Director and Audit Committee Chairman of Accordia Golf Trust Management Pte. Ltd; and
- Independent Director and Audit Committee Chairman of AVIC International Maritime Holdings Limited.

Academic & Professional Qualifications:
- Bachelor of Engineering from the University of Tokyo, Japan, on a PSC/Monbusho Scholarship
- Master of Business Administration from the National University of Singapore

Present Directorships/Major Appointments in Listed Companies/REITs/Trusts/Others:
- Independent Director and Audit Committee Chairman of Civmec Limited and InnoTek Limited

On 26 April 2024, Mr Chong stepped down as an Independent Director of InnoTek Limited. On 30 April 2024, Mr Chong has been appointed as Non-Executive Independent Director of Multi Chem Limited.

Present Directorships in Listed Companies held over the preceding 3 years:
- Nil

Past Major Appointments (other than Directorships):
- Nil

BOARD OF DIRECTORS

VIVIENNE ZHAOHUI YU, 53

Designation: Non-Executive Independent Director, Chairperson of Nominating and Remuneration Committee
Date of first appointment: 1 February 2023
- Non-Executive Independent Director on 1 February 2023
- Chairperson of Nominating and Remuneration Committee on 25 April 2023

Length of service as Director (as at 31 March 2024): 1.2 years

Board committee(s) served on:
- Audit, Risk and Compliance Committee
- Nominating and Remuneration Committee

Description:

Ms Vivienne Zhaohui Yu has more than 25 years of leadership and senior management experience within the banking and finance sector in Australia and Asia, spanning across investment management, treasury management, mergers and acquisition and real estate finance.

Ms Yu was China Chief Executive Officer and Executive General Manager of Commonwealth Bank of Australia ("CBA"). Prior to that, Ms Yu held various senior positions at CBA including Chief Executive Retail and Business Banking, International Financial Services. Ms Yu is currently a Non-Executive Director in various organisations in Australia, including National Foundation for Australian Women and Bridge Housing Limited. She is also a Vice President of Australia China Business Council New South Wales.

Ms Yu holds a Master of Business Administration from Australian Graduate School of Management and a Master of Real Estate from University of New South Wales. She is a fellow member of CPA Australia and a Graduate Member of the Australian Institute of Company Directors.

Academic & Professional Qualifications:
- Master of Business Administration from Australian Graduate School of Management
- Master of Real Estate from University of New South Wales
- Fellow member of CPA Australia
- Graduate Member of the Australian Institute of Company Directors

Present Directorships/Major Appointments in Listed Companies/REITs/Trusts/Others:
- Bridge Housing Limited
- National Foundation for Australian Women
- Vice President of Australia China Business Council New South Wales

On 1 May 2024, Ms Vivienne has been appointed as Non-Executive Director of Heartland Bank.

Present Directorships in Listed Companies held over the preceding 3 years:
- Nil

Past Major Appointments (other than Directorships):
- Nil

REIT MANAGER TEAM

RUSSELL NG
Chief Executive Officer

Mr Russell Ng joined the Manager in September 2020 and was appointed Chief Executive Officer in November 2021.

Mr Ng works with the Board and Management Team to determine the strategic direction, investment strategy and overall business of AA REIT. He is responsible for the day-to-day management and execution of the REIT's business plan.

Mr Ng has over 20 years of experience in real estate investments, asset management and corporate finance in the Asia Pacific region. Prior to joining the Manager, he held senior fund management and investment roles with a global real estate developer, private equity real estate funds and listed REITs.

Mr Ng holds a Master of Business Administration from Imperial College Business School, London and a Bachelor of Applied Finance and Bachelor of Commerce (Accounting) from Macquarie University, Australia.

LIM JOO LEE
Chief Financial Officer and Company Secretary

Ms Lim Joo Lee joined the Manager in October 2021 following various stints in Singapore, the United Kingdom and China with a Big Four accounting firm and a Singapore-listed REIT. Ms Lim has over 23 years of experience in financial and management reporting, auditing, as well as various finance-related work including treasury and capital management.

Ms Lim heads the Finance team and assists the Chief Executive Officer on finance, taxation, treasury and capital management as well as corporate secretarial matters of AA REIT.

Ms Lim holds a Bachelor of Science with First Class Honours in Applied Accounting from the Oxford Brookes University. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and is a Fellow Member of the Association of Chartered Certified Accountants.

REIT MANAGER TEAM

AUGUSTINE GOH
Senior Manager, Risk & Compliance

Mr Augustine Goh is the Senior Manager, Risk & Compliance of the REIT Manager. He is concurrently the Senior Manager – Group Risk, Compliance & Operations of AIMS Financial Group, where he is responsible for risk management, compliance and other operational matters for the Group.

Mr Goh has over 14 years' experience in legal, compliance, real estate funds management and developments in Asia Pacific.

Mr Goh holds a Bachelor of Laws from the University of Bristol, a Master of Laws from University College London as well as a Master of Property Development (Valuation) from the University of Technology Sydney. He is an Associate Member of the International Compliance Association and is a Certified Practising Valuer of the Australian Valuers Institute.

RAYNARD EZRA WELIKANDE
Manager, Portfolio Management

Mr Raynard Ezra Welikande joined the Manager in October 2022 and has over 16 years of investment and asset management experience, of which 11 years has been in the real estate industry.

As Manager, Portfolio Management, Mr Welikande is responsible for developing and executing strategies to optimise returns of AA REIT's portfolio. Prior to joining the Manager, Mr Welikande was previously at Storefriendly where he headed the Investment and Asset management department and managed a portfolio of self-storage assets.

Mr Welikande holds a Bachelor of Economics from Singapore Management University and a Master of Science in Risk and Investment Management from EDHEC Business School.

PROPERTY MANAGER



TAN YOON PENG
Executive Director,
Head of Asset Management

SABRINA LIM
Executive Director,
Head of Marketing & Partnerships

HENG KHIAM YEONG
Head, Development and Facility Management

PROPERTY MANAGER

AIMS APAC Property Management Pte. Ltd. ("AAPM") is the Property Manager of AA REIT. Comprising an experienced and dedicated team of professionals, AAPM oversees the day-to-day operational matters of AA REIT's portfolio of properties in Singapore. AAPM's services include asset management, marketing and leasing, and development and facility management.

ASSET MANAGEMENT

The asset management team is responsible for the operational performance of AA REIT's portfolio of Singapore properties, including identification and execution of strategies to enhance property returns, valuations and performance, as well as planning and feasibility of asset enhancement initiatives and capital improvement works.

MARKETING AND PARTNERSHIP

The marketing and leasing team is responsible for the marketing and leasing of AA REIT's portfolio of Singapore properties and actively securing new and suitable tenancies. They maintain a strong network of customer and agent relationships and are actively involved in the leasing process to successful contract finalization. The team also actively seeks new capital partnerships for asset portfolio expansion.

DEVELOPMENT AND FACILITY MANAGEMENT

The development and facility management team provides onsite services for our tenants to ensure optimal functionality, comfort, safety, efficient and compliant built environment. The team also oversees the execution of all development and asset enhancement initiatives under AA REIT and works closely with the REIT Manager and tenants to provide fit-for-purpose and sustainable properties.

CORPORATE DIRECTORY

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard
#48-01 Marina Bay Financial Centre Tower 2
Singapore 018983
Telephone: (65) 6658 6667

AUDITOR

KPMG LLP
(Public Accountants and
Chartered Accountants, Singapore)
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961
Telephone: (65) 6213 3388
Fax: (65) 6225 0984

Partner in charge: Ms Sarina Lee
(With effect from financial year ended 31 March 2020)

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone: (65) 6536 5355

THE MANAGER

AIMS APAC REIT Management Limited
Company Registration No. 200615904N

REGISTERED ADDRESS

1 Raffles Place
#39-03 One Raffles Place
Singapore 048616
Telephone: (65) 6309 1050
Fax: (65) 6534 3942
Email: investorrelations@aimsapac.com
Website: www.aimsapacreit.com

DIRECTORS OF THE MANAGER

Mr George Wang (Chairman)
Mr Chia Nam Toon (Lead Independent Director)
Mr Chong Teck Sin
Ms Vivienne Zhaohui Yu

AUDIT, RISK AND COMPLIANCE COMMITTEE

Mr Chong Teck Sin (Chairperson)
Mr Chia Nam Toon
Ms Vivienne Zhaohui Yu

NOMINATING AND REMUNERATION COMMITTEE

Ms Vivienne Zhaohui Yu (Chairperson)
Mr George Wang
Mr Chia Nam Toon

COMPANY SECRETARY OF THE MANAGER

Ms Lim Joo Lee

STOCK CODE

SGX: O5RU

COUNTER NAME

AIMS APAC REIT

NETTING LONG-TERM RETURNS

DELIVERING A STEADY PERFORMANCE

The adoption of a prudent capital management strategy coupled with a proactive asset and lease management approach has enabled AA REIT to deliver stable income returns and sustainable growth for Unitholders. The strengthened balance sheet provides AA REIT with financial flexibility to weather any storm and headroom to capture new growth opportunities in the year ahead.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Statement of total return and distribution	FY2024 S$'000	FY2023 S$'000	Change %
Gross revenue	177,281	167,382	5.9
Property operating expenses	(46,302)	(44,872)	3.2
Net property income	**130,979**	**122,510**	**6.9**
Net foreign exchange gain/(loss)	300	(663)	>(100.0)
Interest income	443	291	52.2
Other non-operating income: interim insurance proceeds[1]	1,111	–	NM
Borrowing costs	(35,241)	(33,309)	5.8
Manager's management fees	(11,257)	(11,333)	(0.7)
Manager's performance fees	–	(4,476)	(100.0)
Other trust expenses	(5,539)	(6,440)	(14.0)
Non-property expenses	(52,037)	(55,558)	(6.3)
Net income before joint venture's (losses)/profits	**80,796**	**66,580**	**21.4**
Share of (losses)/profits of joint venture (net of tax)	(24,766)	16,039	>(100.0)
Net income	**56,030**	**82,619**	**(32.2)**
Net change in fair value of investment properties	3,167	25,225	(87.4)
Net change in fair value of derivative financial instruments	(3,440)	4,270	>(100.0)
Gain on divestment of investment property	637	–	NM
Total return before income tax	**56,394**	**112,114**	**(49.7)**
Income tax credit	6,512	1,747	>100.0
Total return after income tax	**62,906**	**113,861**	**(44.8)**
Attributable to:			
Unitholders	42,350	93,361	(54.6)
Perpetual Securities holders	20,556	20,500	0.3
	62,906	113,861	(44.8)
Distributions to Unitholders	**74,321**	**71,623**	**3.8**
Distribution per Unit ("DPU") (Singapore cents)	**9.360**	**9.944**	**(5.9)**

NM: not meaningful

GROSS REVENUE AND NET PROPERTY INCOME

Gross revenue for FY2024 of S$177.3 million was S$9.9 million higher as compared to FY2023. The increase in gross revenue was mainly due to higher rental and recoveries from AA REIT's logistics & warehouse and industrial properties such as the properties at 20 Gul Way, 8 &10 Pandan Crescent, 30 Tuas West Road, 27 Penjuru Lane and 23 Tai Seng Drive but partially offset by lower income from the divestment of 541 Yishun Industrial Park A and lower revenue from Australian properties due to the weakening of Australian dollar ("AUD") against Singapore dollar ("SGD").

Property operating expenses for FY2024 of S$46.3 million was S$1.4 million higher as compared to FY2023 mainly due to higher property tax expenses and depreciation of plant and equipment relating to the rooftop solar photovoltaic systems.

[1] Relates to the interim payments by the insurer, as partial payment on account of the estimated insurance compensation for property damage and revenue loss due to business interruption at 61 Yishun Industrial Park A, Singapore (refer to announcement dated 10 October 2023).

FINANCIAL REVIEW

Net property income for FY2024 of S$131.0 million was S$8.5 million higher than FY2023 mainly driven by higher rental reversion and recoveries.

BORROWING COSTS

Borrowing costs for FY2024 of S$35.2 million was S$1.9 million higher compared to FY2023 mainly due to higher floating interest rates, but partially offset by loan repayment during FY2024.

MANAGER'S MANAGEMENT FEES AND PERFORMANCE FEES

Manager's management fees for FY2024 were in line with FY2023.

Performance fee of S$4.5 million for FY2023 was computed based on 0.2% per annum of the Deposited Property value as the annual growth in distribution per unit ("DPU") in FY2023 exceeded 5.0%.

OTHER TRUST EXPENSES

Other trust expenses for FY2024 of S$5.5 million was S$0.9 million lower compared to FY2023 mainly due to the absence of transaction costs written off which was recorded in FY 2023.

SHARE OF (LOSSES)/PROFITS OF JOINT VENTURE (NET OF TAX)

The share of losses of joint venture for FY2024 of S$24.8 million was mainly due to share of revaluation loss of S$39.6 million recognised from the revaluation of Optus Centre for FY2024, but partially offset by share of net income from joint venture for FY2024.

The share of profits of joint venture in FY2023 was mainly due to share of net income from joint venture for FY2023 and share of revaluation gain of S$0.4 million recognised from the revaluation of Optus Centre for FY2023.

NET CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES

The net change in fair value of investment properties for FY2024 was largely due to net revaluation gain of the Group's investment properties of S$8.5 million, but partially offset by S$5.3 million fair value adjustments of ROU assets included in the Singapore investment properties in accordance with FRS 116 *Leases* ("FRS 116").

The net change in fair value of investment properties for FY2023 was largely due to net revaluation gain of the Group's investment properties of S$30.5 million, but partially offset by S$5.3 million fair value adjustments of ROU assets included in the Singapore investment properties in accordance with FRS 116 *Leases*.

The net change in fair value of investment properties is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

NET CHANGE IN FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The net changes in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts and foreign currency forward 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.

GAIN ON DIVESTMENT OF INVESTMENT PROPERTY

The gain on divestment of investment property arose from the divestment of 541 Yishun Industrial Park A in Singapore. The divestment was completed on 12 September 2023 for a consideration of S$12.9 million.

AMOUNT RESERVED FOR DISTRIBUTION TO PERPETUAL SECURITIES HOLDERS

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.

On 1 September 2021, the Trust issued S$250.0 million Perpetual Securities. The Perpetual Securities confer a right to its holders to receive distribution payments at a rate of 5.375% per annum, with the first distribution rate reset falling on 1 September 2026 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.

Distribution attributable to Perpetual Securities holders for FY2024 of S$20.6 million was fairly in line with FY2023.

DISTRIBUTIONS TO UNITHOLDERS

AA REIT's distribution policy is to distribute at least 90.0% of its Singapore taxable income for the full financial year. For FY2024, AA REIT continued to pay out 100% of the Singapore taxable income available for distribution.

Distributions to Unitholders for FY2024 of S$74.3 million was S$2.7 million higher as compared to FY2023. The increase in FY2024 was largely due to higher rental and recoveries

FINANCIAL REVIEW

TOTAL ASSETS AND NET ASSET VALUE ("NAV") PER UNIT

	As at 31 March 2024 S$'000	As at 31 March 2023 S$'000
Total assets	2,316,620	2,336,422
Total liabilities	882,346	969,027
Perpetual Securities holders' funds	373,565	373,546
Net assets attributable to Unitholders	**1,060,709**	**993,849**
NAV per Unit (S$)	**1.31**	**1.37**

from AA REIT's logistics & warehouse and industrial properties such as the properties at 20 Gul Way, 8 &10 Pandan Crescent, 30 Tuas West Road, 27 Penjuru Lane and 23 Tai Seng Drive. This was partially offset by higher borrowing costs, higher property expenses and higher marketing services commission incurred in FY2024.

As at 31 March 2024, total assets stood at S$2,316.6 million, or approximately S$19.8 million lower compared to total assets of S$2,336.4 million as at 31 March 2023. The decrease in total assets was largely due to net revaluation loss on the total portfolio of approximately S$28.8 million and the impact of weakening of AUD against SGD but partially offset by the recognition of the plant and equipment relating to the completed installation of rooftop solar photovoltaic systems ("Systems") at 6 Singapore properties for the generation of electricity during FY2024.

As at 31 March 2024, total liabilities stood at S$882.3 million, or approximately S$86.7 million lower compared to S$969.0 million as at 31 March 2023. The decrease in total liabilities was mainly due to the interim repayment of borrowings from the EFR[1] proceeds, part of the proceeds from the divestment of the investment property at 541 Yishun Industrial Park A in Singapore and weakening of AUD against SGD on AUD denominated borrowings, partially offset by the recognition of deferred consideration payable recognised to the vendor for the installation of the Systems at 6 Singapore properties based on the minimum output of electricity generated by the Systems at the relevant rates.

As a result, the NAV per Unit decreased by 4.4% to S$1.31 from S$1.37 last financial year.

CASH FLOWS

As at 31 March 2024, cash and cash equivalents at S$17.8 million, or approximately S$4.6 million higher compared to cash and cash equivalents of S$13.2 million as at 31 March 2023. The increase in cash and cash equivalents was largely due to net cash inflow from operating activities, net proceeds from the divestment of investment property and net proceeds from the issuance of new units in relation to the EFR launched on 31 May 2023, but partially offset by net cash outflow from financing activities arising mainly from repayment of borrowings, interest payments, distributions to Unitholders and Perpetual Securities holders during FY2024.

Please refer to the consolidated statement of cash flows in pages 159 to 160.

[1] Please refer to announcement titled "Launch Of Equity Fund Raising To Raise Gross Proceeds Of Approximately S$100.0 Million" dated 31 May 2023, announcement titled "Issue Of 57,660,000 New Units In AIMS APAC REIT Pursuant To The Private Placement" dated 12 June 2023, and announcement titled "Issue Of 25,376,361 New Units In AIMS APAC REIT Pursuant To The Preferential Offering" dated 3 July 2023.

CAPITAL MANAGEMENT

The Manager adopts a financially prudent and disciplined approach to capital management to ensure long term sustainable returns for Unitholders amid the uncertain economic environment. The prudent capital management strategy also seeks to maintain an efficient capital structure to fund future asset enhancement initiatives, redevelopments and acquisition growth opportunities. With the successful completion of S$100 million EFR in FY2024, our strengthened balance sheet provides AA REIT with financial flexibility and headroom to capitalise on further growth opportunities.

AA REIT has access to diversified sources of funding, including debt and equity capital markets, and holds strong and healthy banking relationships with the region's leading financial institutions. The Manager's capital management strategy involves prudent hedging strategies to minimise the impact from interest rate and foreign exchange volatilities and as well as its diversified sources of funding.

Key Financial Metrics	As at 31 March 2024	As at 31 March 2023
Gross borrowings (S$'million)[1]	690.6	796.0
Total Assets (S$'million)	2,316.6	2,336.4
Leverage ratio[2] (times)	32.6	36.1
Blended cost of debt[3] (%)	4.1	3.4
Interest cover ratio[4] (times)	4.1	3.8
Adjusted Interest cover ratio[5] (times)	2.4	2.3
Weighted average term to maturity (years)	2.3	3.1
Fixed rates borrowings as a percentage of total borrowings (%)[6]	75.0	87.8
Financial Flexibility and Liquidity (in S$'million)	**As at 31 March 2024**	**As at 31 March 2023**
Cash and bank balances	17.8	13.2
Undrawn committed facilities	135.7	169.1
Issue capacity under Euro Medium Term Notes Programme	275.0	275.0

1 Total borrowings exclude unamortised loan transaction costs.
2 Aggregate leverage ratio is computed as total borrowings as a percentage of total assets and includes lease liabilities that are entered into in the ordinary course of AA REIT's business on or after 1 April 2019 in accordance to MAS guidelines. The total borrowings excluded Perpetual Securities holders' funds.
3 Blended cost of debt is computed based on the average interest cost throughout the financial year.
4 The interest coverage ratio ("ICR") is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, foreign exchange translation and interim insurance compensation for property damage), by the trailing 12 months interest expense and borrowing-related fees. The borrowing-related fees excludes the unwinding of discounting effect on the present value of lease liabilities and the deferred consideration.
5 The adjusted ICR includes the amount reserved for distribution to Perpetual Securities holders in the interest expense. The adjusted ICR excludes the unwinding of discounting effect on the present value of lease liabilities and deferred consideration. The Property Funds Appendix stipulates the aggregate leverage of a property fund should not exceed 50% of the fund's deposited property if the property fund met the minimum adjusted interest coverage ratio of 2.5 times. In the event if the adjusted interest coverage ratio is below 2.5 times, the aggregate leverage of a property fund should not exceed 45% of the fund's deposited property.
6 72.9% (31 March 2023: 71.0%) of fixed rate borrowings if excluding forward starting interest rate swaps.

BORROWINGS

AA REIT enjoys continued access to a diversified base of funding sources from debt and equity markets and from the region's leading financial institutions, with a view to ensure adequate liquidity for refinancing, working capital requirements, while supporting future growth initiatives.

Total gross borrowings[1] as at 31 March 2024 stood at S$690.6 million, or S$105.4 million lower compared to total gross borrowings[1] as at 31 March 2023 of S$796.0 million mainly due to the interim repayment of borrowings from the EFR[2] proceeds and part of the proceeds from the divestment of the investment property at 541 Yishun Industrial Park A in Singapore. The lower total borrowings were also caused by the weakening of AUD against SGD on AUD denominated borrowings.

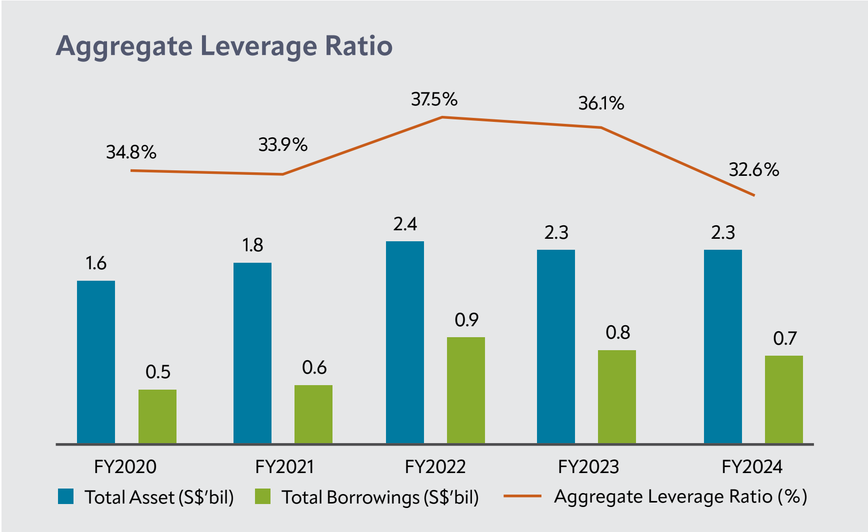
USE OF PROCEEDS FROM THE EFR

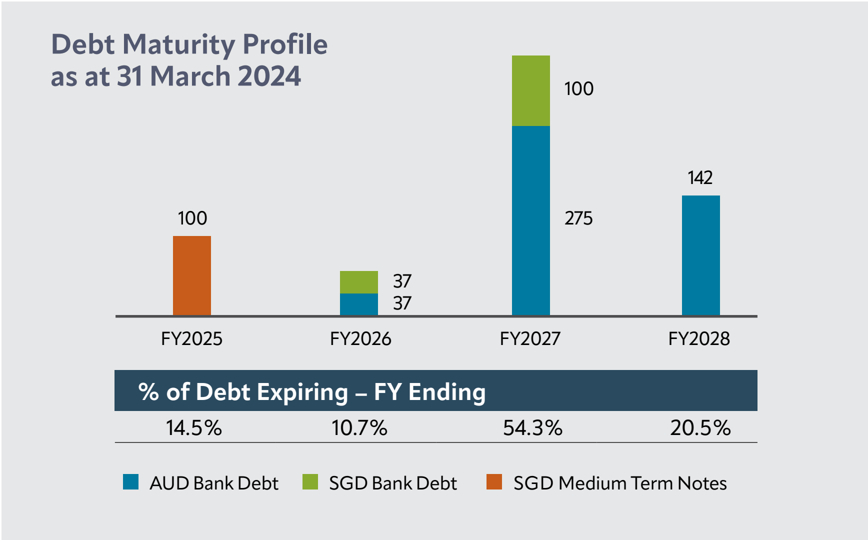
In relation to the gross proceeds of approximately S$100.0 million from the EFR launched on 31 May 2023, all of such gross proceeds have been fully deployed, of which approximately S$97.6 million (which is equivalent to approximately 97.6%

1 Total borrowings exclude unamortised loan transaction costs.
2 Please refer to announcement titled "Launch Of Equity Fund Raising To Raise Gross Proceeds Of Approximately S$100.0 Million" dated 31 May 2023, announcement titled "Issue Of 57,660,000 New Units In AIMS APAC REIT Pursuant To The Private Placement" dated 12 June 2023, and announcement titled "Issue Of 25,376,361 New Units In AIMS APAC REIT Pursuant To The Preferential Offering" dated 3 July 2023.

CAPITAL MANAGEMENT

of the gross proceeds of the EFR) has been used in the interim to repay existing debts and approximately S$2.4 million (which is equivalent to approximately 2.4% of the gross proceeds of the EFR) has been used to pay the estimated professional and other fees and expenses incurred or to be incurred by AA REIT in connection with the EFR. The interim repayment of existing debts is pending the use of such amount in the manner set out under paragraph 3 (Use of Proceeds) of the announcement of AA REIT dated 1 June 2023 titled "Results of the Private Placement and Pricing of New Units under the Private Placement and the Preferential Offering" (the "Close of Private Placement Announcement") and such use of proceeds arising from the EFR was in accordance with the Close of Private Placement Announcement. The payment of the estimated professional and other fees and expenses incurred or to be incurred by AA REIT in connection with the EFR was in accordance with the stated use and was in accordance with the percentage of the gross proceeds of the EFR allocated to such use as set out in the Close of Private Placement Announcement.





PERPETUAL SECURITIES

As at 31 March 2024, S$375.0 million Perpetual Securities under the S$750 million Multicurrency Debt Issuance Programme, has been issued comprising:

(i) S$125.0 million of Perpetual Securities issued on 14 August 2020. The Perpetual Securities will confer a right 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; and

(ii) S$250.0 million of Perpetual Securities issued on 1 September 2021. The Perpetual Securities will confer a right to receive distribution payments at a rate of 5.375% per annum with the first distribution rate reset falling on 1 September 2026 and subsequent resets occurring every five years thereafter.

DEBT HEADROOM

AA REIT's aggregate leverage as at 31 March 2024 is at 32.6% following the completion of the S$100 million EFR in May 2023, well within the aggregate leverage limit of 45%[1] set by the Monetary Authority of Singapore. There is no material impact to AA REIT's risk profile with debt headroom of approximately S$505.0 million before its aggregate leverage reaches 45%.

[1] The Monetary Authority of Singapore ("MAS") allows the aggregate leverage limit for S-REITs be raised from 45% to 50% if the minimum adjusted interest coverage ratio is 2.5 times.

CAPITAL MANAGEMENT

AA REIT is well positioned to pursue and undertake acquisitions, developments and AEIs that meet AA REIT's investment criteria and provide long-term sustainable returns.

STRONG FINANCIAL FLEXIBILITY

As at 31 March 2024, AA REIT had approximately S$135.7 million of undrawn committed debt facilities and an untapped balance of S$275.0 million from the S$750.0 million Multicurrency Debt Issuance Programme established in November 2018. AA REIT also had 11 unencumbered properties with a total value of S$482.3 million or 22.3% of its property portfolio of S$2.16 billion[2] as at 31 March 2024.

This will provide AA REIT with the financial flexibility to manage its capital structure and fund future growth opportunities.

NO REFINANCING RISK

The Manager continued to proactively manage the refinancing of AA REIT's debt portfolio. As of 31 March 2024, there is no refinancing requirement until November 2024. As at 31 March 2024, the financial flexibility stood at S$153.5 million which comprises cash and bank balances of S$17.8 million and uncommitted undrawn facilities of S$135.7 million.

AA REIT's debt maturity profile remains staggered with a weighted average debt duration of approximately 2.3 years as at 31 March 2024.

PRUDENT HEDGING STRATEGIES

AA REIT's is exposed to a variety of market risks, including interest rate and AUD foreign exchange rate risks. Exposure to these risks is managed via derivative financial instruments, with a view to minimising the impact of interest rate and foreign exchange rate volatilities on distribution income.

PROACTIVE MANAGEMENT ON INTEREST RATE RISK

The overall blended cost of debt for FY2024 was 4.1% per annum, while interest cover ratio stood at 4.1 times as at 31 March 2024. AA REIT hedges its exposure to interest rate volatilities through interest rate swaps and fixed debt borrowings. With 75.0% (or 72.9% excluding forward starting interest rate swaps) of AA REIT's total debt being hedged into fixed rate, any movement in base interest rates will have minimal impact on interest expense and accordingly, the Distributions to Unitholders.

SENSITIVITY ANALYSIS

A 0.25% movement in the floating rate would have an estimated impact of 0.05 Singapore cents on the DPU per annum.

PROACTIVE MANAGEMENT ON FOREIGN EXCHANGE RISK

To manage the foreign exchange risk, the Manager adopts various strategies that includes the use of currency forward contracts to hedge the foreign currency income into SGD and the use of AUD denominated borrowings to match the currency of the underlying AUD assets as a natural hedge, where feasible.

As of 31 March 2024, 73% of AUD expected distributable income was hedged into SGD on a rolling basis while AUD borrowings forms about 66% of the carrying value of AA REIT's investments in Australia.

The fair value of derivative financial instruments arising from the currency forward contracts and interest rate swaps included in the financial statements as derivative financial assets in total assets were approximately S$9.5 million and derivative financial liabilities in total liabilities were approximately S$9,000. The derivative financial assets represents 0.4% of the total assets and derivative financial liabilities is approximately 0.001% of the total liabilities as at 31 March 2024.

[2] Based on the valuation of the investment properties as well as the 49.0% interest in the valuation of Optus Centre.

PORTFOLIO REVIEW

Key Portfolio Highlights

28
Properties

>190
Diversified Tenants

81.4%
of GRI from Defensive & Essential Industries

S$2.16 billion
Portfolio Value

97.8%
Portfolio Occupancy

79.1%
Tenant Retention

24.3%
Positive Rental Reversions in FY2024

5.1 years
Portfolio Weighted Average Lease Expiry

6.7%
Portfolio NPI Yield

As at 31 March 2024, AA REIT owns a portfolio of 28 high-quality properties across the industrial sub-sectors, comprising Logistics and Warehouse; Business Park; Industrial; and Hi-tech in Singapore and Australia. With a total portfolio value of S$2.16 billion, AA REIT's portfolio provides tenants with 777,881 sqm (NLA) of modern space in key locations. Despite economic headwinds, AA REIT's portfolio delivered a set of steady performance throughout FY2024, with consistently high occupancy rate and robust rental reversions, a strong testament of its high-quality assets and the Manager's proactive asset and leasing management.

All information presented in this section relates to AA REIT's portfolio information as at 31 March 2024, and all references to Gross Rental Income ("GRI") refers to gross rental income for the financial year ended 31 March 2024, unless otherwise stated.

PORTFOLIO REVIEW

Active Asset Management

As part of the Manager's proactive asset management strategy to optimise AA REIT's portfolio, the Manager announced two ongoing AEIs. The first AEI project involves upgrading a warehouse asset to meet the GreenMark Gold Plus certification and long term occupational requirement of master tenant. AA REIT has secured a 15 year master lease with a global storage and information management company. The second AEI project involves repositioning an industrial property via targeted building upgrades to attract hi-tech and high value added tenants. AA REIT is in advanced negotiation to secure a global precision engineering and technology group as an anchor tenant on a new long term lease.

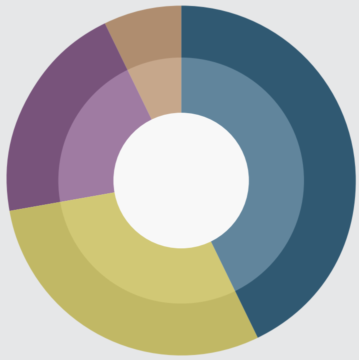
Well-Diversified Portfolio and Tenant Base

AA REIT's portfolio is anchored by its two Australian business parks in Sydney, Australia and a Hi-Tech property in Singapore. These properties have high-quality tenants in resilient industries that are on long-term leases of between 6.1 years to 9.3 years remaining with rental escalations. Together, these properties contribute to approximately 30.9% of GRI and provide long-term income stability with rental growth. This is supported by the Logistics and Warehouse segment, a fast-growing market which has registered strong double-digit rental growth, accounting for 46.1% of AA REIT's portfolio by GRI.

AA REIT's tenant base is well-diversified with over 190 high-quality tenants across 17 industries. 81.4% of tenants operate in defensive and resilient industries such as logistics, food staples, data centre & telecommunication and healthcare & life science, underpinning income stability of the portfolio through economic cycles. The top ten customers account for 51.2% of the GRI, with a long WALE of 6.4 years. These include leading global, regional, and local companies in their respective sectors such as Woolworths Limited, Australia's largest supermarket retailer; Optus Administration Pty Limited, Australia's second largest telecommunications company and a wholly-owned subsidiary of Singapore Telecommunications Limited; and ResMed Asia Pte. Ltd., a global leader in medical innovation.

New tenants during the year include Akribis Systems, Raybte, Bollore Logistics Singapore, LF Logistics, and Mainline Global Logistics.

FY2024 GRI by Asset Class



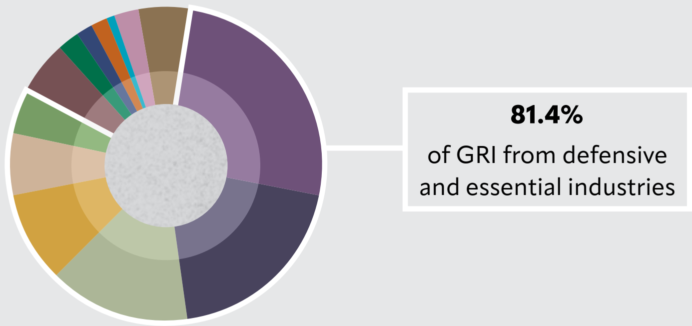
Logistics and Warehouse	46.1%
Business Park	26.6%
Industrial	20.4%
Hi-Tech	6.9%

	Top 10 Tenants by GRI[1]	Trade Sector	% of Portfolio GRI	WALE (years)
1	Woolworths Limited	Food & Consumer Staples	13.8	7.5
2	Optus Administration Pty Limited	Telecommunications	10.2	9.3
3	Illumina Singapore Pte. Ltd.	Healthcare & Life Sciences	6.7	6.1
4	KWE-Kintetsu World Express (S) Pte Ltd	Logistics	6.0	4.8
5	Schenker Singapore (Pte) Ltd	Logistics	3.1	1.3
6	Beyonics International Pte. Ltd.	Precision Engineering	2.9	4.1
7	ResMed Asia Pte. Ltd.	Healthcare & Life Sciences	2.6	5.9
8	DHL Supply Chain Singapore Pte. Ltd.	Logistics	2.1	1.0
9	Racks Central Pte. Ltd.	Data Centre	2.0	6.0
10	Boardriders Inc	Fashion, Apparels and Cosmetics	1.8	7.3
		Total	51.2	6.4

[1] Based on full year GRI

PORTFOLIO REVIEW

Tenant Trade by FY2024 GRI



Logistics	27.6%	Precision Engineering	4.5%	Furniture & Furnishing	1.7%
Food & Consumer Staples	18.3%	Fashion, Apparels and Cosmetics	4.9%	Self-storage	0.5%
Data Centre & Telecommunications	14.0%	Retail & Consumer Discretionary	3.6%	Oil, Gas, Energy and Marine	1.8%
Healthcare & Life Sciences	9.6%	Automotive	2.9%	Others	3.2%
Materials & Construction	7.4%				

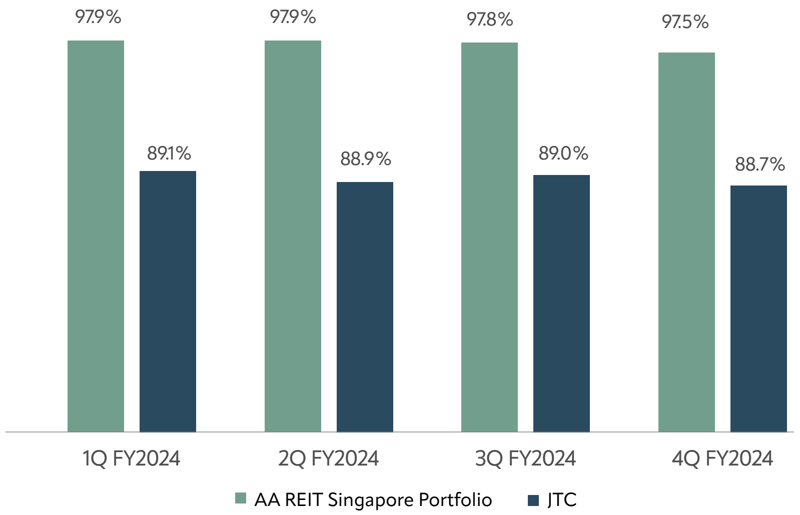
PROACTIVE LEASE MANAGEMENT

The asset management team builds strong customer relationships and is in continuous dialogue with customers to strive to understand their needs which inform the Manager's decision making. This also enables AA REIT to be prepared to capitalise on growth opportunities brought about by longer-term trends.

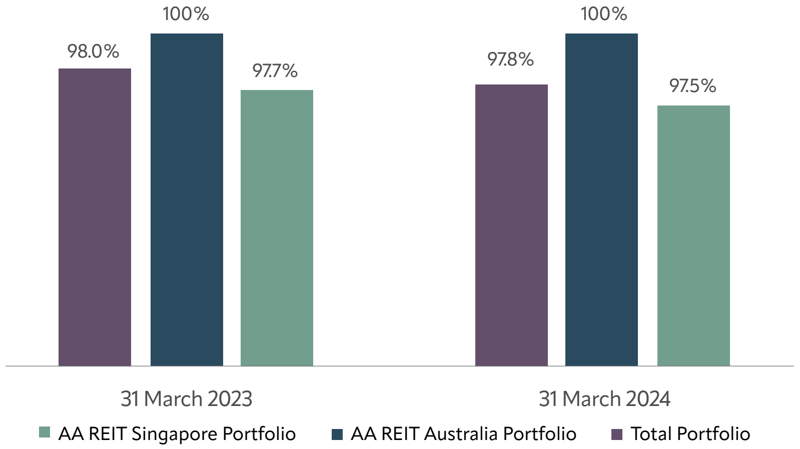
High Occupancy Rate

AA REIT's Singapore portfolio occupancy rate remained consistently high between 97.5% to 97.9% throughout FY2024. This reflects the Manager's proactive leasing and marketing efforts. The various occupancy rates of the industry sub-clusters in Singapore also exceeded the respective Singapore's industrial average levels. In Australia, occupancy remains at 100% as the three properties are on single-tenant lease with a weighted average remaining lease term of 8.2 years. As of the end of the financial year, the combined portfolio occupancy rate was 97.8%.

Singapore Occupancy vs JTC Industrial Average



Portfolio Occupancy



PORTFOLIO REVIEW

In FY2024, the Manager secured 65 new and renewed leases (representing 231,837 sqm, or approximately 30% of AA REIT's total net lettable area). The weighted average lease term of new leases signed in FY2024 was 6.5 years and they accounted for 3.4% of GRI for FY2024. Tenant retention rate remained high 79.1% on a trailing 12 month basis. We continue to value the long-term relationships we have established with our customers and actively work to support them in their evolving business needs amid a volatile market environment. With vacancy rate at low levels, the Manager also reviews opportunity to create space for reletting to capture market rental growth.

POSITIVE RENTAL REVERSIONS

In FY2024, portfolio rental reversion ranged from -5.4% to 51.2% across property segments and reflects the renewed leases in Singapore. The weighted average rental reversion for the portfolio in FY2024 was 24.3%. Across the various property segments, the Logistics and Warehouse segment supported by favourable supply-demand dynamics, registered the strongest reversion trend with an average rental reversion of 26.5% for FY2024.

Case Studies

CREATING VALUE THROUGH ACTIVE LEASE MANAGEMENT: MASTER LEASE RENEWAL WITH KWE & AALST CHOCOLATE

During the year, the Manager renewed the master lease with KWE-Kintetsu World Express (S) Pte Ltd ("KWE") at 7 Bulim Street for a new 5 year term and extended the master lease term with Aalst Chocolate Pte Ltd ("Aalst Chocolate") at 26 Tuas Avenue 7 for a further 10 years. These renewals were signed at a positive rental reversion over their expiring rental rate and subject to annual rental escalation. As part of the lease renewal terms, our asset management team will be carrying out exterior building improvement works for KWE and electrical upgrading works for Aalst Chocolate.

Rental Reversion for Singapore Assets (%)	FY2024				
	1Q	2Q	3Q	4Q	FY2024
Logistics & Warehouse	39.5	33.9	13.5	51.2	**26.5**
Business Park	-5.4	-	-	-	**-5.4**
Industrial	18.6	7.3	7.9	5.2	**7.2**
Hi-Tech	-	-	-	-	-
Overall Portfolio	**38.0**	**33.7**	**13.0**	**31.7**	**24.3**

PORTFOLIO REVIEW

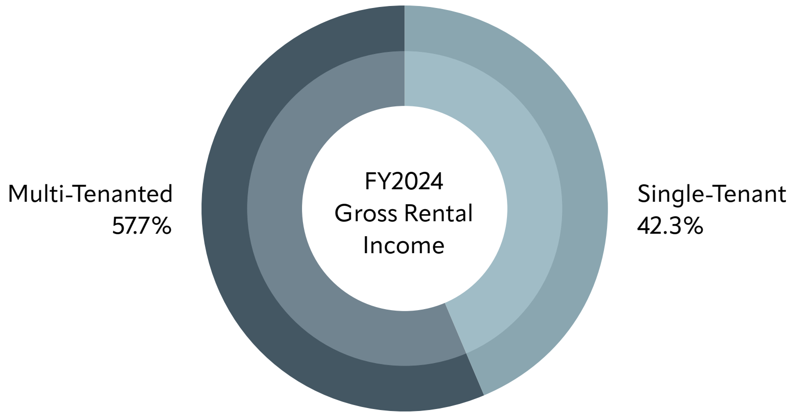
Well-balanced Lease Structure and Expiry Profile

AA REIT's portfolio lease structure and profile continue to offer income security alongside earnings growth. 42.3% of AA REIT's portfolio by GRI comprises leases in single-tenant properties ("master leases"), of which 98.2% has in-built escalations of 1.5% to 3.0%.

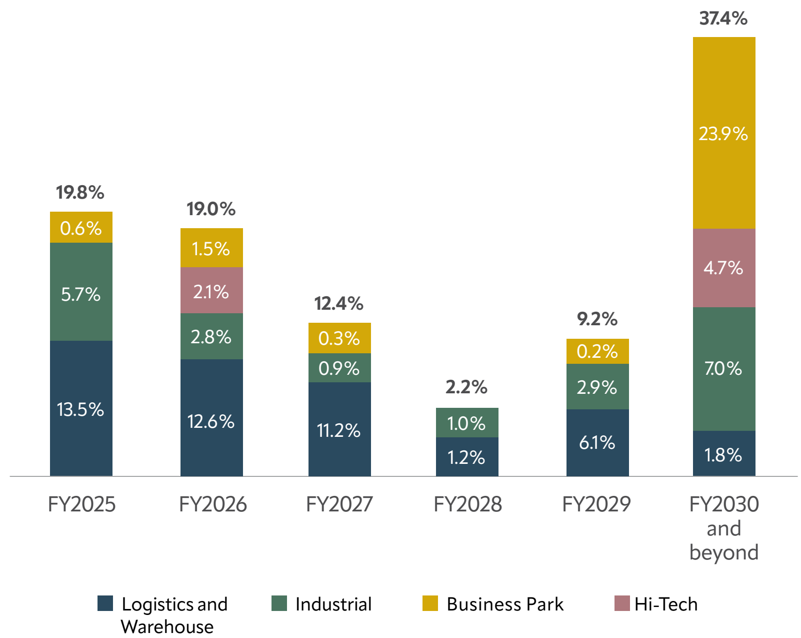
The remaining 57.7% by GRI are multi-tenanted buildings, of which leases are marked to-market upon renewal allowing AA REIT to reposition the portfolio according to the market conditions. In the current upmarket, these leases have recorded strong positive rental reversions.

The weighted average lease expiry ("WALE") by GRI for AA REIT's portfolio was 5.1 years, with no more than 20% of GRI expiring in any given year. The WALE for the Singapore and Australia portfolio was 2.9 years and 8.2 years, respectively. In FY2025, approximately 19.8% of AA REIT's GRI is due for renewal, of which 68.2% are in the Logistics and Warehouse segment.

Lease Structure by GRI



Lease Expiry Profile (weighted by GRI)



PORTFOLIO REVIEW

Portfolio Valuation

AA REIT conducts property valuations on a yearly basis. As at 31 March 2024, AA REIT's property portfolio was valued at S$2,159.4 million. This comprised S$1,468.2 million of properties in Singapore and S$691.2 million of properties in Australia, including the 49.0% interest in Optus Centre.

Compared to the independent valuation conducted in March 2023, our portfolio valuation was largely stable and decreased by S$28.8 million or 1.3%. This was primarily due to cap rate expansion for the Australia portfolio, but offset by higher valuation from the Singapore assets which reported strong rental growth from the logistics and warehouse properties and master lease conversions and renewals.

More details of our property portfolio can be found in our Property Portfolio section, pages 48 to 55 as well as Financial Statements section, pages 152 to 158.

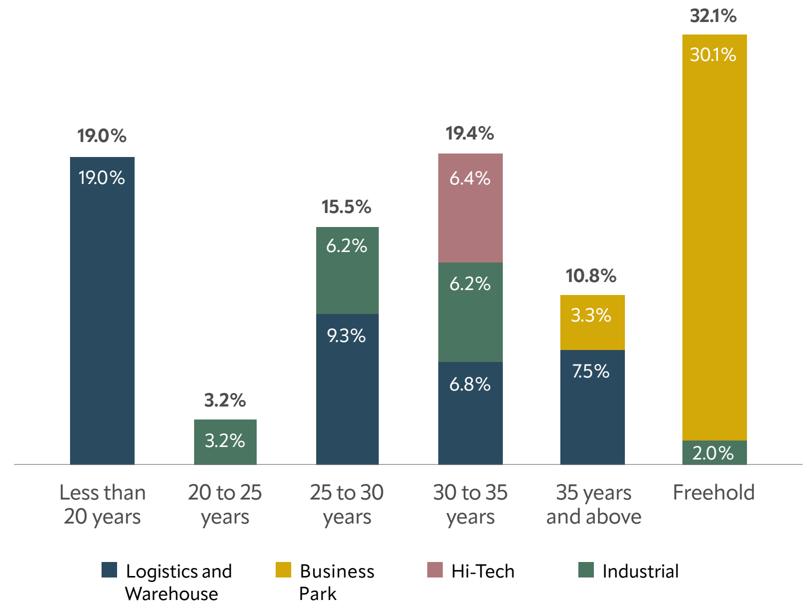
Land Lease Expiry

32.1% of our portfolio by value are freehold assets. The weighted average land lease expiry was 50.3[3] years by valuation. Excluding freehold land, the weighted average land lease to expiry for leasehold land in the portfolio is 27.4 years.

Valuation	As at 31 Mar 2024 (S$'000)[1]	As at 31 Mar 2023 (S$'000)[2]
Singapore Portfolio		
Logistics & Warehouse	921,000	864,400
Business Park	72,000	73,700
Industrial	336,200	327,100
Hi-Tech	139,000	133,600
Total Singapore Portfolio	**1,468,200**	**1,398,800**
Business Park	648,989 (A$737,320)	739,110 (A$828,970)
Industrial	42,250 (A$48,000)	50,375 (A$56,500)
Total Australia Portfolio	**691,239 (A$785,320)**	**789,485 (A$885,470)**
Total Portfolio	**2,159,439**	**2,188,285**

1 Based on applicable March 2024 month end exchange rate of A$1 to S$0.8802.
2 Based on applicable March 2023 month end exchange rate of A$1 to S$0.8916.

Land Lease Expiry (by Asset Value)



3 For the calculation of the weighted average land lease, AA REIT's interests in the freehold properties, Woolworths Headquarters, Optus Centre and Boardriders Asia Pacific Headquarters, have been assumed as 99-year leasehold interests.

PORTFOLIO REVIEW

Driving Sustainability Initiatives

Beyond driving operational excellence of our portfolio, the Manager also stepped-up its efforts to contribute to AA REIT's carbon reduction roadmap. In line with AA REIT's science-based target to reduce its scope 2 carbon emissions from its portfolio by 42% by 2030 (compared to a 2020 baseline), energy conservation projects were initiated at our multi-tenanted properties where the Manager had operational control. One of the flagship projects will be our Phase 2 rooftop solar panel installation, which is currently underway. To recap, we completed our Phase 1 rooftop solar panel installation at 30 Tuas West Road, 8 & 10 Pandan Crescent, 20 Gul Way, 27 Penjuru Lane, 103 Defu Lane 10 and 8 Tuas Ave 20. Other projects included:

- installation of energy efficient air-conditioning and mechanical ventilation ("ACMV") and chiller system at 135 Joo Seng.
- implementation of a smart lighting system at 20 Gul Way.
- planned installation of smart meters to track energy and water consumption across the portfolio.

We recognise the importance of getting visibility on Scope 3 emissions from our customers and are taking the first step to obtain information on energy usage from our master-tenanted properties. We are also increasing the disclosure requirement of such information within the terms of our new leases. As we look to future-proof our portfolio and improve its attractiveness, we will seek to enhance the sustainability credentials of our portfolio via future redevelopment and asset enhancements initiatives.

For more information on our sustainability efforts, please refer to pages 86 to 114.

Country Reviews

SINGAPORE

Market Opportunities for the Year Ahead

- The manufacturing sector expects business sentiments to be cautiously positive in the first half of 2024, with the recovering global semiconductor industry demand contributing to the increase in output, notwithstanding continued geopolitical and economic headwinds.
- During the Industrial Transformation Asia-Pacific ("ITAP") event in 2023, Deputy Prime Minister and Coordinating Minister for Economic Policies, Mr Heng Swee Keat announced that Singapore targets to boost the manufacturing sector contribution to S$160 billion by 2030, from its current standing at S$130 billion.
- With the recovering manufacturing sector underpinning demand, healthy rental growth of between 3.0% to 5.0% is expected for single-user and multiple-user factory spaces for the whole of 2024.
- Outlook for the warehouse segment remains positive with e-commerce players and third-party logistics ("3PL") companies remain keen to secure high-quality spaces by opting to renew their leases in the face of ongoing supply constraints and consequent accumulation of pent-up demand for warehouse and logistics stock.

Market Risks for the Year Ahead

- Economic growth in advanced economies around the world is expected to moderate in the first half of the year, mainly attributed to continued tight financing conditions.
- According to the Economic Development Board (EDB), Singapore drew over S$12.6 billion in fixed asset investments (FAI) in 2023 amid a challenging global environment. This translated to a 43.7% decline from the record high of S$22.5 billion in 2022, partially attributed to the slowdown in demand for semiconductors.
- As investors reallocate their capital towards higher-yielding industrial assets amidst an elevated interest rate environment, the JTC single-user factory space price index recorded a 1.8% y-o-y increase in 1Q 2024. On a q-o-q basis, prices dipped by 1.0% in 1Q 2024 – an indication of market resistance to further price hikes.

AUSTRALIA

Market Opportunities for the Year Ahead

- As our properties in Australia are on long term master-leases, growth opportunities for AA REIT lie in potential acquisition opportunities.
- New supply in Bella Vista remains limited with only one development completed over the last 5 years. New developments in the precinct have historically been concentrated on residential housing and apartments which bodes well for population growth in this sub-market and thus an increase in the available workers for the office market.
- The new prime grade stock along with the pipeline of new projects continues to make Macquarie Park an attractive destination for occupiers seeking the best-in-class buildings with high environmental sustainability at a competitive rental discount to competing markets.

Market Risks for the Year Ahead

- GDP growth is expected to remain subdued in 2024 before accelerating to 2.6% in 2025 as inflationary pressures ease, with a recovery also likely to be supported by some easing of monetary policy from central banks globally at this time.


3 Tuas Avenue 2, Singapore


Woolworths Headquarters, Australia

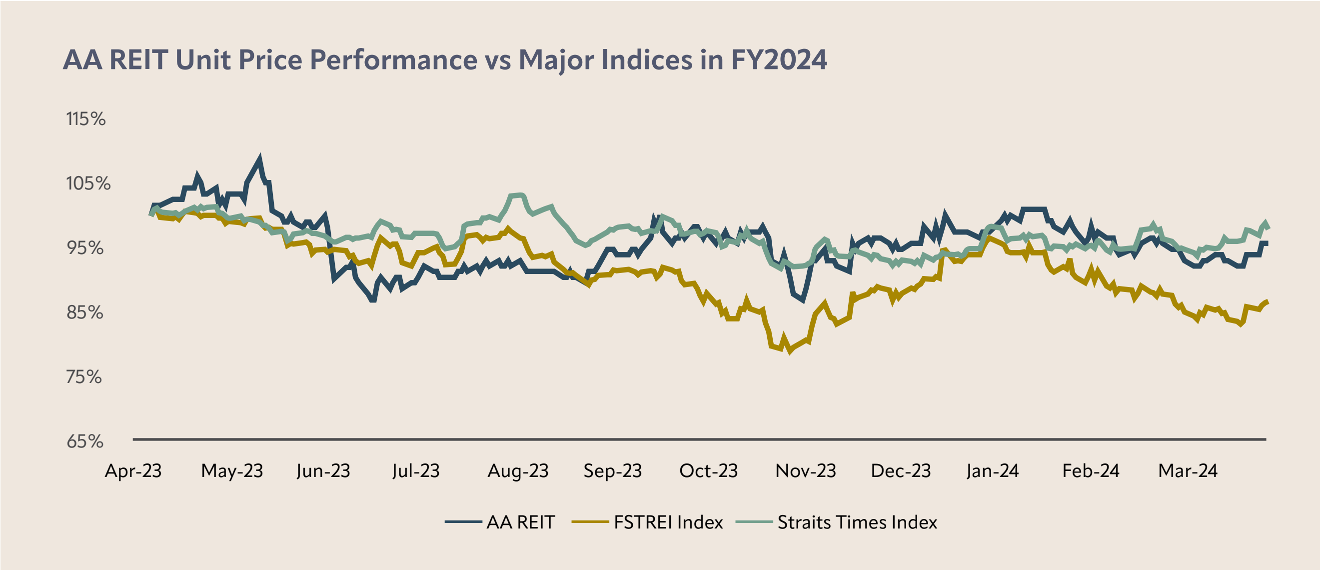

Optus Centre, Australia

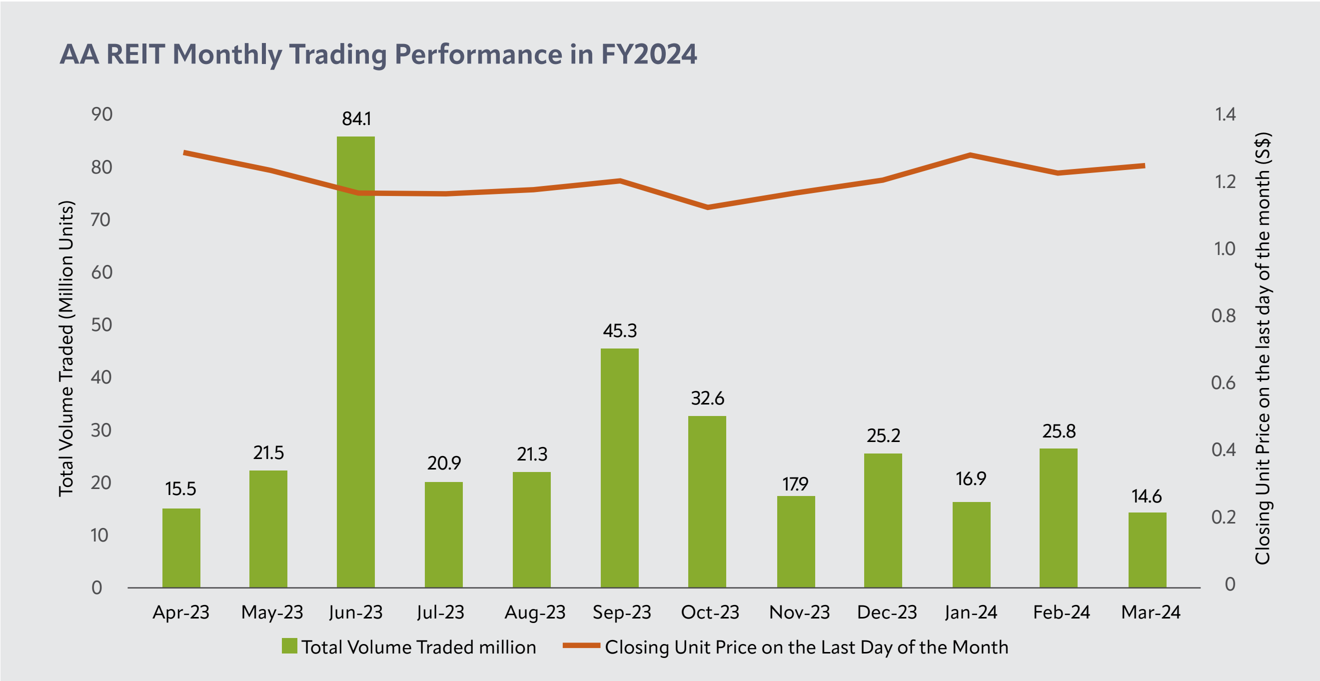
UNIT PRICE PERFORMANCE

In FY2024, global equities continue to face significant headwinds due to factors arising from high inflation, elevated interest rate environment and geopolitical conflicts. Similarly, the global REITs sector faced challenges during this period, as the elevated interest rate environment diminished the attractiveness of investing in REITs, with yields appearing less appealing compared to lower-risk options like fixed income investments. In Singapore, the FTSE ST REIT ("FSTREI") Index lost 10.2%[1], as compared to the Straits Times Index ("STI") which lost 1.1%[1] in FY2024.

AA REIT units opened the financial year with a closing price of S$1.33 on 1 April 2023 and closed the year at S$1.28 on 28 March 2024. Taking into account the distribution payout of 9.360 Singapore cents for FY2024, AA REIT delivered a total return of 2.6%, outperforming both the STI and FSTREI. Total trading volume for FY2024 was 341.5 million units, with the average daily trading volume at 1.4 million units. As at 31 March 2024, AA REIT's market capitalisation was S$1.0375 billion.

AA REIT is a constituent of several indices. These include the MSCI Singapore Small Cap Index, iEdge S-REIT Index, FTSE EPRA Nareit Global Developed Index, Morningstar Developed Markets REIT, and Vanguard Total International Stock Index Fund ETF.





[1] Based on Bloomberg. Assuming dividends are not reinvested and based on the closing price of the Index as at 31 March 2023 and 31 March 2024.

UNIT PRICE PERFORMANCE

AA REIT UNIT PRICE PERFORMANCE

	FY2020	FY2021	FY2022	FY2023	FY2024
Opening Price (S$)	1.43	1.04	1.30	1.39	1.33
Closing Price (S$)	1.04	1.29	1.39	1.32	1.28
High (S$)	1.49	1.33	1.60	1.43	1.43
Low (S$)	0.93	0.99	1.31	1.13	1.18
Trading Volume (million units)	458.1	284.4	477.7	270.6	341.5
Average Daily Traded Volume (million units)	1.8	1.1	1.9	1.1	1.4
Market Capitalisation as at 31 March (S$'million)	734.9	911.6	989.7	950.9	1,037.5

Source: Bloomberg

TOTAL UNITHOLDER RETURN

	1-year From 1 April 2023	3-year From 1 April 2021	5-year From 1 April 2019	10-year From 1 April 2014
Closing unit price on the last trading day prior to the commencement of the period (S$):	1.33	1.29	1.42	1.34
Price Return (%)	-2.7	-0.5	-9.4	-4.1
Distribution Yield (%)	5.3	20.0	30.9	71.8
Total Return as at 31 March 2024 (%)	2.6	19.5	21.5	67.6

COMPARATIVE YIELD RETURNS

AA REIT[1] (%)	7.3
FTSE ST REIT Index[2] (%)	5.4
FTSE Straits Times Index[2] (%)	5.2
CPF (Ordinary) Account[3] (%)	2.5
10-year Singapore Government Bond[4] (%)	3.1
Bank Fixed Deposit[5] (%)	2.1

1 Based AA REIT's closing price of S$1.28 per unit as at 31 March 2024 and DPU of 9.360 Singapore cents for the period from 1 April 2023 to 31 March 2024.
2 Based on Bloomberg.
3 Based on interest paid on Central Provident Fund ("CPF") ordinary account as at 31 March 2024. (Source: CPF Website).
4 Based on 10-year Singapore Government Bond yield published on the Monetary Authority of Singapore ("MAS") website as at 31 March 2024. (Source: MAS Website).
5 Based on 2024 Q1 Deposit Rate of Singapore Dollar Denominated Deposits Offered to Non-Bank Customers. (Source: MAS Website).

INVESTOR RELATIONS

The Manager of AA REIT is committed to a high standard of delivering timely, transparent and open communication to all stakeholders, including Unitholders, potential investors, media and the investment community. The Manager's commitment is underpinned by our Investor Relations Policy which guides the principles and practices of the Manager's investor relations programme to ensure effective communication.

TIMELY AND TRANSPARENT DISCLOSURES

The Manager's dedicated investor relations team runs a proactive investor outreach programme and keeps the Unitholders updated on the latest developments and performance of AA REIT, and makes timely disclosures in accordance with the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Securities and Futures Act (Chapter 289). All pertinent or material information are promptly disclosed via SGXNet and on AA REIT's corporate website at https://www.aimsapacreit.com. This is to ensure that all stakeholders have the essential knowledge to make informed investment decisions. The Manager also updates AA REIT's LinkedIn page on its quarterly, half year and full year business and performance updates, as well new initiatives and developments. Stakeholders can contact the Investor Relations Department via a dedicated email address and subscribe for email alerts through the website to receive prompt updates on corporate developments.

PROACTIVE INVESTOR ENGAGEMENT

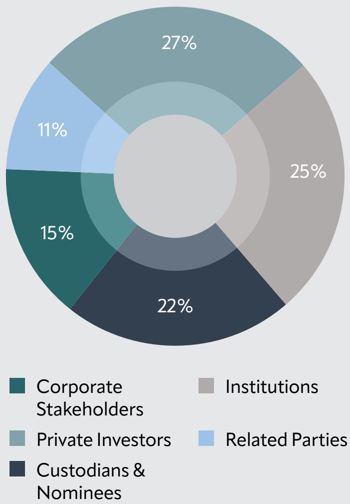
To better understand shareholder views and feedback, the REIT Manager regularly engages the investment community by way of results briefings, investor roadshows and conferences, and one-on-one meetings. In FY2024, the Manager participated in virtual and in-person meetings as well as investor conferences and reached out to institutional investors. As part of its retail outreach programme, the Manager participated at the Annual REITAS Symposium held at Suntec Convention Centre and hosted several webinars throughout the year with SGX-RETAS, CGS International, Lim & Tan Securities and SIAS. Such engagements provide the opportunity for senior management to share their strategy and performance update as well as to solicit feedback from the investment community. In September 2023, the Manager hosted a site visit for a group of Thai delegates from the Association of Investment Companies ("AIMC") at 20 Gul Way, AAREIT's flagship logistics ramp up property in Singapore which was redeveloped over 3 phases from 2011 to 2013.

The Manager continues to engage with sell-side research analysts who issue regular reports and updates through virtual briefings as well as in-person meetings. Investors can refer to the research to obtain updates on AA REIT's operational progress and financial performance. AA-REIT is currently being covered by three equity research houses in Singapore and the Manager continues to proactively nurture relationships with new research analysts to enhance its coverage.

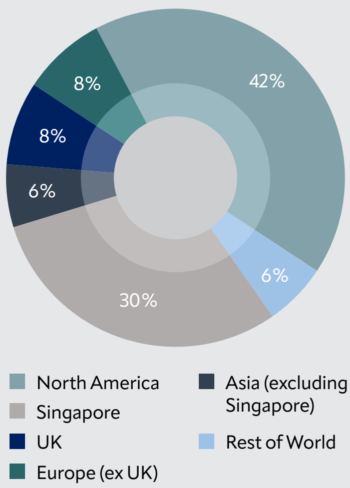
AA REIT releases its full and half year results announcements as well as business update for the first and third quarters within 45 days after each quarter end. Post-results and business update briefings are held for analysts and investors to communicate AA REIT's operational progress and financial performance. Despite the transition to half-yearly financial reporting, AA REIT continues to pay distributions to Unitholders on a quarterly basis.

Unitholders of AA REIT are also given the opportunity to communicate their views at annual general meetings ("AGM") and extraordinary general meetings ("EGM"). In July 2023, AA REIT's 14th Annual General Meeting was convened by way of physical format at Capital Tower. Prior to the AGM, Unitholders were invited to submit their questions or appoint the Chairman as proxy to exercise their voting rights. The AGM Notice to Unitholders was published 32 days in advance of the AGM, to give Unitholders ample time to send in their questions. The Manager's responses to all substantial and relevant questions were addressed and published on SGXNet ahead of the meeting. The minutes of the AGM were also published on SGXNet and made available on AA REIT's website.

Unitholders' Profile
(as at 31 March 2024)



Institutional Holders by Geography
(as at 31 March 2024)



INVESTOR RELATIONS

FY2024 INVESTOR RELATIONS CALENDAR

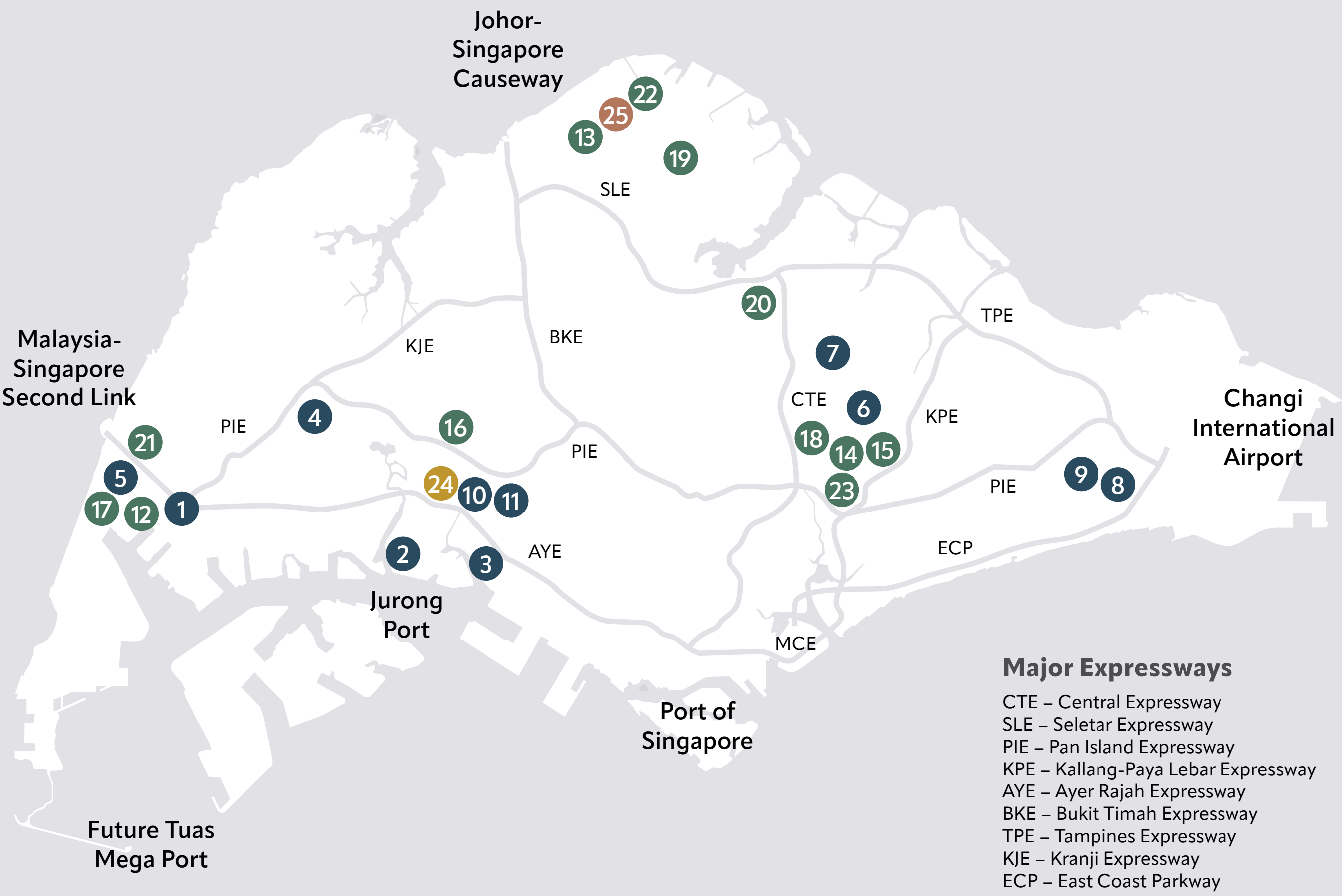
Date	Events	Date
1st Quarter	Full Year FY2023 post-results analyst briefing	5 May 2023
	Full Year FY2023 post-results investor briefing	5 May 2023
	CGS International Webinar	15 May 2023
	DBS-REITAS Private Banking Event	18 May 2023
	Singapore Annual REITs Symposium 2023	20 May 2023
	Lim & Tan Securities Webinar	20 June 2023
2nd Quarter	SIAS – AIMS APAC REIT Dialogue with Unitholders	14 July 2023
	Annual General Meeting	24 July 2023
	1Q FY2024 business update analyst briefing	27 July 2023
	1Q FY2024 business update investor briefing	27 July 2023
	Maybank–REITAS Singapore REIT Day 2023	17 August 2023
	Site visit to AA REIT's properties with Thai delegates from AIMC	22 September 2023
3rd Quarter	1H FY2024 post-results briefing for analysts	3 November 2023
	1H FY2024 post-results investor briefing	3 November 2023
	SGX-REITAS Webinar	23 November 2023
	DBS-SGX-REITAS Bangkok Conference	30 November 2023
4th Quarter	3Q FY2024 business update analyst briefing	31 January 2024
	3Q FY2024 business update investor briefing	31 January 2024
	RHB Corporate Day: Small Cap Corporate Access	1 February 2024

UNITHOLDERS, INVESTORS AND MEDIA CONTACT

Investor Relations
Email: investorrelations@aimsapac.com

PROPERTY PORTFOLIO

Singapore Property Portfolio
as at 31 March 2024



Major Expressways

CTE – Central Expressway
SLE – Seletar Expressway
PIE – Pan Island Expressway
KPE – Kallang-Paya Lebar Expressway
AYE – Ayer Rajah Expressway
BKE – Bukit Timah Expressway
TPE – Tampines Expressway
KJE – Kranji Expressway
ECP – East Coast Parkway
MCE – Marina Coastal Expressway

QUALITY PORTFOLIO COMPRISING 26 PROPERTIES STRATEGICALLY LOCATED IN SINGAPORE

LOGISTICS & WAREHOUSE

1. 20 Gul Way
2. 27 Penjuru Lane
3. 8 & 10 Pandan Crescent
4. 7 Bulim Street
5. 30 Tuas West Road
6. 103 Defu Lane 10
7. 56 Serangoon North Avenue 4
8. 11 Changi South Street 3
9. 10 Changi South Lane
10. 3 Toh Tuck Link
11. 7 Clementi Loop

INDUSTRIAL

12. 3 Tuas Avenue 2
13. 51 Marsiling Road
14. 23 Tai Seng Drive
15. 15 Tai Seng Drive
16. 1 Bukit Batok Street 22
17. 8 Tuas Avenue 20
18. 135 Joo Seng Road
19. 61 Yishun Industrial Park A
20. 2 Ang Mo Kio Street 65
21. 26 Tuas Avenue 7
22. 8 Senoko South Road
23. 1 Kallang Way 2A

BUSINESS PARK

24. 1A International Business Park

HI-TECH

25. 29 Woodlands Industrial Park E1

PROPERTY PORTFOLIO

Australia Property Portfolio

as at 31 March 2024

AND THREE FREEHOLD PROPERTIES IN AUSTRALIA

BUSINESS PARK

26 Woolworths HQ,
1 Woolworths Way, Bella Vista,
NSW 2153

27 Optus Centre, 1-5 Lyonpark
Road, Macquarie Park,
NSW 2113

INDUSTRIAL

28 Boardriders Asia Pacific HQ,
209-217 Burleigh Connection
Road, Burleigh Waters,
QLD 4220

PROPERTY PORTFOLIO

LOGISTICS & WAREHOUSE

SINGAPORE

1 20 Gul Way

2 27 Penjuru Lane

3 8 & 10 Pandan Crescent

4 7 Bulim Street

5 30 Tuas West Road

6 103 Defu Lane 10

7 56 Serangoon North Avenue 4

8 11 Changi South Street 3

9 10 Changi South Lane

10 3 Toh Tuck Link

11 7 Clementi Loop

PROPERTY PORTFOLIO

	Property	Lease Type	Acquisition Date	Land Lease Expiry	Remaining Term of Land Lease as at 31 Mar 2024 (years)	Purchase Price (S$'million)	Valuation as at 31 Mar 2024 (S$'million)	NLA (sq m)	Gross Rental Income for FY2024 (S$'million)	Occupancy as at 31 Mar 2024 (%)
	Singapore									
1	20 Gul Way	Multi-Tenanted	19 Apr 2007	15 Jan 2041	16.8	39.4	241.1	148,169	25.9	99.9
2	27 Penjuru Lane	Multi-Tenanted	15 Oct 2010	15 Oct 2049	25.5	161.0	190.0	96,238	15.3	97.3
3	8 & 10 Pandan Crescent	Multi-Tenanted	19 Apr 2007	31 May 2068	44.2	115.0	161.0	65,832	12.3	100.0
4	7 Bulim Street	Master Lease	9 Oct 2020	31 Aug 2042	18.4	129.6	139.4	68,190	10.5	100.0
5	30 Tuas West Road	Multi-Tenanted	11 Jan 2010	31 Dec 2055	31.8	17.3	56.4	25,387	4.6	100.0
6	103 Defu Lane 10	Multi-Tenanted	21 Jan 2008	30 Jun 2043	19.2	14.5	30.7	17,605	3.0	100.0
7	56 Serangoon North Ave 4	Multi-Tenanted	11 Jan 2010	15 May 2055	31.1	14.8	27.0	10,089	1.9	78.9
8	11 Changi South Street 3	Multi-Tenanted	17 Dec 2007	31 Mar 2055	31.0	20.8	23.1	11,792	2.0	90.6
9	10 Changi South Lane	Multi-Tenanted	19 Apr 2007	15 Jun 2056	32.2	33.8	22.4	12,613	2.1	93.0
10	3 Toh Tuck Link	Multi-Tenanted	11 Jan 2010	15 Nov 2056	32.6	19.3	18.4	11,518	1.8	83.1
11	7 Clementi Loop	Multi-Tenanted	31 Mar 2008	15 Jun 2053	29.2	18.3	11.5	8,099	1.1	87.4

Occupancy Rate*

98.0%

Total NLA

475,532 SQ M

Gross Rental Income for FY2024
(S$'million)

80.5

Valuation*
(S$'million)

921.0

% of Portfolio by Valuation*

42.7%

* As at 31 March 2024

PROPERTY PORTFOLIO

INDUSTRIAL

SINGAPORE


12 3 Tuas Avenue 2

13 51 Marsiling Road

14 23 Tai Seng Drive


15 15 Tai Seng Drive


16 1 Bukit Batok Street 22


17 8 Tuas Avenue 20


18 135 Joo Seng Road


19 61 Yishun Industrial Park A


20 2 Ang Mo Kio Street 65


21 26 Tuas Avenue 7


22 8 Senoko South Road


23 1 Kallang Way 2A

AUSTRALIA


28 Boardriders Asia Pacific HQ, 209-217 Burleigh Connection Road, Burleigh Waters, QLD 4220

PROPERTY PORTFOLIO

	Property	Lease Type	Acquisition Date	Land Lease Expiry	Remaining Term of Land Lease as at 31 Mar 2024 (years)	Purchase Price (S$'million)	Valuation as at 31 Mar 2024 (S$'million)	NLA (sq m)	Gross Rental Income for FY2024 (S$'million)	Occupancy as at 31 Mar 2024 (%)
	Singapore									
12	3 Tuas Avenue 2	Master Lease	19 Apr 2007	15 Mar 2055	31.0	20.8	56.0	24,899	4.5	100.0
13	51 Marsiling Road	Master Lease	16 Nov 2016	31 Jul 2044	20.3	34.9	50.6	21,529	5.1	100.0
14	23 Tai Seng Drive	Master Lease	11 Jan 2010	13 Jul 2050	26.3	17.2	41.6	9,493	3.5	100.0
15	15 Tai Seng Drive	Multi-Tenanted	17 Dec 2007	31 Mar 2051	27.0	28.9	30.9	17,886	3.2	98.5
16	1 Bukit Batok Street 22	Multi-Tenanted	19 Apr 2007	30 Jun 2055	31.2	18.0	28.5	13,705	2.8	99.5
17	8 Tuas Avenue 20	Multi-Tenanted	19 Apr 2007	13 Nov 2051	27.6	11.6	26.6	13,359	2.5	100.0
18	135 Joo Seng Road	Multi-Tenanted	10 Mar 2008	30 Jun 2054	30.2	25.0	23.3	9,723	2.5	92.6
19	61 Yishun Industrial Park A	Multi-Tenanted	21 Jan 2008	31 Aug 2052	28.4	24.6	19.9	11,917	1.3	100.0
20	2 Ang Mo Kio Street 65	Master Lease	19 Apr 2007	31 Mar 2047	23.0	15.2	19.4	6,255	2.8	100.0
21	26 Tuas Avenue 7	Master Lease	19 Apr 2007	31 Dec 2053	29.8	8.3	13.7	5,858	1.2	100.0
22	8 Senoko South Road	Master Lease	19 Apr 2007	31 Oct 2054	30.6	12.8	13.5	7,279	1.3	100.0
23	1 Kallang Way 2A	Multi-Tenanted	30 Jan 2008	30 Jun 2055	31.2	14.0	12.2	6,584	1.3	100.0
	Australia									
28	Boardriders Asia Pacific HQ, 209-217 Burleigh Connection Road, Burleigh Waters, QLD 4220	Master Lease	15 Jul 2019	-	Freehold	36.6[1]	42.3[2]	14,833	3.2	100.0

Occupancy Rate*
99.4%

Total NLA
163,320 SQ M

Gross Rental Income for FY2024
(S$'million)
35.2

Valuation*
(S$'million)
378.5

% of Portfolio by Valuation*
17.5%

1 Based on exchange rate of A$1.00 = S$0.9524. The purchase price for the property was A$38.5 million.
2 Based on exchange rate of A$1.00 = S$0.8802. The valuation for the property is A$48.0 million appraised by Knight Frank Valuations & Advisory Queensland as at 31 March 2024.

* As at 31 March 2024

PROPERTY PORTFOLIO

BUSINESS PARK

SINGAPORE

24 1A International Business Park

AUSTRALIA

26 Woolworths HQ, 1 Woolworths Way, Bella Vista, NSW 2153

27 Optus Centre, 1-5 Lyonpark Road, Macquarie Park, NSW 2113

	Property	Lease Type	Acquisition Date	Land Lease Expiry	Remaining Term of Land Lease as at 31 Mar 2024 (years)	Purchase Price (S$'million)	Valuation as at 31 Mar 2024 (S$'million)	NLA (sq m)	Gross Rental Income for FY2024 (S$'million)	Occupancy as at 31 Mar 2024 (%)
	Singapore									
24	1A International Business Park	Multi-Tenanted	30 Nov 2009	31 May 2059	35.2	90.2	72.0	16,157	4.5	61.3
	Australia									
26	Woolworths HQ, 1 Woolworths Way, Bella Vista, NSW 2153	Master Lease	15 Nov 2021	-	Freehold	454.0[1]	360.9[2]	44,972	24.1	100.0
27	Optus Centre, 1-5 Lyonpark Road, Macquarie Park, NSW 2113	Master Lease	7 Feb 2014	-	Freehold	205.3[3]	288.1[4]	41,255	17.9	100.0

Occupancy Rate*
93.9%

Total NLA
102,384 SQ M

Gross Rental Income for FY2024
(S$'million)
46.5

Valuation*
(S$'million)
721.0

% of Portfolio by Valuation*
33.4%

* As at 31 March 2024

1 Based on exchange rate of A$1.00 = S$0.9800. The purchase price for the property was A$463.3 million.
2 Based on exchange rate of A$1.00 = S$0.8802. The valuation for the property is A$410.0 million appraised by Savills Valuations Pty Ltd as at 31 March 2024.
3 Based on exchange rate of A$1.00 = S$1.1134. The purchase price for the 49.0% interest in the property was A$184.4 million.
4 Based on exchange rate of A$1.00 = S$0.8802. The valuation for the property is A$668.0 million appraised by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2024.

PROPERTY PORTFOLIO

HI-TECH

SINGAPORE

25 29 Woodlands Industrial Park E1

	Property	Lease Type	Acquisition Date	Land Lease Expiry	Remaining Term of Land Lease as at 31 Mar 2024 (years)	Purchase Price (S$'million)	Valuation as at 31 Mar 2024 (S$'million)	NLA (sq m)	Gross Rental Income for FY2024 (S$'million)	Occupancy as at 31 Mar 2024 (%)
	Singapore									
25	29 Woodlands Industrial Park E1	Multi-Tenanted	21 Feb 2011	8 Jan 2055	30.8	72.00	139.0	36,645	12.0	99.8

Occupancy Rate*
99.8%

Total NLA
36,645 SQ M

Gross Rental Income for FY2024
(S$'million)
12.0

Valuation*
(S$'million)
139.0

% of Portfolio by Valuation*
6.4%

* As at 31 March 2024

1 OVERVIEW OF THE SINGAPORE ECONOMY

1.1 Singapore's economic performance

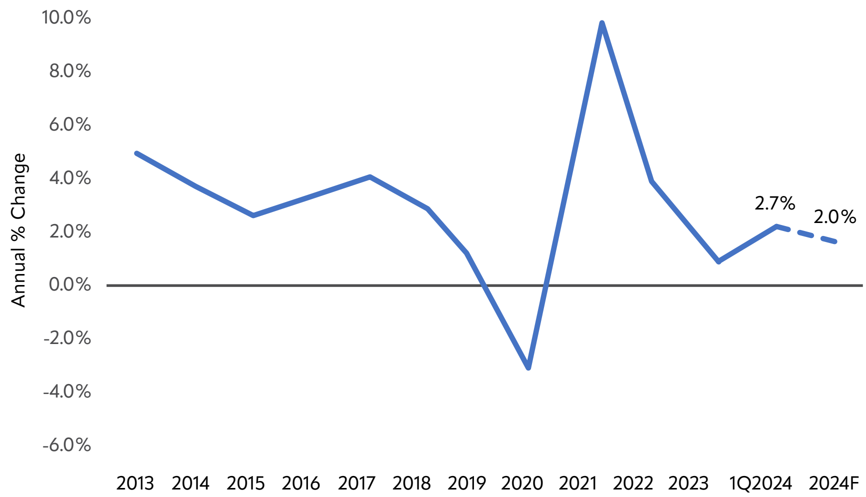
The Singapore economy grew 1.1% year-on-year ("y-o-y") in for the whole of 2023, moderating from the 3.8% expansion in 2022. The slowing down of growth rate was contributed by the 4.3% contraction in the manufacturing sector, that was moderated by the 5.2% and 2.3% expansion in the construction and services sector respectively. Based on estimates by the Ministry of Trade and Industry ("MTI"), Singapore's economic performance grew 2.7% on a year-on-year basis in the first quarter of 2024, exceeding the 2.2% growth in the previous quarter (Exhibit 1-1).

The manufacturing sector contracted by 1.8% y-o-y, reversing from the 1.4% expansion in the previous quarter. Weakness in the sector was weighed down by output declines in the biomedical manufacturing (-16.7%), electronics (-4.3%), and general manufacturing clusters (-3.0%), which more than offset output expansions in the transport engineering (13.3%), chemicals (6.6%), and precision engineering (4.7%) clusters. On a quarter-on-quarter (q-o-q) seasonally-adjusted basis, the manufacturing sector shrank by 5.4% in 1Q 2024, a reversal from the 4.5% q-o-q growth in the previous quarter.

The services producing industries grew by 3.9% y-o-y, extending from 2.0% growth registered in the previous quarter. Growth was supported by expansions in all the services sectors, with the accommodation sector posting the strongest growth at 14.4% y-o-y - boosted by a surge in total visitor arrivals which rose by 49.6% y-o-y in 1Q 2024 at 4.4 million.

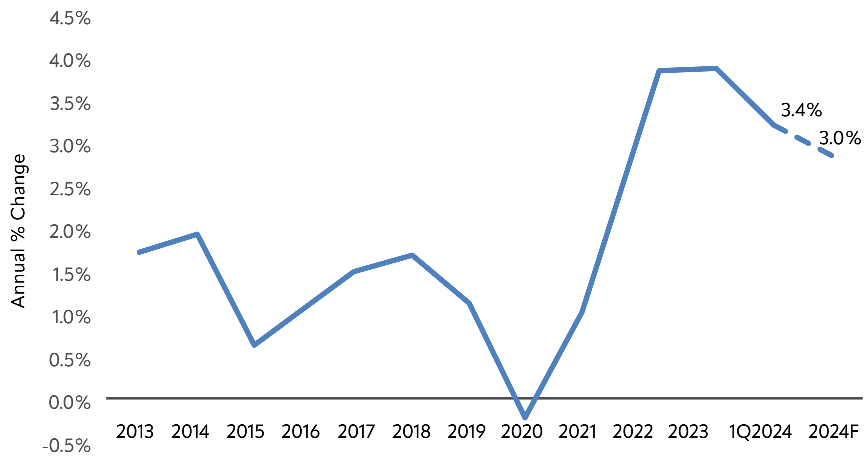
The construction sector expanded at a higher growth rate of 4.1%, extending the 5.2% growth achieved in the previous quarter. This was supported by an increase in public sector construction, which outweighed the decline in private sector construction output.

Exhibit 1-1: Singapore GDP growth rate, 2013 to 2024F



Source: MTI, Knight Frank Consultancy

Exhibit 1-2: Singapore MAS core inflation rate, 2013 to 2024F



Source: MAS, Singstat, Knight Frank Consultancy

1.2 Inflation

According to the Monetary Authority of Singapore ("MAS"), Singapore's core inflation fell to 3.1% y-o-y in March, moderating from 3.6% in February 2024 which was attributable to higher services and food prices during the Chinese New Year month. Core inflation averaged 3.3% y-o-y in 1Q 2024, on par with Q4 2023. CPI-All items inflation fell to 2.7% y-o-y in March, from 3.4% in February, stemming from a slowdown in accommodation inflation.

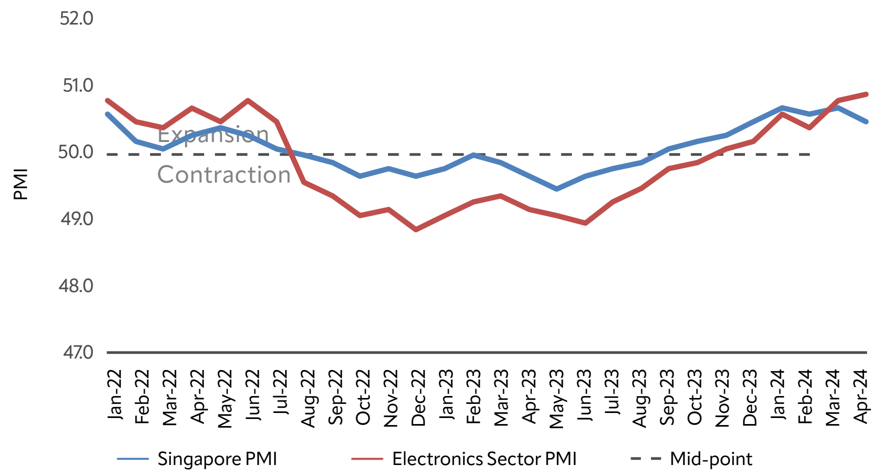
Core inflation is expected to resume a gradual moderating trend for the rest of 2024 as import cost pressures is expected to decline on the back of strong Singapore Dollar and tightness in domestic labour market eases (Exhibit 1-2).

1.3 Manufacturing Sector

Based on Singapore Institute of Purchasing and Materials Management ("SIPMM") statistics, the Purchasing Manager's Index ("PMI") readings were in contraction between September 2022 to August 2023, largely due to shrinkage in manufacturing activity amid global economic headwinds and rising material costs. The PMI has since registered healthy expansion for the last eight months between September 2023 to April 2024, buoyed by returning demand for electronics as the Electronics Sector PMI moved into expansionary territory from November 2023.

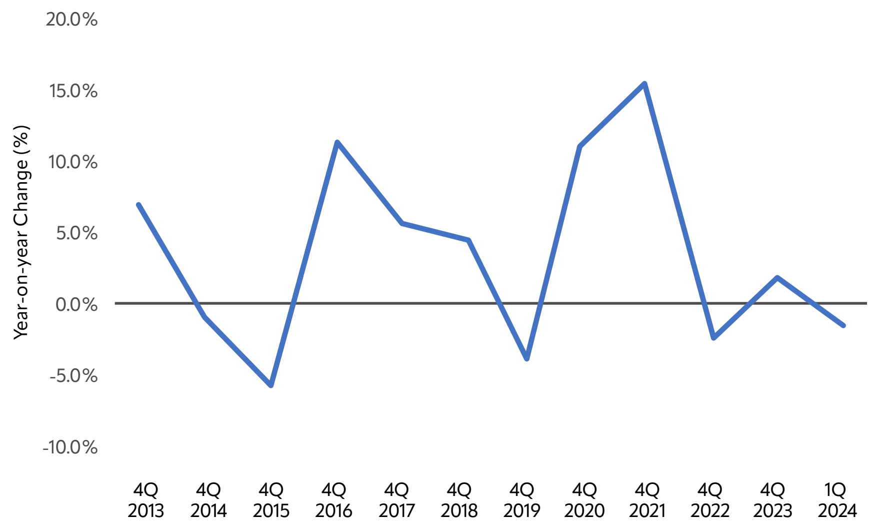
The Index of Industrial Production ("IIP") measures the real output of the manufacturing sector, it serves as an important indicator of the performance of Singapore's manufacturing sector. Based on the IIP, Singapore's industrial production declined 1.8% y-o-y in 1Q 2024, of which the Transport Engineering, Chemicals and Precision Engineering clusters registered expansion of 13.4%, 6.6% and 4.7% respectively. The Transport Engineering cluster's high growth rate was largely contributed by the aerospace segment which expanded 25.4% from a low production base a year ago due in part to component shortages. Meanwhile, the Biomedical Manufacturing and Electronics clusters experienced contraction in output of -16.7% and -1.8% respectively. The volatile Biomedical Manufacturing cluster's decline was mainly attributed to the steep 26.9% decline in Pharmaceuticals on account of a different mix of active pharmaceutical ingredients being produced compared to a year ago. Overall, business sentiment in the manufacturing sector is expected to be cautiously optimistic in the first half of 2024, with the recovering global semiconductor industry demand contributing to the increase in output, notwithstanding continued geopolitical and economic headwinds.

Exhibit 1-3: Purchasing Managers' Index, January 2022 to April 2024



Source: SIPMM, Knight Frank Consultancy

Exhibit 1-4: Singapore Index of Industrial Production, 4Q 2013 to 1Q 2024



Source: Singstat, Knight Frank Consultancy

1.4 Fixed Asset Investments

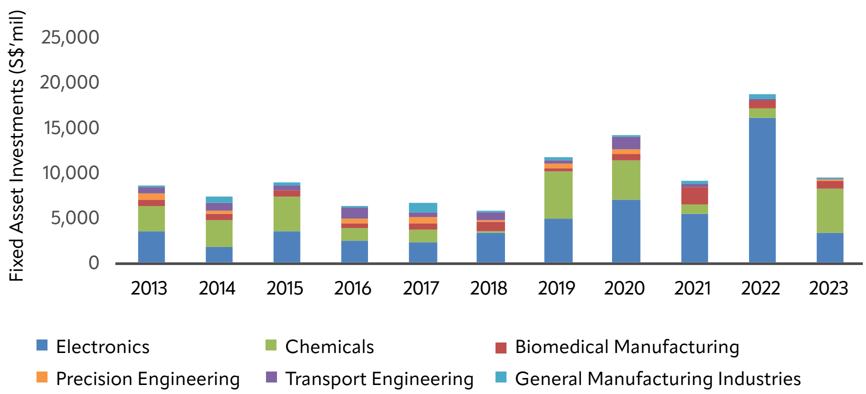
According to the Economic Development Board ("EDB"), Singapore drew over S$12.6 billion in fixed asset investments ("FAI") in 2023 amid a challenging global environment. This translated to a 43.7% decline from the record high of S$22.5 billion in 2022, partially attributed to the slowdown in demand for semiconductors. The Chemicals sector and Electronics sector took the lead in FAI commitments, accounting for 35.6% and 24.2% of total FAI commitments. Though the heightened interest rate environment increased the barrier for investment and startups, Singapore's leading position as a trusted global hub for business and innovation and EDB's efforts to enhance Singapore's attractiveness through investment commitments related to R&D and innovation activities will remain as key factors for investors.

1.5 Logistics Sector

Singapore handled over 591.7 million tonnes of containers over the course of 2023, 2.3% higher than the previous year (Exhibit 1-6). Conversely, the air cargo handled posted 6.1% y-o-y decline of 6.1% to 1,740 tonnes in 2023 (Exhibit 1-7).

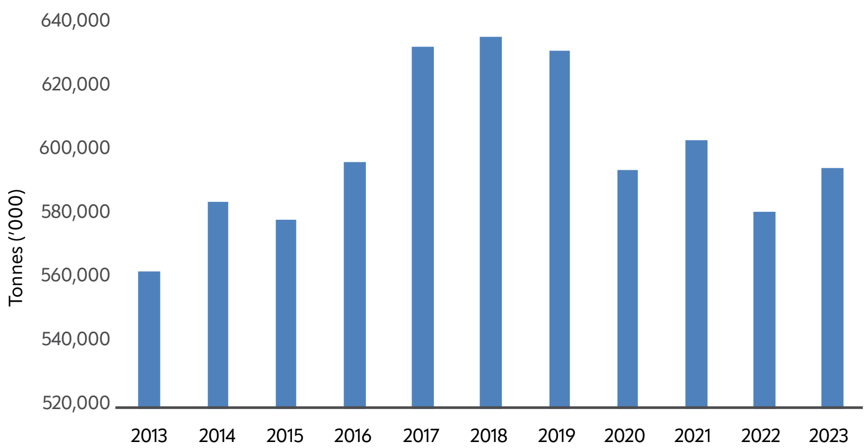
Changi Airport's top five air cargo markets comprised Australia, China, Hong Kong, India and the United States of America. Since the start of 2023, India has emerged to be among the top five air cargo markets for two consecutive quarters. Notwithstanding the near-term macro-economic challenges around the world, Changi remains steadfast in its mission to facilitate global trade and support the flow of goods through the pursuit of strategic partnerships, enhancing service quality in cargo handling and leveraging on advanced automation and digitalisation.

Exhibit 1-5: Total FAI, 2013 to 2023



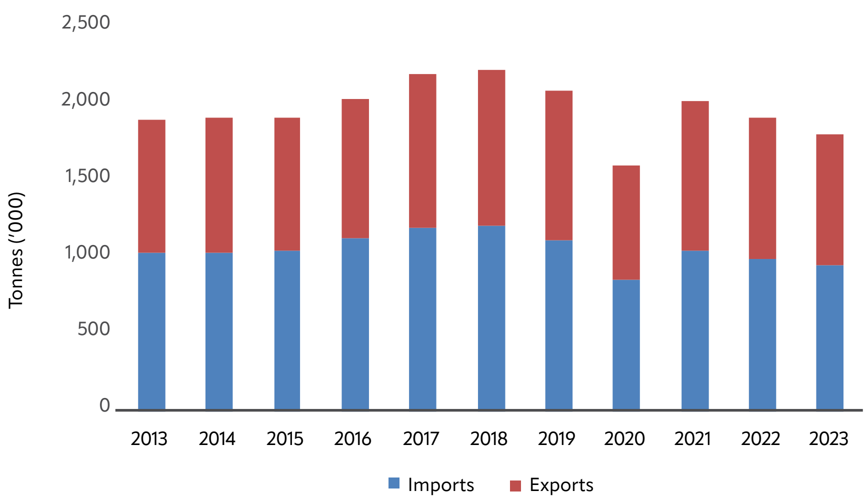
Source: EDB, Singstat, Knight Frank Consultancy

Exhibit 1-6: Total container volume, 2013 to 2023



Source: Singstat, Knight Frank Consultancy

Exhibit 1-7: Air cargo handled in Singapore, 2013 to 2023



Source: Singstat, Knight Frank Consultancy

1.6 Outlook

Going forward, growth in major economies is expected to moderate gradually in the immediate quarters amid continued tight financing conditions, before picking up alongside anticipated policy rate cuts later in the year. With growth in regional economies like South Korea and Taiwan supported by the recovery of global electronics demand for Artifical Intelligence ("AI")-related chips, the MTI expects Singapore's manufacturing and trade-related sectors to see a similar gradual growth pickup. Meanwhile, continued recovery in air travel and tourism demand will continue to support growth in Singapore's tourism and aviation-related sectors such as accommodation, air transport and aerospace, as well as consumer-facing sectors retail trade and food & beverage services. Capacity expansions in sustainable aviation fuel is also expected to boost the chemicals cluster of the manufacturing sector.

However, downside risks in the form of escalation in geopolitical tensions remain significant with the ongoing Gaza-Israel and Ukraine-Russia conflicts, and the upcoming United States presidential elections bring uncertainty to the global markets. Taking into account the performance of the Singapore economy in 1Q 2024, and considering the global and domestic economic environment, the MTI forecasts Singapore's GDP growth to range between 1.0% to 3.0% for 2024.

2 SINGAPORE GOVERNMENT POLICIES AFFECTING INDUSTRIAL PROPERTY MARKET

2.1 Budget 2024

Budget 2024 focuses on workforce development, skills training, promoting AI, sustainability and cost-of-living relief. It aims to support Singaporeans and businesses in addressing immediate challenges while preparing for long-term sustained growth.

The current Partnerships for Capability Transformation ("PACT") Scheme will be further enhanced to catalyse co-innovation and promote greater collaboration between various industries. It helps to align interests and partnerships between different components of the value chain and raise profiles and credentials of companies.

The Enterprise Support Package will continue – the new S$1.3 billion package will comprise three main components to help businesses manage rising cost – Corporate Income Tax ("CIT") rebate, Enhancements to the Enterprise Financing ("EFS") and the extension of SkillsFuture Enterprise Credit.

2.1.1 Sustainability Initiatives for Businesses

1) Energy Efficiency Grant

   Under Budget 2024, businesses will continue to receive support in their sustainability journey. Business will obtain more support in the implementation of decarbonization, energy efficiency and sustainability capabilities. First launched in 2022, the Energy Efficiency Grant ("EEG") that co-funds businesses in energy-efficient equipment will be expanded to more sectors, such as Manufacturing, Data Centres and Construction.

2) Enhancement of Resource Efficiency Grant for Emissions

   The Resource Efficiency Grant for Emissions ("RGE(E)") will be further enhanced by lowering the carbon abatement threshold from 500 tonnes per annum to 250 tonnes per annum, allowing more industrial facilities to tap on the grant to undertake projects that help to improve their energy efficiency and reduce carbon emissions, as a part of the wider sustainability initiative.

3) S$5 billion Future Energy Fund

   The new S$5 billion Future Energy Fund was announced in support of Singapore's advancement towards a net-zero future by supporting essential infrastructure investments in low-carbon energy sources, including the construction of undersea cables for importing low-carbon electricity.

2.2 Initiatives to Promote Industry Development

2.2.1 Manufacturing 2030

During the Industrial Transformation Asia-Pacific ("ITAP") event in 2023, Deputy Prime Minister and Coordinating Minister for Economic Policies, Mr Heng Swee Keat announced that Singapore targets to boost the manufacturing sector contribution to S$160 billion by 2030, from its current standing at S$130 billion. The manufacturing sector currently makes up approximately 20% of Singapore's total GDP. The three key priorities which must be tackled comprise:

1) Innovation for Performance to reinforce supply chain resilience
2) Greater Connectivity to minimise disruptions
3) Tackling climate change by adopting sustainability efforts such as the reduction of carbon emissions

On top of the above goals and initiatives, to thrive in Industry 4.0, Singapore's manufacturing sector must attract and retain the best talent to develop Research and Development ("R&D") and enhance adaptability. In the face of structural changes brought about by new technologies and trends, it is imperative for businesses to adjust and stay competitive and support their employees to remain relevant.

3 OVERVIEW OF SINGAPORE INDUSTRIAL PROPERTY MARKET

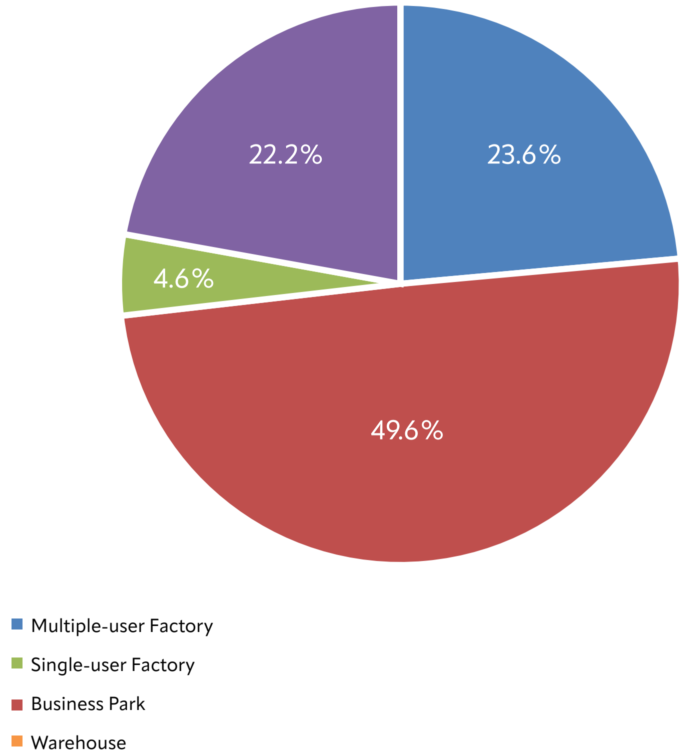
3.1 Industrial property stock

According to JTC data, Singapore's industrial stock totaled over 570.4 million sq ft as at 1Q 2024. At 283.1 million sq ft, single-user factories made up approximately half (49.6%) of the total nationwide industrial stock. This is followed by multiple-user factory and warehouse, contributing 134.4 million sq ft (23.6%) and 126.4 million sq ft (22.2%) of total industrial spaces respectively (Exhibit 3-1).

3.2 Investment Sale Transactions

The total investment sales of industrial properties reached an estimated $2.5 billion in 2023, with majority of sales activity occurring in the second quarter of the year. Several notable transactions involved industrial and logistics REITs – such as ESR-LOGOS REITs' divestment of a portfolio of five industrial assets to an Amsterdam-based trust management company, Intertrust Group at an aggregate sale price of $313.5 million. Another prominent transaction is M&G Real Estate's acquisition of four car showrooms from auto distributor Jardine Cycle & Carriage ("JC&C"). These four assets are currently used as auto showrooms, service centres, workshops and warehouses, of which they will be leased back to JC&C for 10 years, upon completion of asset acquisition.

Exhibit 3-1: Total industrial stock in Singapore as at 1Q 2024, by type of industrial property



Source: JTC, Knight Frank Consultancy

Exhibit 3-2: Selected Major Investment Sale Transactions, 2023 to 1Q 2024

Type of Development	Building Name	Estimated Land Area	Transacted Price ($psf on Land area)	Tenure	Period of Transaction	Buyer	Seller (Vendor)
Multiple-user Factory	OneTen Paya Lebar	155,000 sq ft	140 million ($903 psf)	Freehold	1Q 2024	Big Data Exchange (BDx)	Hwa Hong Corp
Multiple-user Factory	Noel Building	93,771 sq ft	81.18 million ($866 psf)	Freehold	3Q 2023	Undisclosed	Noel Gifts International
Multiple-user Factory	Sime Darby Business Centre	179,190 sq ft	68 million ($379 psf)	99 years from 1956	3Q 2023	Eagle Land (Credit)	Blackstone Group
Warehouse	Jurong Districentre	716,542 sq ft	95 million ($133 psf)	30+30 years from 1990	2Q 2023	Intertrust Group	ESR-LOGOS REIT
Warehouse	6 Chin Bee Avenue	324,166 sq ft	93 million ($287 psf)	27+30 years from 1986	2Q 2023	Intertrust Group	ESR-LOGOS REIT
Business Park	The Shugart	440,028 sq ft	218 million ($497 psf)	30 years	2Q 2023	CapitaLand Ascendas REIT	Seagate Singapore
Multiple-user Factory	10, 12 Mandai Estate	undisclosed	100 million	Freehold	2Q 2023	Smartisan Development	Undisclosed
Multiple-user Factory	Jardine C&C Regional HQ	201,057 sq ft	142 million ($706 psf)	99-years from 1956	1Q 2023	M&G Real Estate	Cycle & Carriage Singapore
Single-user Factory	Mercedes-Benz Centre	undisclosed	131 million	99-years from 1948	1Q 2023	M&G Real Estate	Cycle & Carriage Singapore
Multiple-user Factory	GS Building	92,193 sq ft	67 million ($727 psf)	Freehold	1Q 2023	JVA Venture	Multiple strata owners
Single-user Factory	J'Forte Building	193,009 sq ft	98.77 million ($512 psf)	30+30 years from 2007	1Q 2023	Boustead Singapore, AP SG 21 Pte Ltd, Metro Holdings	Suki Sushi

Source: Knight Frank Consultancy, URA

4 REVIEW OF PRIVATE FACTORY SEGMENT

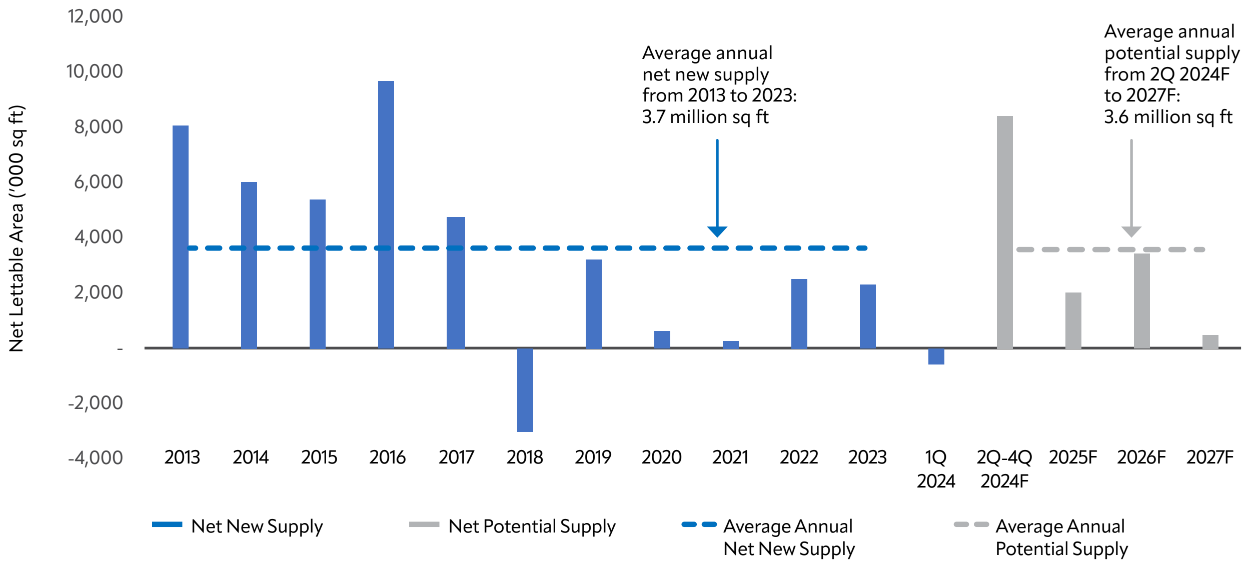
4.1 Single-user factory

4.1.1 Existing and potential supply

According to JTC, Singapore's total private single-user factory stock which are mostly purpose-built, stood at 234.4 million sq ft as at 1Q 2024, an annual increase of 0.6% from 232.9 million sq ft as at 1Q 2023. More than half of the total available stock was located in the West Region (52.7%), followed by the North (20.2%) and East (13.7%) Regions. An estimated 32 new single-user factories were completed by the private sector in 2023. Notable completions include the GlobalFoundries Campus at Woodlands Industrial Park (1,326,000 sq ft GFA) and a semiconductor manufacturing factory at 20 Tampines Industrial Avenue by Silicon Box – a semiconductor design and device integration services start-up (786,700 sq ft GFA).

The annual net new supply[1] of single-user factory spaces totalled a modest 2.3 million sq ft in 2023. 1Q 2024 posted a decrease in net new supply of 584,000 sq ft. Between 2Q 2024 to 2027, the market will be expecting approximately 17.0 million sq ft GFA (estimated 14.5 million sq ft NLA) of private single-user factory spaces, with 2024 being the year with the highest supply pipeline (10.0 million sq ft GFA, estimated 8.5 million sq ft NLA). Notable upcoming single-user factory developments in 2024 include Google's third data centre at Lok Yang Way (568,119 sq ft GFA), the expansion of Wilmar Food Factory along Jalan Ahmad Ibrahim (295,038 sq ft GFA), and Greenphyto Innovation Centre at Tukang Innovation Drive (149,941 sq ft GFA).

Exhibit 4-1: Annual net new and potential supply of private single-user factory space, 2013 to 2027F



Source: JTC, Knight Frank Consultancy

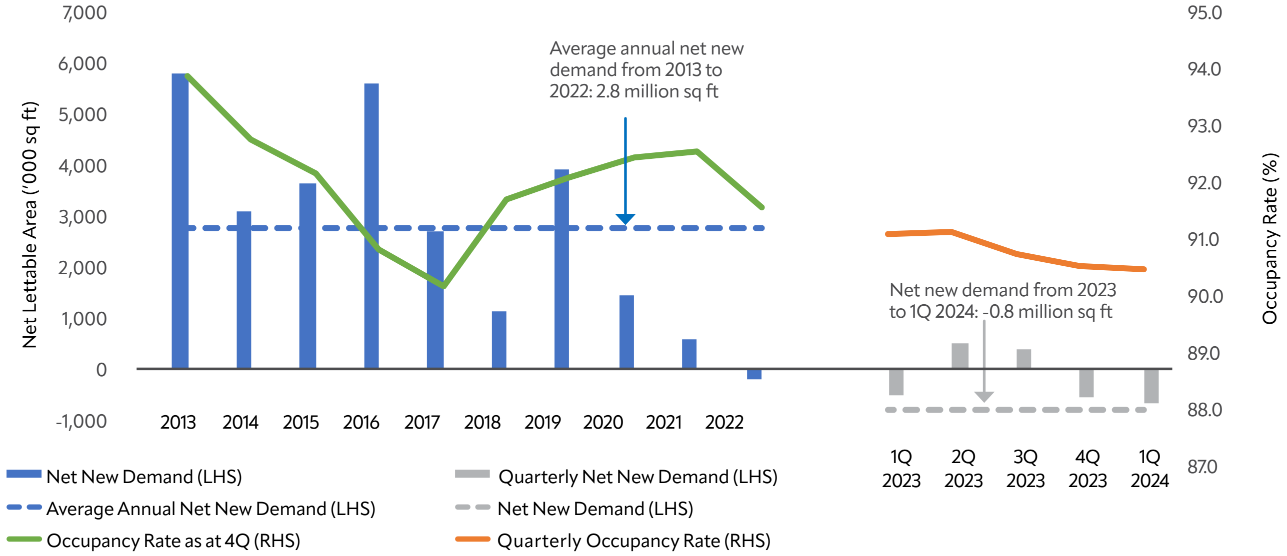
Exhibit 4-2: Notable upcoming completions of single-user factory space, 2024 to 2026

Project	Location	Developer	GFA of Uncompleted Single-user Factory Space (sq ft)	Expected Year of Completion
Single-user Factory	Lok Yang Way	Google Asia Pacific Pte Ltd	568,119	2024
Additions/alterations to existing industrial development	Jalan Ahmad Ibrahim	Wilmar Distribution Pte. Ltd.	295,038	2024
Greenphyto Innovation Centre	Tukang Innovation Drive	Greenphyto Pte Ltd	195,257	2024
Single-user Factory	Jalan Papan	Kok Tong Transport and Engineering Works	149,941	2024

Source: JTC, Knight Frank Consultancy

[1] Net new supply refers to the change in available space across time, calculated as a sum of new completions, demolitions and conversions.

Exhibit 4-3: Net demand and occupancy of single-user factory space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

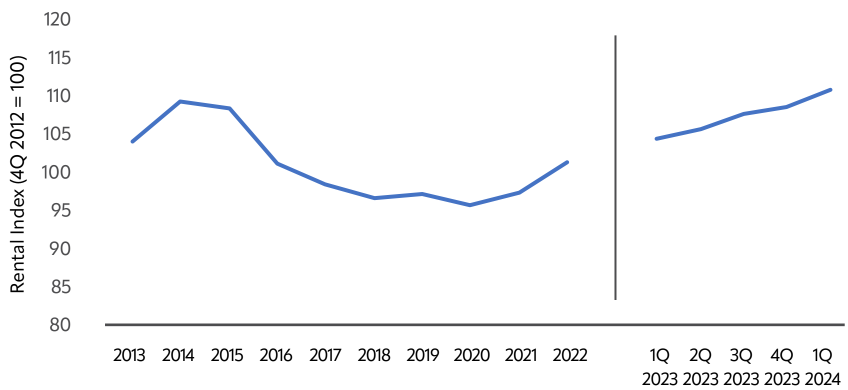
4.1.2 Demand and occupancy

As at 1Q 2024, a total of 211.4 million sq ft of private single-user factory space was occupied, decreasing by a marginal 0.14% from the previous year. With Singapore's manufacturing sector weighed down by weak external demand from major economies especially for electronics, overall net new demand[2] for single-user factories fell into negative territory at -794,000 sq ft while occupancy rate also declined throughout the year – from 90.9% (as at 1Q 2023) to 90.2% (as at 1Q 2024).

4.1.3 Rents

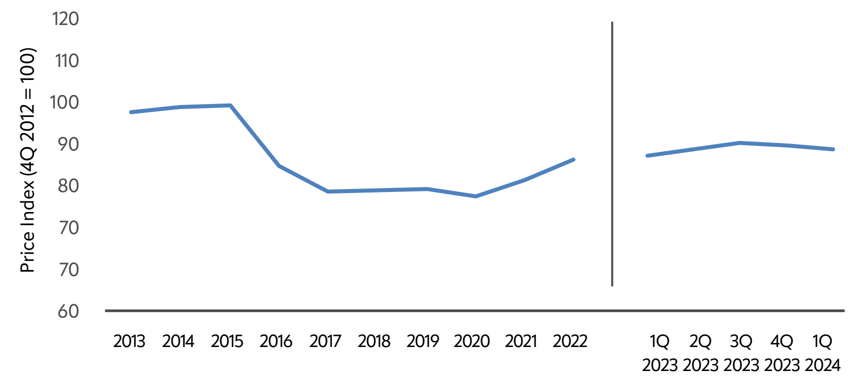
Despite the contraction in demand and occupancy, the rental index of single-user factory spaces rose by 6.2% y-o-y in 1Q 2024, the fourteenth quarter of consecutive growth since 4Q 2020 (Exhibit 4-4).

Exhibit 4-4: JTC rental index of single-user factory space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

Exhibit 4-5: JTC price index of single-user factory space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

[2] Net new demand refers to the change in occupied space across time

4.1.4 Prices

As investors reallocate their capital towards higher-yielding industrial assets amid an elevated interest rate environment, the JTC single-user factory space price index recorded a 1.83% y-o-y increase in 1Q 2024. On a q-o-q basis, prices dipped by 1.0% in 1Q 2024 – an indication of market resistance to further price hikes (Exhibit 4-5).

5.0 MULTIPLE-USER FACTORY

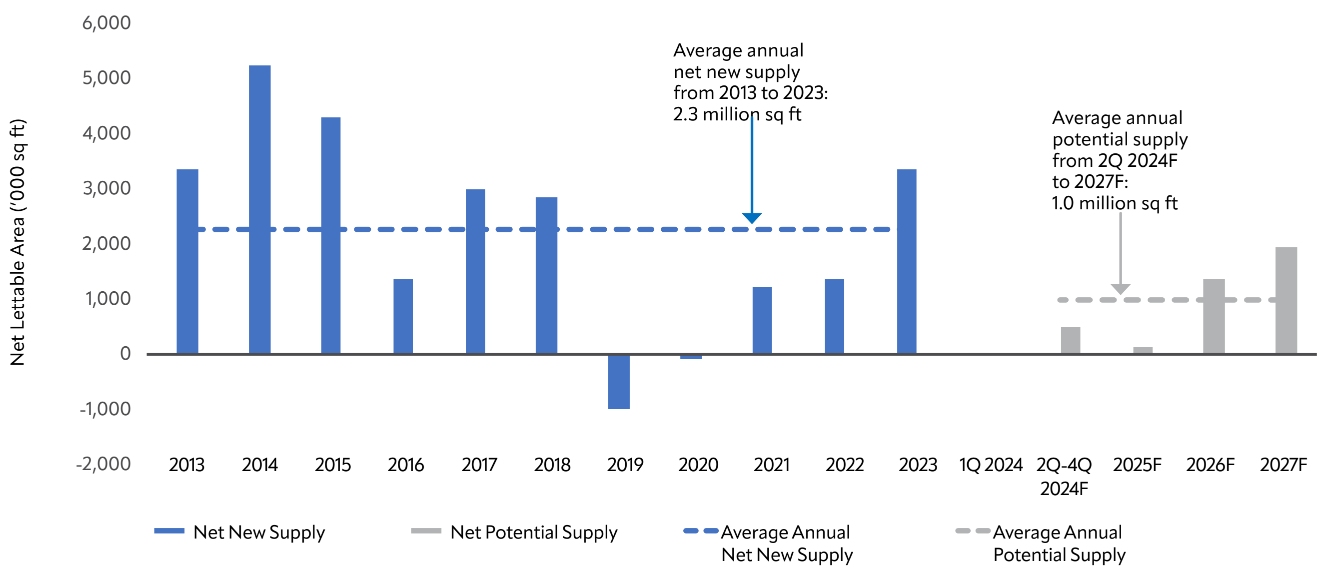
5.1.1 Existing and potential supply

As at 1Q 2024, the total private multiple-user factory space available in Singapore increased 1.8% y-o-y to 107.6 million sq ft. Approximately 39.5% of the stock is located within the Central Region with 42.5 million sq ft of space available. The 2023 annual net new supply of private multiple-user factory space nation-wide amounted to 3.4 million sq ft, the highest level recorded since 2015 (Exhibit 5-1).

According to JTC, eight multiple-user factory developments were granted full Temporary Occupation Permit (TOP) in 2023. Notable completions in 2023 include Tai Seng Exchange by Soilbuild (1,132,900 sq ft GFA), Mapletree Hi-Tech Park @ Kallang Way (865,633 sq ft GFA), and Polaris @ Woodlands, an eight-storey ramp-up development (563,383 sq ft GFA).

From 2Q 2024 to 2027, Singapore will expect over 5.0 million sq ft GFA (estimated 4.0 million sq ft NLA) of multiple-user factory spaces. Notable multiple-user developments expected to complete in 2024 include One KA @ Macpherson (197,733 sq ft GFA), and the redevelopment of the former GS Building along Whampoa River and Whampoa Park Connector by JVA (92,247 GFA) (Exhibit 5-2).

Exhibit 5-1: Net new and potential supply of multiple-user factory space, 2013 to 2027F



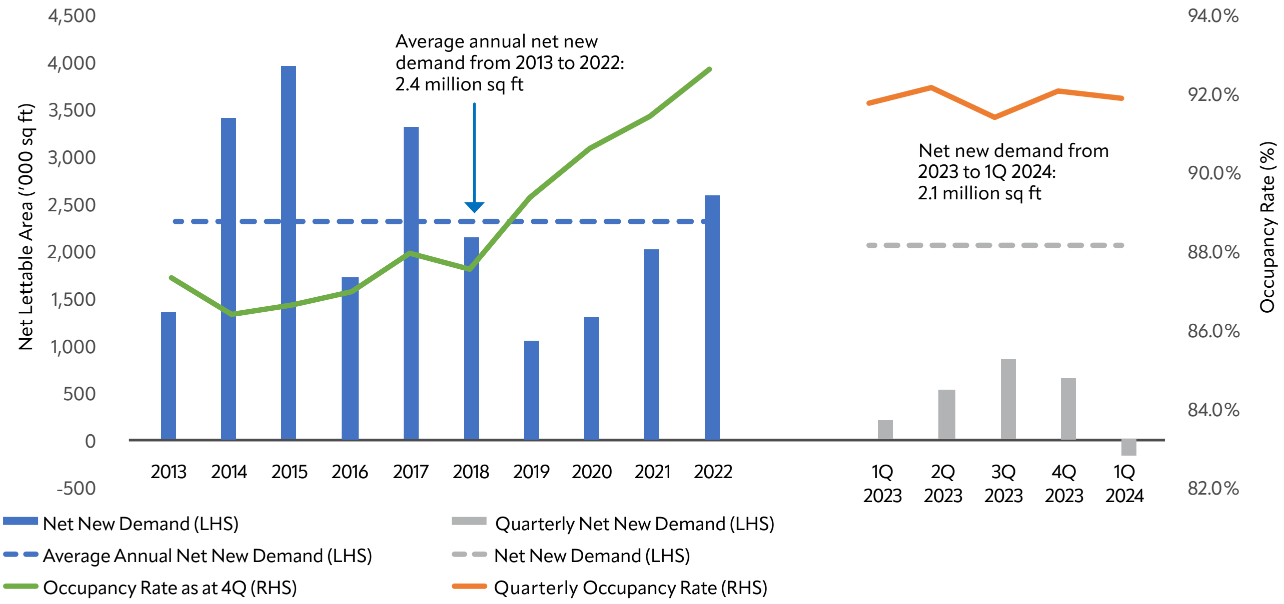
Source: JTC, Knight Frank Consultancy

Exhibit 5-2: Notable upcoming completions of multiple-user factory space, 2024 to 2026

Project	Location	Developer	GFA of Uncompleted Single-user Factory Space (sq ft)	Expected Year of Completion
One KA @ Macpherson	Kampong Ampat	Woodlands Smartisan Pte Ltd	197,733	2024
Multiple-user factory	Lorong Ampas	JVA Whampoa Pte Ltd	92,247	2024
Multiple-user factory	Aljunied Road	Asia Headquarters Pte Ltd	15,069	2024
Multiple-user factory	Playfair Road	AC Hesed Development Pte Ltd	18,191	2026

Source: JTC, Knight Frank Consultancy

Exhibit 5-3: Net demand and occupancy of multiple-user factory space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

5.1.2 Demand and occupancy

The occupancy rate of private multiple-user factory spaces stood at 92.0% as at 1Q 2024, similar to the occupancy level compared to 1Q 2023 a year ago. Across the regions, the East and West Regions recorded the highest occupancy of 97.3% and 94.8% respectively. The net demand (take-up) in 2023 amounted to 2.3 million sq ft, decreasing by 14.2% from 2.7 million sq ft in 2022 (Exhibit 5-3).

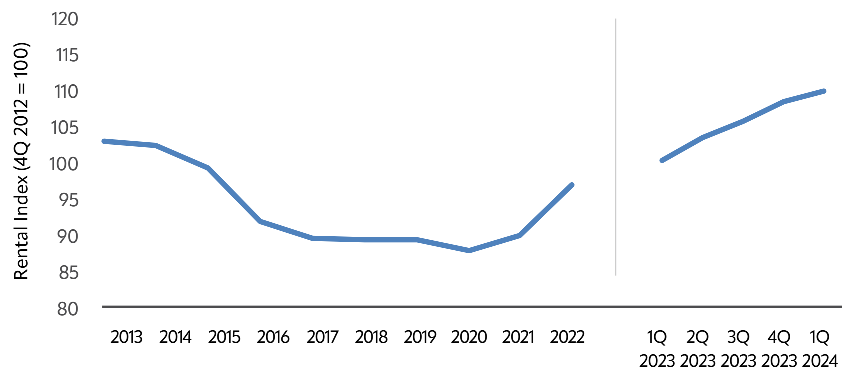
5.1.3 Rents

Similar to the rental trend of single-user factory spaces, the JTC rental index of multiple-user factory spaces grew for the fourteenth consecutive quarter since 4Q 2020 – increasing a further 1.3% q-o-q in 1Q 2024 (Exhibit 5-4).

5.1.4 Prices

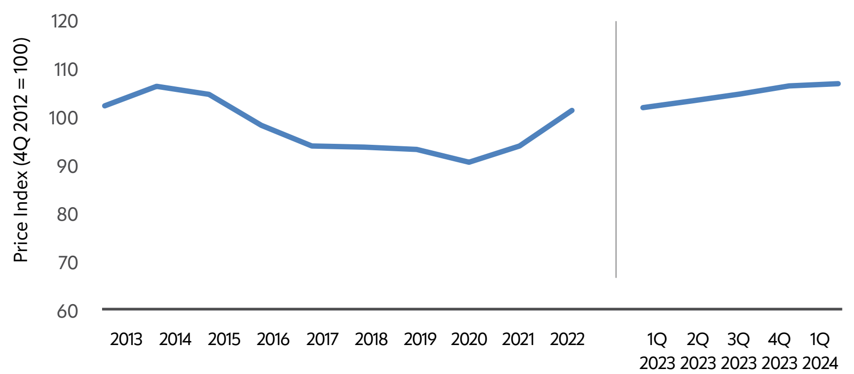
In tandem with the rental market for multiple-user factories, the price index posted healthy growth throughout 2023 and 1Q 2024, where it grew 4.6% y-o-y in 1Q 2024 (Exhibit 5-5).

Exhibit 5-4: JTC rental index of multiple-user factory space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

Exhibit 5-5: JTC price index of multiple-user factory space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

6.0 OUTLOOK OF SINGLE-USER AND MULTIPLE-USER FACTORY SPACES

Despite manufacturing output contractions and diminished export volumes in 2023, factory indicators remained resilient for most of the year. The manufacturing outlook, especially the electronics cluster, is expected to be more sanguine in 2024 alongside a rebound in global demand, with a pause in interest rate hikes as well as possible rate cuts expected in the later half of the year. Growth in manufacturing output and improving business sentiment in the second half of 2023 points to a cautiously optimistic demand outlook in 2024 as global industrial players regain confidence to take advantage of the rebound by investing in stable industrial assets. With the recovering manufacturing sector underpinning demand, a healthy rental growth of between 3.0% to 5.0% is expected for single-user and multiple-user factory spaces for the whole of 2024.

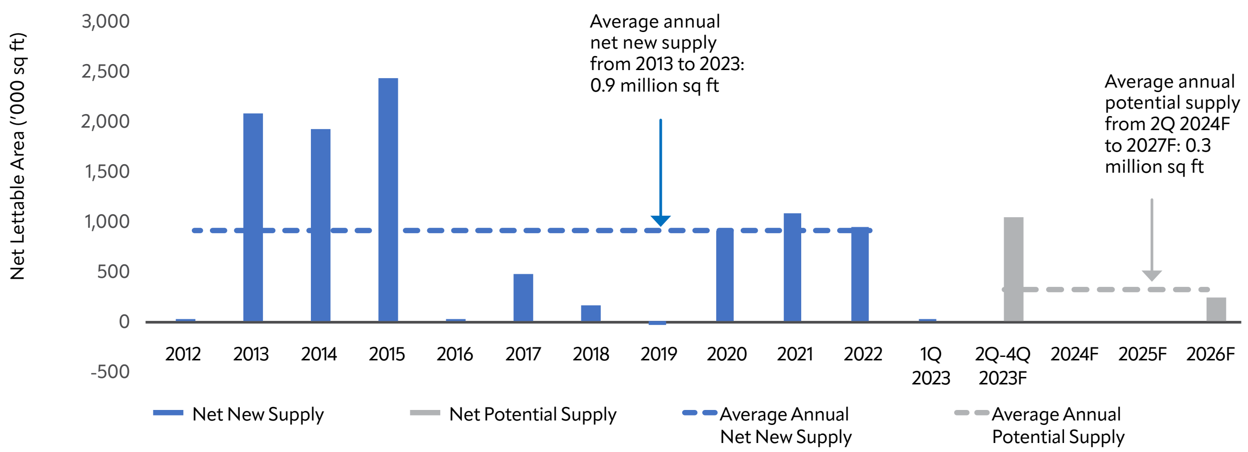
7.0 REVIEW OF PRIVATE AND PUBLIC BUSINESS PARK SEGMENT

7.1 Existing and potential supply

Singapore's inventory of business park spaces declined by 12.7% y-o-y to almost 22.5 million sq ft in 1Q 2024, the lowest since 2016. This is attributed to the asset enhancement initiatives ("AEI") to refresh some business parks, where the older developments are temporarily off the shelves. Similarly, the annual net supply fell by 12.8% to 0.93 million, compared with 1.07 million sq ft increment in 2022. As at 1Q 2024, over 4.7% of the total industrial stock are business park spaces, with around 54.2% located within the Central Region, and the remaining 24.1% and 21.7% of space are in East and West Regions respectively.

According to JTC, only circa 1.3 million sq ft of new business park stock is slated for completion from 2Q 2024 to 2027 with no planned supplies expected for 2025 and 2026 yet. The four-year upcoming average annual potential supply of about 0.3 million sq ft is less than the 11-year average annual net new supply from 2013 to 2023 of 0.9 million sq ft. Prominent upcoming supply include two business park developments (2.14 million sq ft combined) by JTC Corporation at Punggol Way. As part of the multi-stage precinct rejuvenation of Singapore Science Park 1 ("SSP 1"), CapitaLand Development and CapitaLand Ascendas REIT have formed a joint venture for an investment of S$883 million to redevelop 1 Science Park Drive (1.03 million sq ft). All three projects are expected to come online by 2024 (Exhibit 6-1).

Exhibit 6-1: Net new and potential supply of business park space, 2013 to 2027F



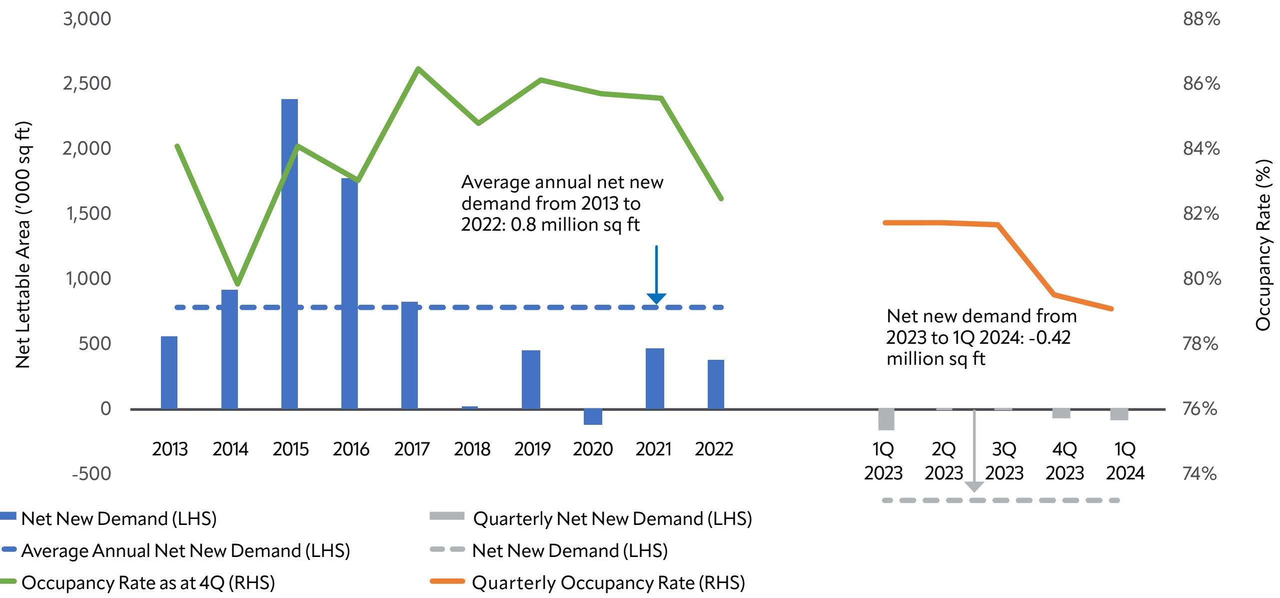
Source: JTC, Knight Frank Consultancy

Exhibit 6-2: Notable upcoming completions of business park space, 2024 to 2026

Project	Location	Developer	GFA of Uncompleted Business Park Space (sq ft)	Expected Year of Completion
Business Park development	Punggol Way	JTC Corporation	1,584,984	2024
Business Park development	Punggol Way	JTC Corporation	930,862	2025
Business Park development	Science Park Drive	SPRINT Plot 1 TM Pte Ltd	1,209,109	2025

Source: JTC, Knight Frank Consultancy, Various Online Sources

Exhibit 6-3: Net demand and occupancy rate of business park space, 2013 to 1Q 2024

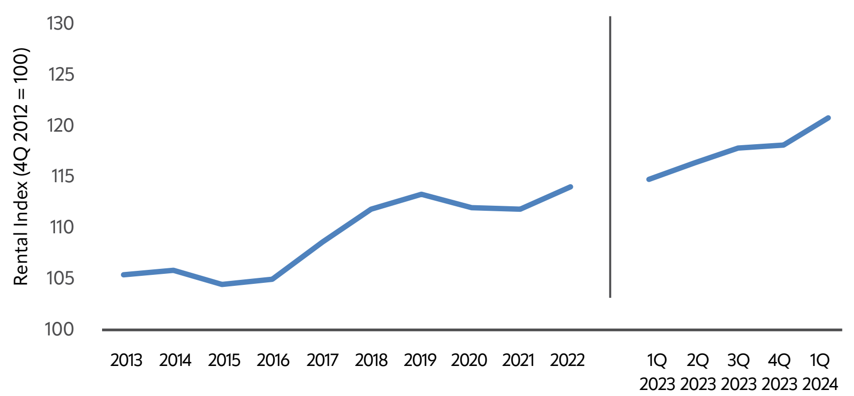


Source: JTC, Knight Frank Consultancy

7.2 Demand and occupancy

Overall net demand of business park spaces was negative at -0.42 million sq ft from 2023 to 1Q 2024 (Exhibit 6-3) while overall occupancy fell to 78.2% in 1Q 2023, the lowest since 4Q 2010. The dip is largely due in part to Surbana Jurong Campus and Perennial Business City as both developments were completed in 2023 but are still in the process of increasing space take-up. Demand for established business park spaces such as Mapletree Business City, one-north and Science Park remained strong with low vacancies.

Exhibit 6-4: JTC rental index of business park space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

7.3 Rents

The business park rental market demonstrated resilience and stability despite the decline in occupancy rates. Rents have been on a constant upward movement since 4Q 2022. The JTC Rental Index for business park grew 5.0% y-o-y and 2.1% q-o-q in 1Q 2024 to reach 120.5 (Exhibit 6-4).

7.4 Outlook of business parks

The completion of four prominent and sizable business park developments - Perennial Business City, Surbana Jurong Campus, Geneo and Elementum at Science Park Drive in 2023 injected an estimated 2.6 million sq ft of new business park space to the market, leading to a dip in overall occupancy. This trend is expected to be temporary – occupancy is expected to climb back to 2022 level once the landlords' marketing efforts come to fruition. The EDB's constant efforts to promote Singapore and forging of strategic partnerships with both local and international industry players will enhance more global players to the Singapore market, thus contributing to the sustainable interest in business park spaces in the medium term. While we are expecting an estimated 3.2 million sq ft of pipeline in 2024 and 2025, there is no known supply after 2025. The imminent low pipeline supply is expected to boost occupancy of the new business park spaces completed in recent years. Considering macroeconomic conditions and the overall resilience of business park rents, Knight Frank expects business park rents to grow by 1.0% to 3.0% for 2024.

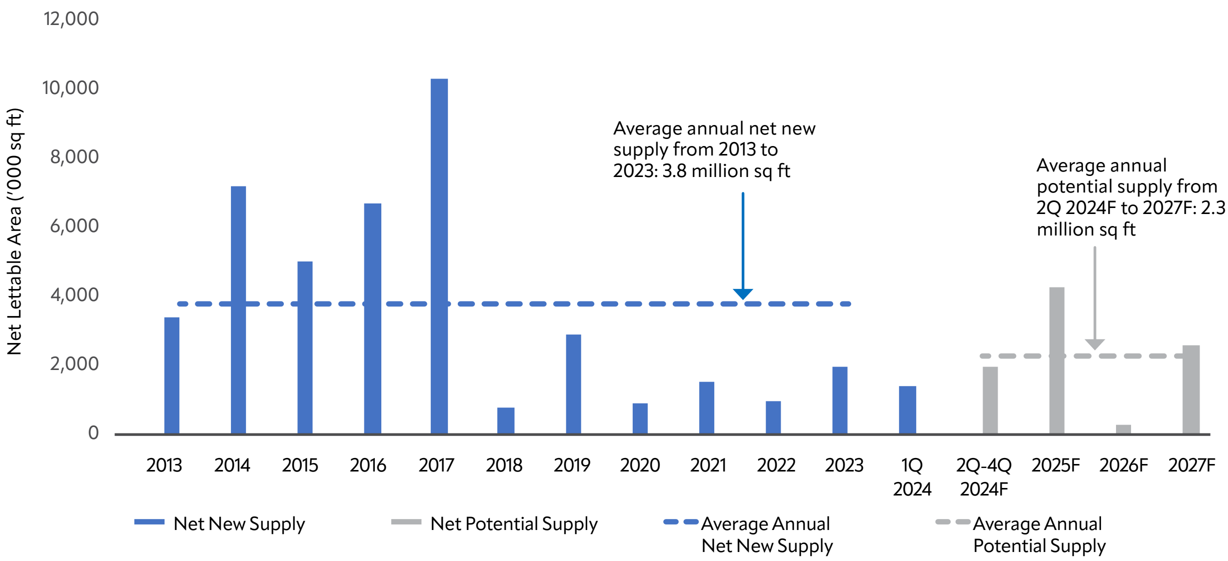
8 REVIEW OF PRIVATE WAREHOUSE SEGMENT

8.1 Existing and potential supply

Singapore's total private warehouse stock reached 122.2 million sq ft as at 1Q 2024, growing by a marginal 1.5% y-o-y. Most of the nation-wide stock is located in the West Region (79.8 million sq ft, 65.3%), followed by the East Region with the second highest warehouse supply (19.4 million sq ft, 15.9%). 2023's net new supply of private warehouse space surged 98.5% y-o-y to reach 1.9 million sq ft as supply began to balance with heightened demand for much needed quality warehouse space. Warehouses completed in 2023 include 2PS1, a 4-storey ramp-up warehouse facility by Soilbuild (0.76 million sq ft GFA) and Fairprice Group Fresh Food Distribution Centre at 7 Sunview Road (0.66 million sq ft GFA).

Between 2Q 2024 to 2027, the market is expected to witness the completion of circa 9.2 million sq ft of private warehouse stock with the pipeline majority coming onstream in 2025 and 2027. Prominent upcoming developments include phase 2 of the LOGOS Ehub at 4 Pandan Crescent (873,490 sq ft GFA), Pokka Logistics Hub at 4 Benoi Crescent (694,164 sq ft), and a cold storage logistics facility at 8 Jalan Besut which can store up to 80 million kilograms of imported perishable food to deal with heightened food security concerns when completed in 2025.

Exhibit 7-1: Net new and potential supply of warehouse space, 2013 to 2027F



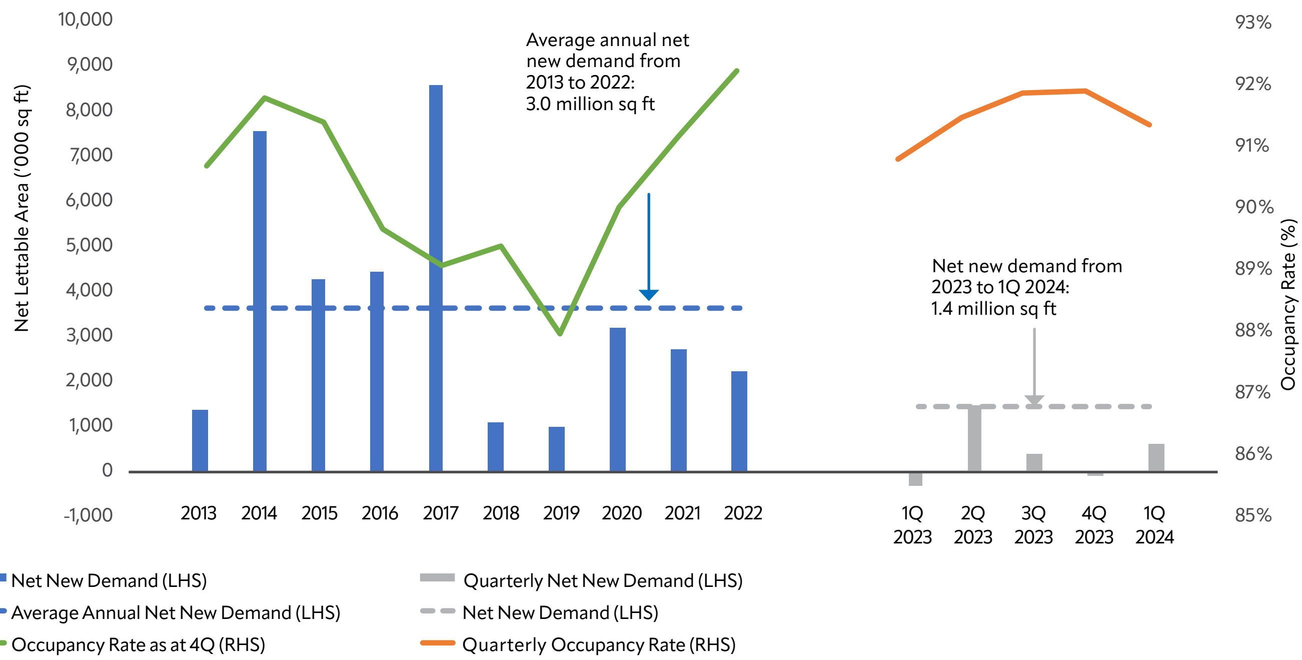
Source: JTC, Knight Frank Consultancy

Exhibit 7-2: Notable upcoming completions of warehouse space, 2024 to 2026

Project	Location	Developer	GFA of Uncompleted Warehouse Space (sq ft)	Expected Year of Completion
LOGOS Ehub (Phase 2)	Pandan Crescent	LOGOS Property	873,490	2024
Pokka Logistics Hub	Benoi Crescent	ESR Cayman, PGIM Real Estate	694,164	2024
Warehouse development	Jalan Besut	Commonwealth Kajima Development (Logistics) Pte. Ltd.	511,178	2025
Single-user industrial development	Jalan Besut	Chasen Logistics Services Limited	334,542	2025

Source: JTC, Knight Frank Consultancy

Exhibit 7-3: Net demand and occupancy of warehouse space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

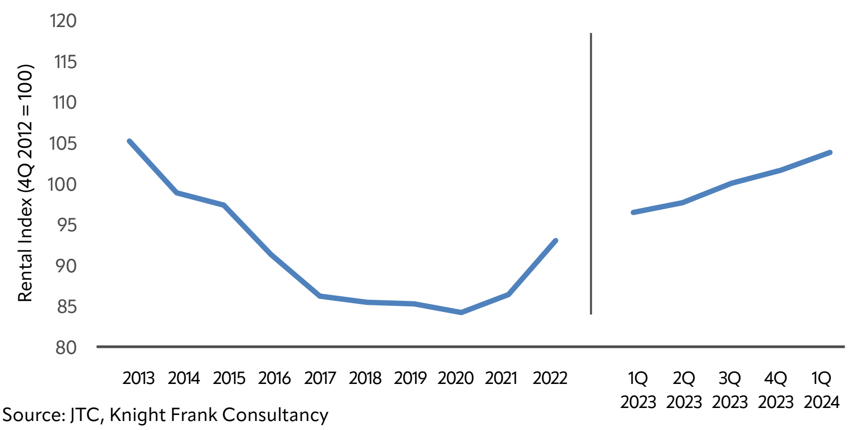
8.2 Demand and occupancy

In 2023, net new demand for warehouse space amounted to over 1.4 million sq ft, an annual decrease of 34.6% from a year ago. Occupancy levels remained steady throughout the year between 91% to 92% – undergirded by robust demand for last-mile logistics and cold storage spaces. Limited supply of quality logistics facilities in good locations, coupled with continued demand from new-to-market retailers and e-commerce players, are envisaged to provide near-term support for both rentals and occupancy levels for warehouse spaces.

8.3 Rents

The retail sector's post-pandemic recovery saw heightened demand for warehouse spaces from third-party logistics players for storage of goods and excess inventory. The warehouse rental index was reflective of the robust demand amid tight supply, as it grew 7.5% y-o-y and 2.0% q-o-q in 1Q 2024 – the fourteenth consecutive quarter of growth since 4Q 2020 (Exhibit 7-4).

Exhibit 7-4: JTC rental index of warehouse space, 2013 to 1Q 2024



Source: JTC, Knight Frank Consultancy

8.4 Outlook of warehouse segment

The addition of an estimated 2.0 million sq ft of new private warehouse space in 2023 amid high occupancy levels brought some balance to demand and supply as tight supply conditions began to ease towards the end of the year with manufacturers gradually reducing inventory held in their existing facilities. Close-to-full occupancy rates is expected to continue for the year ahead as demand is anticipated to outstrip a constrained pipeline supply in 2024. Despite Singapore's manufacturing sector being impacted by competitive external forces, e-commerce players and third-party logistics ("3PL") companies remain keen to secure high-quality spaces by opting to renew their leases in the face of ongoing supply constraints and consequent accumulation of pent-up demand for warehouse and logistics stock. Barring any supply-chain disruptions and unforeseen market circumstances, rents for warehouse spaces is envisaged to grow by circa 4.0% to 5.0% in 2024.

LIMITING CONDITIONS OF THIS REPORT

This report is subject to the following limiting conditions:

a) Knight Frank's responsibility in connection with this report is limited to HSBC Institutional Trust Services (Singapore) Limited as trustee of AIMS APAC REIT i.e., the Client to whom the Report is addressed.

b) It disclaims all responsibility and will accept no liability to any other party.

c) The report was prepared strictly in accordance with the terms and for the purpose expressed therein and is to be utilised for such purpose only.

d) Reproduction of this report in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement without Knight Frank's prior written approval of the form and context in which it may appear is prohibited.

e) References to any authority requirements and incentive schemes are made according to publicly available sources as at the submission date of this report. Technical and legal advice ought to be sought to obtain a fuller understanding of the requirements involved.

f) Projections or forecasts in the course of the study are made to the best of Knight Frank's judgment at the time of report submission. However, Knight Frank disclaims any liability for these projections or forecasts as they pertain to future market conditions, which may change due to unforeseen circumstances.

g) Knight Frank is not obliged to give testimony or to appear in Court with regard to this Report, unless specific arrangement has been made there for.

h) The statements, information and opinions expressed or provided are intended only as a guide to some of the important considerations that relate to the property prices. Neither Knight Frank nor any person involved in the preparation of this report give any warranties as to the contents nor accept any contractual, tortuous or other form of liability for any consequences, loss or damage which may arise as a result of any person acting upon or using the statements, information or opinions in the Report.

AUSTRALIA PROPERTY MARKET RESEARCH

1.0 ECONOMIC OVERVIEW

After a sustained period of monetary tightening in 2022 and the first half of 2023, the impact has now filtered through to the economy and there has been a clear slowdown according to the latest data - a welcome soft landing which has indicated monetary tightening is working. The headline growth rate has clearly slowed, with annual GDP growth for 2023 at 1.5% and the quarterly pace of growth of 0.2% in 4Q 2023 suggests there still may be some further moderation. Recent retail sales data highlights a clear slowdown in spending with only a slight year-on-year ("y-o-y") increase of 1.1%, down from the ten-year average. The labour market remains tight, with the unemployment rate still close to record lows and job vacancies remaining at very high levels across most industries.

In addition, government spending and private business investment were the main drivers of GDP growth in the last quarter of 2023. GDP growth is expected to remain subdued in 2024 before accelerating to 2.6% in 2025 as inflationary pressures ease, with a recovery also likely to be supported by some easing of monetary policy from central banks globally at this time.

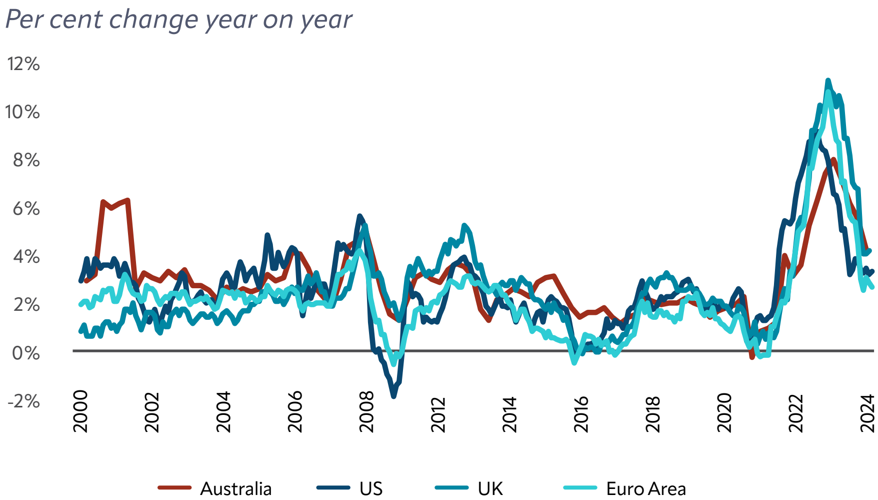
Headline CPI rose by 0.6% in 4Q 2023 to reach 4.1% over the year, indicating inflation is well on its way to the Reserve Bank of Australia ("RBA") target band of 2-3%. Underlying inflation increased by 0.8% in the quarter, and by 4.2% over the year. Annual inflation for goods was 3.8% in December 2023, down from 4.9% in September, while inflation for services dropped to 4.6%, from 5.8% in the September quarter. Price increases for a range of services like rents, restaurant meals, child-care and insurance are keeping inflation high. Construction cost inflation was 2.4% over 2023, having dropped significantly from the high of 17.3% in mid-2022. While prices continued to rise, growth has eased as supply chains improved and falling demand for new construction.

In response to higher inflation, major central banks have aggressively increased interest rates over the last two years. The Federal Reserve has raised interest rates by cumulative 525 basis points since March 2022 to between 5.25%-5.50%, with the RBA having increased the cash rate by 425 basis points since May 2022 to 4.35%. The RBA cited that whilst inflation has passed its peak it has proved more persistent than expected. The Board had indicated that it would be paying close attention to developments in the global economy, trends in household spending, and the outlook for inflation and the labour market. The RBA forecasted for inflation to return to the target band of 2-3% in December 2025 and reach the midpoint of this range in 2026.

Exhibit 1 – Australia's GDP growth

Source: Knight Frank, Macrobond, Oxford Economics

Exhibit 2 – Headline Inflation, Australia Versus Selected Advanced Economies



Source: Knight Frank, Macrobond
* Latest inflations for Australia in December 2023, US in March 2024, UK in February 2024, Euro Area in March 2024.

2.0 MACQUARIE PARK

2.1 Introduction

Macquarie Park is located 15 kilometres ("km") northwest of the Sydney Central Business District ("CBD") and is accessed by major roadways including the M1 Motorway with direct access from North Sydney and the CBD, and the M2 Motorway with direct access from Parramatta and Western Sydney.

The Macquarie Park/North Ryde office and business space market is one of Australia's largest non-CBD markets, and Sydney's second largest non-CBD market. It proved defensive throughout the COVID-19 period, demonstrating steady face rents and capital values, which is reflective of its links to larger healthcare, pharmaceutical and educational associated users. It is also home to major institutional owners and global brand tenancies, including Johnson & Johnson, Fujitsu and Kia. Macquarie Park is also home to many renowned institutions - Macquarie University, Macquarie University Hospital, Macquarie University Incubator, and leading global companies. It is ideally placed to become a centre for innovation, creating new jobs and investment opportunities.

The New South Wales ("NSW") Government has designated Macquarie Park as an important strategic centre. Macquarie Park is a health and education precinct and an important economic and employment centre in Sydney's North District (comprising North Shore markets). The Macquarie Park Place Strategy, which was finalised in September 2022, outlines plans for the renewal of the precinct to 2036 to help Macquarie Park reach its full potential as a destination that encourages creativity and collaboration.

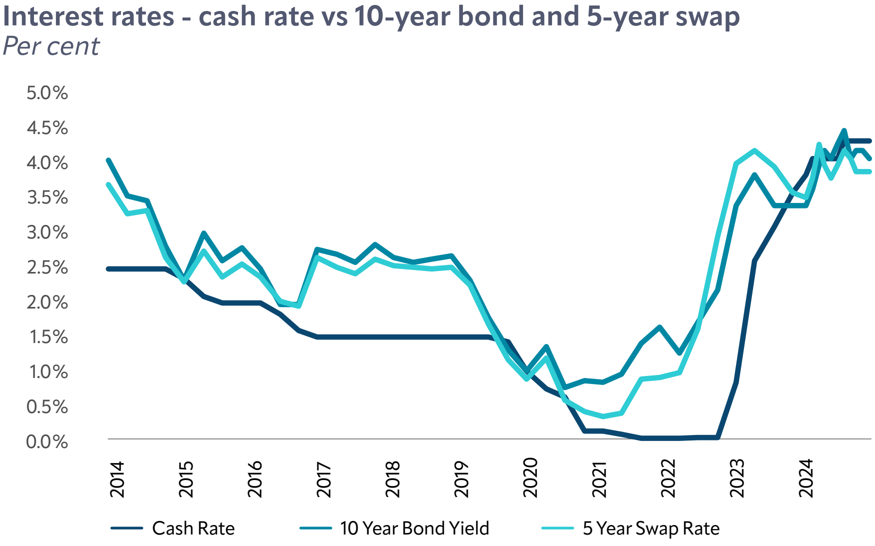
Under the place strategy, the Macquarie Park Innovation Precinct ("MPIP") – Stage 1 rezoning proposal is under assessment and expected to be finalised in 2H 2024.

Meanwhile, planning for the MPIP – Stage 2 rezoning proposal has also commenced among multiple state agencies, councils and industries. New planning controls will help deliver seven sustainable neighbourhoods with more public open spaces and improved transport connectivity.

A$1.07 billion has been committed by the NSW government toward state and regional infrastructure to support the MPIP transformation including the projects described in Exhibit 4.

Additionally, the Northwest metro line which opened in 2019 has enhanced the connectivity of Macquarie Park to other key locations across Sydney and this will be boosted when the main section of the Metro City and Southwest line from Chatswood to North Sydney, the CBD and beyond is slated to open in late 2024.

Exhibit 3 – RBA Cash Rate vs Bond Yields



Source: Knight Frank Research, Macrobond

Exhibit 4 – Key infrastructure project pipeline in Macquarie Park

Project	Description	Status and Timing
Macquarie Park Precinct & Bus Interchange Upgrade	A$200 million – Optimise bus operation and pedestrian access in Macquarie University Station Bus Interchange.	Construction is expected to commence in 2024.
Lane Cove Rd & Waterloo Rd Intersection	Part of A$240 million – Improvement of bus travel by reducing congestion.	Construction is underway with completion expected in late 2024.
Macquarie Park Bus Priority and Capacity	Improvement of the road network to increase the reliability and efficiency of bus research.	Stage 1 completed; Stage 2 in the planning stage.
Macquarie Park Education Campus	A new primary school and a new high school will be built within the Macquarie Park Education Campus at Lachlan's Line.	Business case approved by NSW Government, currently identifying the development partners. Completion expected in 2028.
Ryde Hospital Redevelopment	A$479 million – deliver a new and expanded emergency department and intensive care unit, new theatres, new purpose-built ambulatory care centre, new paediatric short stay unit, more adult overnight inpatient beds and expanded medical imaging.	Building contractor appointed. Completion expected in 2028
Midtown Macquarie Park New Primary School	A new primary school in Midtown Macquarie Park to accommodate 750 students from kindergarten to year 6.	SSD application is now on public exhibition.

Source: Knight Frank Research, NSW Government

AUSTRALIA PROPERTY MARKET RESEARCH

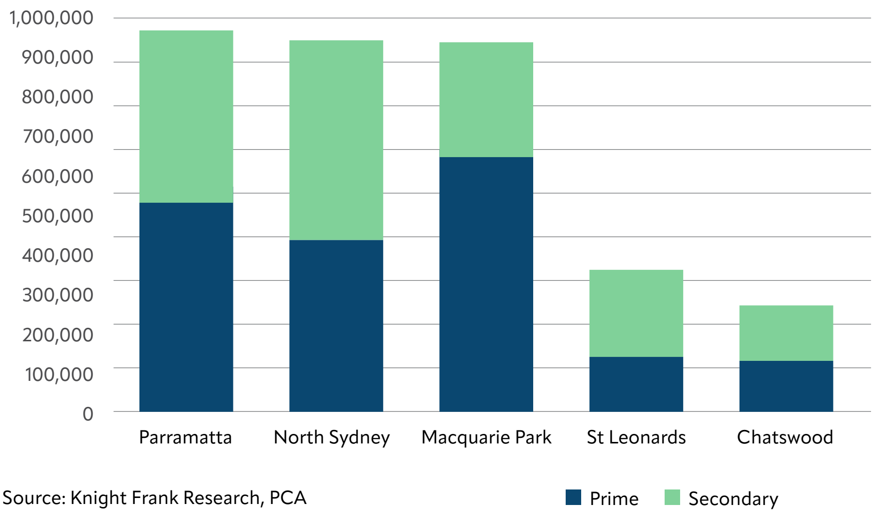
2.2 Demand

Macquarie Park proved to be one of the most resilient office markets amid the pandemic with steady demand throughout the period supported by well-established industry clusters including government, pharmaceutical and biotech occupiers. Over the last 12 months demand across all NSW markets has been weak, with Macquarie Park having experienced negative absorption of 46,002 sqm in the 12 months to January 2024. This was mainly brought about by the new developments contributing over 42,000 sqm of prime space to Macquarie Park in 2023. In terms of leasing activities over the last three years, activity has been dominated by the manufacturing and tech sectors, as well as professional service occupiers, which in total accounted for 81% of activity over the period.

Looking ahead, Macquarie Park will continue to benefit from its status as a designated innovation precinct and economic hub. It appeals to occupiers in the manufacturing, technology and health sectors, especially those with more complex requirements including both conventional office space and specialist laboratory space. As such, we expect these sectors to be the predominant drivers of demand for office space over the next decade. The additional infrastructure investment described above will add to its attractiveness as a destination and potentially widen the tenant mix over time, including through expanding the links between Macquarie University and commercial occupiers.

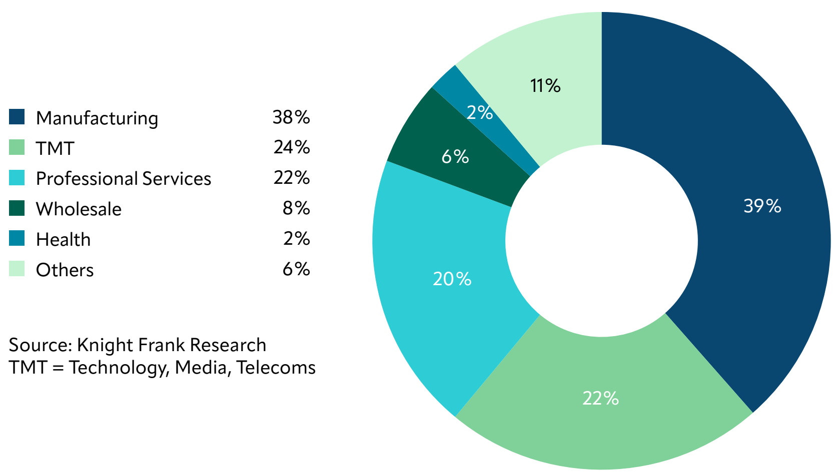
However, while Macquarie Park will continue to be an attractive location for tenants, the tendency for some large tenants to downsize their office requirements as a result of changing workplace practices – not only in Macquarie Park but across all Sydney markets – means that absorption levels may remain subdued relative to historic averages, risking an extended period of high vacancy.

Exhibit 5 – Office stock size, by market (locality) in Sydney



Source: Knight Frank Research, PCA

Exhibit 6 - Lease deals by industry sector



Source: Knight Frank Research
TMT = Technology, Media, Telecoms

Exhibit 7 – Recent Lease Transactions

Address	Tenant	Area (sqm)	Lease Type	Net Face Rent[1] (A$/sqm)	Incentive (%)	Period Reported
123 Epping Road	Johnson Controls	1,043	New	360	40%	Q1-24
11-17 Khartoum Road	Audika	1,800	New	505	35%	Q3-23
396 Lane Cove Road	Key Pharmaceuticals	1,000	New	490	30%	Q3-23
12 Waterloo Road	Youth Impact Hub	365	New	340	30%	Q2-23
3 Thomas Holt Drive	ABT	598	New	400	20%+fitout	Q1-23
4 Drake Avenue	WiSE Medical	222	New	460	5%+fitout	Q1-23
2-4 Lyon Road	Isagenix	754	New	425	16%	Q1-23

[1] Net face rent refers to the contractual rent less outgoings such as property rates, insurance, repairs and maintenance, and management fees.

AUSTRALIA PROPERTY MARKET RESEARCH

2.3 Vacancy

The overall vacancy in Macquarie Park reached a historical high of 20.1% in January 2024, while still remaining below other major suburban markets including Parramatta, North Sydney and St Leonards. The rise in vacancy has been driven by weak absorption levels along with record levels of new supply added to the market. With over 42,000 sqm of new prime space added to the market in 2023, this is regarded as one of the strongest development periods on record. By building grade, prime vacancy increased from 12.2% to 21.0% over 12 months to January 2024, with negative net absorption of 29,283 sqm. Secondary market net absorption totalled negative 16,719 sqm in 2023 and vacancy was up from 13.9% to 18.0% over the year to January 2024.

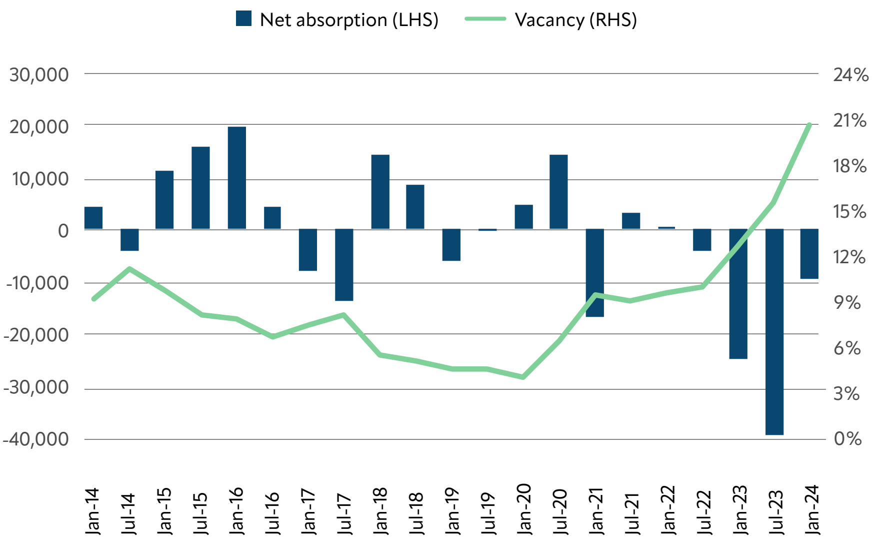
2.4 Future Supply

The year 2023 saw Array (1 Eden Park Drive), MQX4 (1 Giffnock Avenue) and the first stage of M_Park (11 Khartoum Road) reaching practical completion, totalling 42,800 sqm. As the third largest metropolitan market in NSW, Macquarie Park has a total office stock of 936,052 sqm, closely behind North Sydney and Parramatta. Prime grade stock account for 71% of total stock in Macquarie Park which is the highest proportion across all NSW office markets.

Developed by Kador, Array at 1 Eden Park Drive reached practical completion in the second half of 2023, the building added 10,037 sqm of prime office space across 7 levels.

MQX4 located at 396 Lane Cove Road, developed by Winten Property Group and Frasers Property also entered the market in the second half of 2023. The building comprises 16,000 sqm A-grade space across 8 floors with 100% renewable power supply and targeting 5.5-Star NABERS rating & 6-Star Green Star rating.

Exhibit 8 – Overall vacancy and net absorption



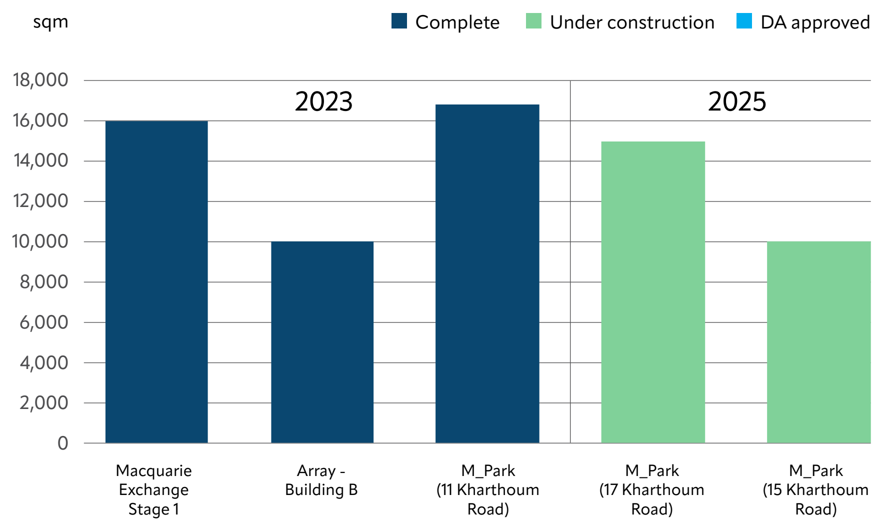
Source: Knight Frank Research, PCA

The third building completed in 2023 is M_Park stage 1 at 11 Khartoum Road, part of the M_Park precinct development. Delivered by Stockland, the building comprises of 16,800 sqm A-grade space and is targeting 5-Star NABERS and 6-Star Green Star rating.

Currently under construction is the next stage of the M_Park development (15 & 17 Khartoum Road), this is scheduled for completion in 2025 and will add a further 25,000 sqm of prime space across two office towers.

The new prime grade stock along with the pipeline will make Macquarie Park an attractive destination for occupiers seeking the best-in-class buildings with high environmental sustainability at a competitive rental discount to competing markets.

Exhibit 9 - Development Pipeline



Source: Knight Frank Research

2.5 Rental Performance

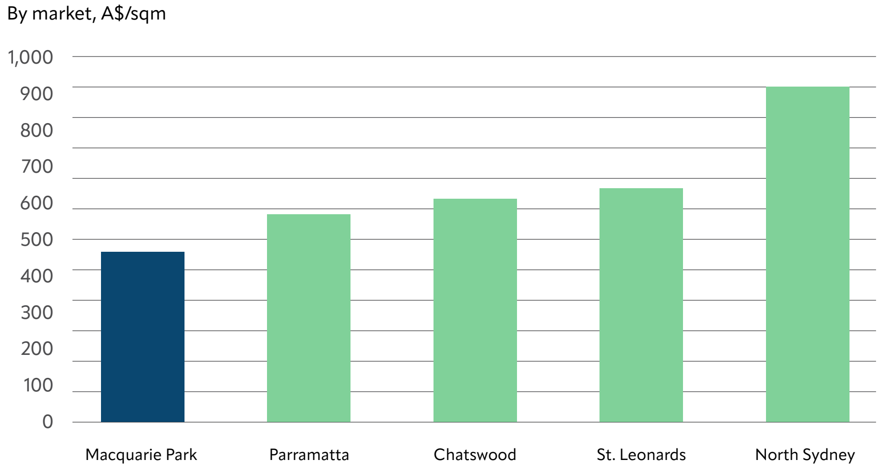
Supported by the new developments, average prime net face rents have grown by 2.8% to measure A$460/sqm (A$576/sqm gross face rent[2]) on a 12-month basis (to April 2024). Secondary net face rent followed the trend rising 3.4% to A$383/sqm (A$498/sqm gross face rent) over the 12 months to April 2024. The average prime incentives elevated to 36%, which declined prime net effective rents by 7.3% y-o-y to A$294/sqm. Macquarie Park offers a competitive rent amongst the other North Shore markets, with the current prime rental discount to North Sydney at 50%.

Looking ahead, all North Shore markets including Macquarie Park are experiencing the impact of higher vacancy and this is putting pressure on owners to offer higher incentive packages to tenants. Incentives rose to 36% on average in 2023 and we expect a further, but smaller, rise to 38% in 2024, holding at this level in 2025 when additional new supply comes on line. This will limit the potential for effective rental growth in the near term.

Beyond 2025, however, there is no committed supply. This will help the market to recover and enable face and effective rental growth to accelerate later in the forecast period, although in the absence of a strong pick-up in absorption, vacancy rates across all North Shore markets may remain at high levels for some time.

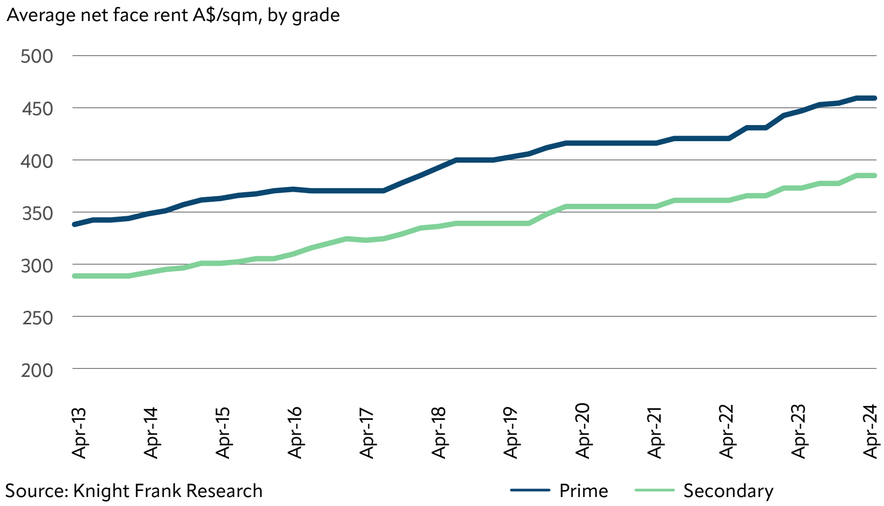
[2] Gross face rent refers to the contractual rent including outgoings such as property and land taxes, insurance, repairs and maintenance, and management fees.

Exhibit 10 – Average rents, Macquarie Park and competing markets, as at April 2024



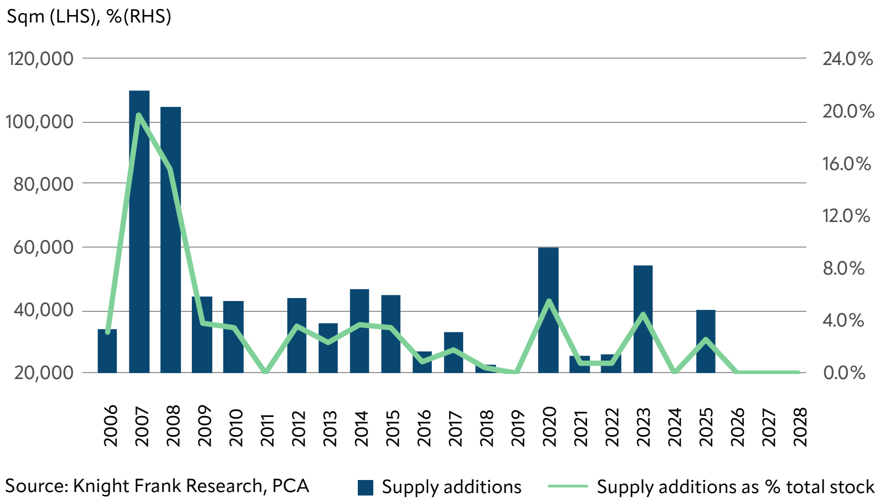
Source: Knight Frank Research

Exhibit 11 – Macquarie Park rents



Source: Knight Frank Research

Exhibit 12 – Macquarie Park office supply addition as a % share of the total supply



Source: Knight Frank Research, PCA

Exhibit 13 – Macquarie Park prime office market outlook

End of calendar year	Net face rent ($/sqm)	Growth (%)	Incentive (%)	Net effective rent (A$/sqm)	Growth (%)
2022	443	5.4%	29.0%	314	5.4%
2023	460	4.0%	36.0%	294	-6.3%
2024 (F)	467	1.5%	38.0%	289	-1.7%
2025 (F)	476	2.0%	38.0%	295	2.0%
2026 (F)	488	2.5%	37.5%	305	3.3%
2027 (F)	503	3.0%	37.0%	317	3.8%
2028 (F)	518	3.0%	36.5%	329	3.8%

3.0 BELLA VISTA

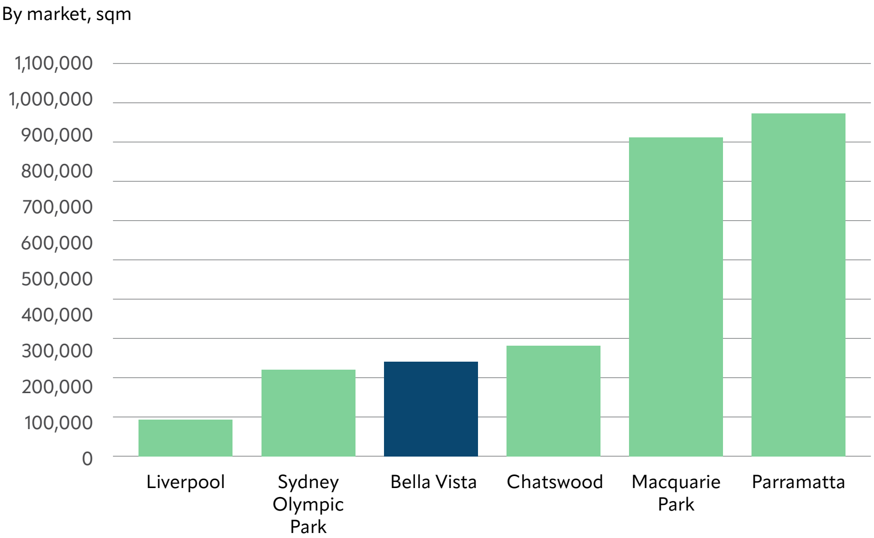
3.1 Introduction

Bella Vista lies 35 km northwest of the Sydney CBD. The wider Bella Vista and Norwest area has seen rapid growth over the past two decades due to the scale of commercial and employment space the area offers. Accessibility has also been an influential and contributing factor in the area's rapid growth. Supported by Norwest's close proximity to the M2, M4 and M7 motorways, Parramatta, Macquarie Park and the Sydney CBD are all accessible within 20 or 30 minutes respectively by drive.

The Department of Planning, Housing and Infrastructure ("DPHI") is building towards the Six cities vision which includes the Bella Vista and Norwest precinct within its defined Central City District. Growing investment, business opportunities and jobs in strategic centres is a key planning priority of the Central City District Plan. The Plan builds on the existing strengths of each centre and emphasises the desirability of Norwest and Bella Vista as a commercial centre.

To facilitate this growth, the Norwest-Bella Vista corridor will be transformed into a transit-oriented, more vibrant and diversified centre with higher employment densities and a healthy mix of residential uses and supporting services. The opening of the Sydney Metro Northwest rail line has already strengthened the growth prospects and connectivity of the precinct.

Exhibit 14 – Office stock size, Bella Vista and competing markets, as at January 2024



Source: Knight Frank Research, PCA, Arealytics

3.2 Demand

The local employment market of the precinct has experienced significant growth over the past two decades, transforming from a farming and industrial precinct into a diverse employment centre. The precinct is characterised by a diverse range of business types, and it is estimated that there are 5,812 businesses currently operating within the precinct (Australian Bureau Statistics ("ABS"), June 2022).

Notably, the area caters to smaller businesses, with 86% of businesses being either sole traders or having one to four employees, which highlights the precinct's demand for strata suites. However, in terms of larger tenants the area also houses national headquarters for the ASX listed Woolworths Group. Other major tenants located in the precinct include ResMed, Subaru, AAMI Insurance and HWL Ebsworth Lawyers.

By industry sector (ABS, June 2022) Real Estate Services accounts for the largest proportion of businesses by employee count at 19%, followed by Professional Services 17%, Construction Services 16% and Health sector workers 12%. This highlights the highly skilled talent pool within the precinct and the strong presence of highly educated white-collar employees.

3.3 Vacancy

Historically, the Bella Vista market has seen significant preference for strata buildings, with the majority of office space accounting for this type of ownership. The Bella Vista commercial market is driven by demand for smaller suites. Given the office stock base in Bella Vista is approx. 238,000 sqm and with limited developments over the last few years, vacancy has remained tight at 1.7%, one of the lowest vacancy rates across all office metro markets in NSW. With a strong talent pool of white-collar workers and improved connectivity with Greater Sydney, vacancy is likely to remain tight in the precinct.

3.4 Future Supply

New supply in Bella Vista remains limited with only one development completed over the last 5 years. New developments in the precinct have historically been concentrated on residential housing and apartments which bodes well for its population growth and thus an increase in available workers for the office market.

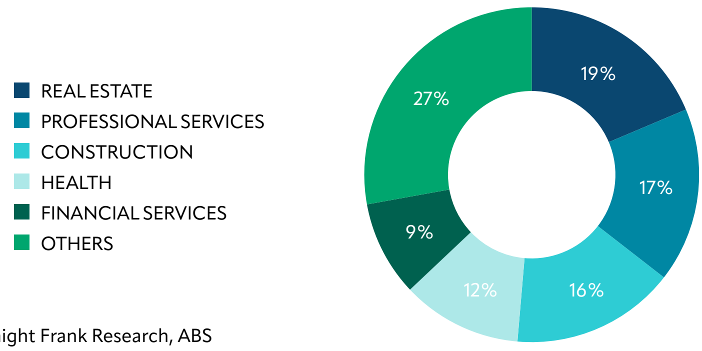
The last development completed in 2022 was 8 Elizabeth Macarthur Drive developed by Mulpha. Known as "The Bond", the building comprises 7 storeys of commercial and retail strata suites across 10,775 sqm. The building has now been predominantly leased or sold given it is all strata suites, this highlights the demand and interest for prime space within the Bella Vista precinct.

3.5 Rental performance

A lack of available leasing options, in conjunction with consistent tenant demand, have led to the resilience of face rents in Bella Vista. Similar to competing markets, prime net face rents have increased slightly over the last 12 months to an average of A$365/sqm (ranging from A$350-A$380 per sqm), with some top end office space achieving A$400/sqm. Incentive levels can average between 25% to 35%, depending on the asset and owner. Bella Vista currently runs at a 40% discount on a prime net face basis to Parramatta.

Exhibit 15 – Businesses by Industry type (%)

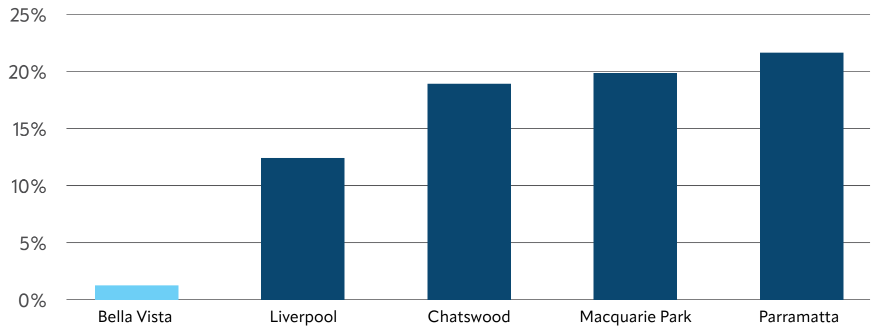
Business by industry type (%), June 2022



Source: Knight Frank Research, ABS

Exhibit 16 – Office Vacancy, Bella Vista versus other markets, as at April 2024

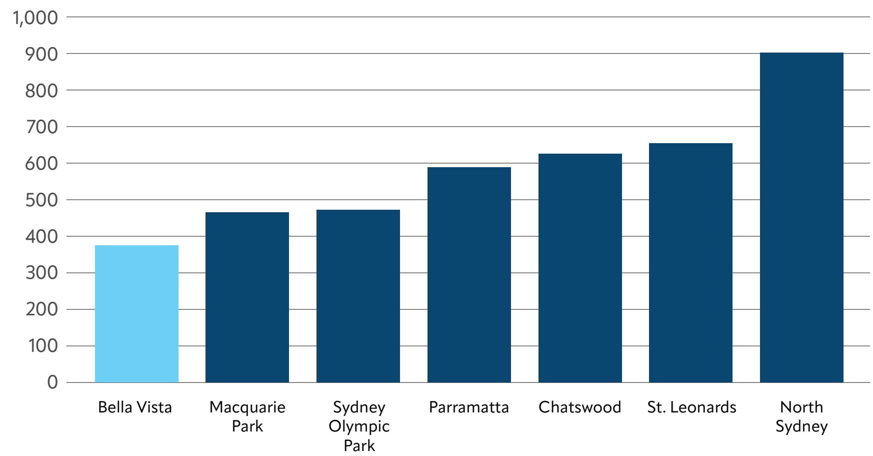
By market, percent (%)



Source: Knight Frank Research, PCA, Arealytics

Exhibit 17 – Average rents, Bella Vista versus other markets, as at April 2024

By market, A$/sqm



Source: Knight Frank Research, PCA, Arealytics

AUSTRALIA PROPERTY MARKET RESEARCH

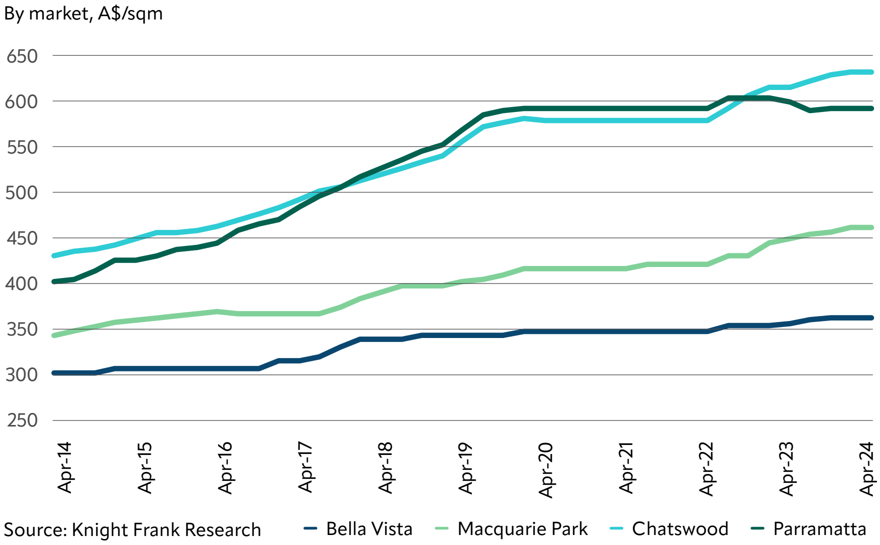
4.0 INVESTMENT

Increased debt costs and economic uncertainty throughout 2023 encouraged many investors to sit on the sidelines, while vendors opted to wait until sentiment improved before bringing assets to market. As a result, deal flow was at a record low; totalling A$258.8 million across the North shore with just three transactions in North Sydney and one in Macquarie Park. The only transaction in Macquarie Park for 2023 was 5 Eden Park drive which traded for A$80.7 million in early 2023 to HealthCo Healthcare Wellness REIT, the vendor was Australian Unity Office Fund.

Focusing on Macquarie Park, which is the third largest metropolitan office market in NSW nationally, pricing has begun to feel the impact of higher funding costs. Average prime yields in Macquarie Park have softened by 175 basis points to 7% over the last two years, while secondary yields have seen a larger 200 basis point adjustment to stand at 8%. The larger impact on pricing for secondary assets reflects greater caution over the outlook amidst higher rates and also elevated vacancy rates in secondary markets, which means they are subject to more leasing risk than prime assets. With yields having substantially reset and unlikely to shift much further along with the macro picture more encouraging, deal flow is likely to pick up throughout 2024 as investors return to acquisition mode.

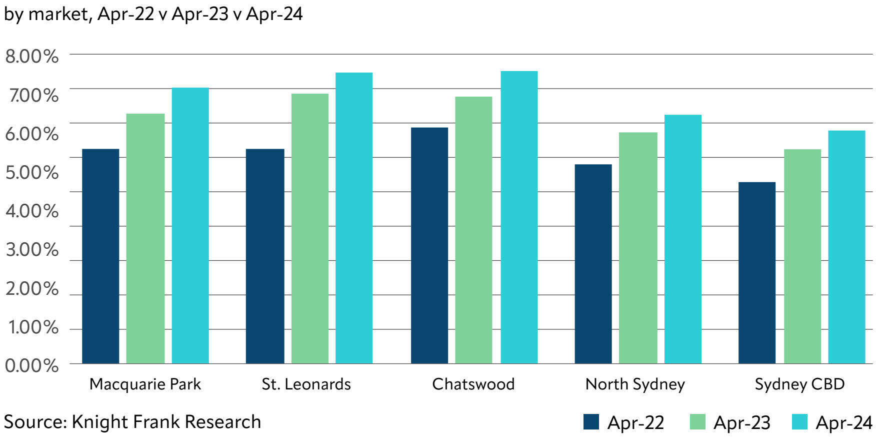
Specifically, in Bella Vista, transaction volumes for assets A$10 million and above are limited given it is a strata office dominant market. The last major transaction involved the Centuria Healthcare Property Fund ("CHPF") acquiring eight strata titles within "The Bond" at 8 Elizabeth Macarthur Drive, this translated to 53% of the building's total net lettable area of c.5,700 sqm. The fund acquired the strata titles for A$66.2 million in mid-2022. Prior to this, the only other major transaction is AIMS APAC REIT's acquisition of the Woolworths national headquarters at 1 Woolworths Way for A$463 million in late 2021.

Exhibit 18 – Average rents, Bella Vista versus other markets



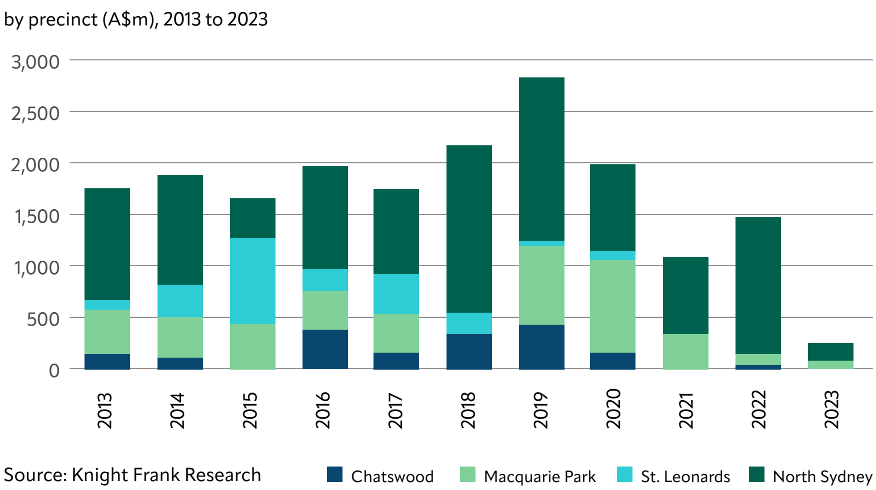
Source: Knight Frank Research

Exhibit 19 – Average prime yields, by markets, as at April 2024



Source: Knight Frank Research

Exhibit 20 – Investment transaction values, by markets (office sales A$10m+)



Source: Knight Frank Research

AUSTRALIA PROPERTY MARKET RESEARCH

Exhibit 21 – Sales Transactions

Property	Price (A$m)	Core Market Yield (%)	NLA SQM	A$/sqm NLA	WALE	Purchaser	Vendor	Sale date
124 Walker Street, North Sydney	95.5	7.70	11,006	8,677	1.8	Ho-Group	Dexus Wholesale Property Fund	Dec-23
54 Miller Street, North Sydney	72.1	7.20	6,964	10,353	1.8	Private Investor	AEW Capital	Dec-23
60 Margaret St, Sydney	779.2	6.10	41,167	16,520	3.3	Ash Morgan and MEC Global partners Asia	Mirvac JV Blackstone	Oct-23
1 Margaret St, Sydney	293.1	5.90	20,754	14,123	1.6	Quintessential Equity	Dexus	Aug-23
221-227 Anzac Parade, Kensington	80.0	5.59	10,685	7,487	8.5	Keppel REIT	Charter Hall Direct PFA Fund	Jul-23
2 Cornwallis St, Eveleigh	18.3	5.37	1,148	15,897	U/D	Private Investor	Centuria Capital	May-23
44 Market Street, Sydney	410.0	6.50	30,699	13,356	2.7	PAG (Asia)	Dexus	Apr-23
144 Marsden St, Parramatta	18.0	U/D	2,479	7,209	U/D	The Uniting Church in Australia Property Trust NSW	Premier Real Estate (Hurlstone Park) Pty Ltd	Mar-23
5 Eden Park Drive, Macquarie Park	80.8	5.25	11,556	6,988	3.1	HealthCo Healthcare Wellness REIT	Australian Unity Office Fund	Feb-23
139-141 Macquarie Street, Sydney	133.0	4.30	5,776	23,018	2.0	Shakespeare Property Group	Rigby Hall	Feb-23
8-24 Kippax Street, Surry Hills	123.3	5.56	8,408	14,659	0.6	Canva	KMS	Nov-22
50 Miller Street, North Sydney	148.0	5.50	10,357	14,290	U/D	Sun Venture	Summer Capital	Nov-22
32 Carrington Street, Sydney	38.5	4.50	2,127	18,101	2.6	April Group	Brookfield	Sep-22
36 Carrington Street, Sydney	70.5	4.30	2,874	24,530	4.1	AFIAA	Brookfield	Sep-22
74 Castlereagh Street, Sydney	160.0	4.20	5,640	28,369	1.8	Charter Hall	Country State Development Pty Ltd	Sep-22
73 Miller Street, North Sydney	400.0	4.61	19,114	20,927	7.4	Private Investor	ESR	Aug-22
15 Talavera Road, Macquarie Park	111.5	5.39	12,646	8,813	2.2	LaSalle Investment Management	ESR	Aug-22
157 Walker Street, North Sydney	125.0	5.00	8,928	14,001	U/D	GPT Wholesale Office Fund (GWOF)	Marprop Real estate investors and GLL real estate partners	Jun-22
165 Walker St, North Sydney	68.8	5.00	5,200	13,231	1.5	Roxy Pacific	Intera Group	Jun-22
285a Crown Street, Surry Hills	116.2	4.90	4,727	24,582	6.1	The Shakespeare Group	LaSalle Investment Management	Jun-22
88 Walker Street, North Sydney	170.0	5.40	11,700	14,530	U/D	LaSalle Investment Management	N/A	May-22
20 Smith Street, Parramatta	87.3	5.01	7,352	11,868	1.5	Scheinberg Family	Australian Unity	May-22
4-6 Bligh Street, Sydney	210.0	4.40	10,027	20,943	3.0	Private Investor	Real Estate Capital asia partners IV fund	Apr-22
51 Berry Street, North Sydney	66.3	4.68	3,451	18,724	4.1	Private Investor	Property Bank Australia and Security Capital Corporation	Mar-22
19 Harris St, Pyrmont	185	4.83	12,549	14,742	2.2	Elanor Investor group managed fund	AEW Capital	Mar-22

Source: Knight Frank
WALE – Weighted Average Lease Expiry

AUSTRALIA PROPERTY MARKET RESEARCH

5.0 GOLD COAST

5.1 Introduction

City Economy & Population
Sustained Population Growth Aligned with Increased Commercial Demand

The Gold Coast is Australia's sixth largest city with an estimated population of 682,488 as at June 2023, reflecting an annual growth of 2.9%. The underlying growth of the Gold Coast economy and strong lifestyle benefits of living on the coast have continued to entice residents. This high level of growth comes within a climate of strong population growth for the whole of Australia, with Queensland amongst the faster growing regions. Queensland recorded 2.7% annual population growth to September 2023, ahead of the still-strong national figure of 2.5%. The temporary surge in net offshore migration has boosted population growth across Australia. 61% of Queensland's population growth came from offshore migration during the year, compared to 83% for Australia as offshore migration reached 548,770 people. This surge is expected to be short-lived with a tiered reduction over the next four years based on the migration baseline of 235,000 per annum. Interstate migration remains an important source of population uplift for Queensland, ensuring long term accelerated population growth for Gold Coast.

The Gold Coast region is expected to remain as one of the fastest growing areas in Australia with population projections (Queensland Government, 2023 update) indicating a forecast average annual population growth rate of 1.8%, taking the city from 650,000 in 2021 to just over 1 million people by 2046. Over the 25-year horizon (2021-2046), overseas migration is projected to make the largest contribution towards this increasing population, followed by net interstate migration second, with both outpacing natural growth rate.

Infrastructure investment remains high

The Gold Coast has continued to attract high levels of investment in both private and public sector projects to facilitate the growth of the city and additional population base. The necessary investment into public transport infrastructure is underway to support the recent and projected population growth.

As a major urban centre within South-East Queensland, the Gold Coast will play a pivotal role in the 2032 Olympic Games hosted by Brisbane. Aside from the boost to the entire region from the extensive infrastructure building programme, expected to be in excess of A$8 billion, the Gold Coast will host some events. The Gold Coast will utilise four existing facilities – Gold Coast Sport & Leisure Centre and Gold Coast Stadium at Carrara, Coomera Indoor Sports Centre and Gold Coast Convention and Exhibition Centre, Broadbeach. There will also be two temporary venues constructed: Broadbeach Park Stadium will host the Olympic beach volleyball and Paralympic 5-a-side football and will have capacity for 12,000 spectators. The Southport Broadwater Parklands will host the Olympic triathlon, aquatics (swimming marathon) and Paralympic triathlon. This temporary venue will have a spectator capacity of 5,000. There will also be a satellite athletes village to be constructed at Robina which will house 2,600 athletes and officials.

Major future planned infrastructure or projects include the following identified projects:

Exhibit 22 – Key Infrastructure project pipeline in Gold Coast Region

Property	Description	Status and Timing
Coomera Connector	A$2.16 billion - north-south road connector (45-kilometre motorway) to duplicate the M1.	Stage 1 underway, completion expected 2025.
Light Rail Stage 3	A$1.2 billion to extend the line from Broadbeach to Burleigh Heads, a 6.7km stretch with eight new stations.	Construction commenced early 2022 with completion expected 2025.
Light Rail Stage 4	A$1.5 billion - Final stage with a 13km extension connecting Burleigh heads to Coolangatta via the Gold Coast Airport.	Preliminary business case has been completed and under review. To be completed prior to 2032.
Health & Knowledge Precinct	200ha innovation hub – Over A$5 billion has been invested.	Underway, completion of final stage by 2030.
Southport CBD Rejuvenation	A$5 billion total potential investment.	Ongoing public & private sector investment transformed over the next decade. Council currently reviewing the PDA.
Three new heavy rail stations	As part of the cross-river rail project, three new railway stations will be added to the line in the Gold Coast – Pimpama, Hope Island and Merrimac. A$120 million project.	Construction commenced early 2022 with completion expected late 2024.
Brisbane-Gold Coast faster rail project	Track upgrade and duplication A$5.75 billion project.	Stage 1 delivery 2028
M1 Pacific Motorway	Varsity Lakes - Tugun upgrade. A$1.5 billion projects upgrading 10Km of the M1.	Construction is underway with expected completion to be in 2024.

Source: Knight Frank Research, QLD Government

5.2 Industrial Market

The Gold Coast industrial market is somewhat fragmented with the majority of large warehousing and freight movement taking place in Brisbane distribution centres as the South/Southeast/Southwest industrial precincts of Brisbane are only 50-70km from the central Gold Coast. The Gold Coast industrial market largely serves local parcel and last mile delivery, local businesses and fabricators and smaller format trade outlets and service centres.

Legacy industrial assets may be found along the length of the Gold Coast, generally to the west of the Gold Coast Highway or Bermuda Street as high underlying land value has largely forced a change of use closer to the coast. Concentrations of industrial assets are located in Arundel, Molendinar, Southport, Nerang, Burleigh Heads, Currumbin Waters in Queensland and Tweed Heads/ Tweed Heads South in northern NSW. In many of these locales, large-format retail is intermixed with industrial use, particularly along arterial roads. It should be noted that there is significant industrial development throughout the suburbs of Yatala, Stapylton and Ormeau, and despite technically being within the Gold Coast Council region they are adjacent to, and considered part of, the Brisbane industrial market rather than the Gold Coast market. However, these locations can provide the best evidence of larger scale industrial assets where little activity is available for the Gold Coast core locations.

Industrial rents across the Gold Coast are as much a function of the cost to develop industrial space as from the level of industrial demand. The high underlying value of the land, particularly closer to the coast requires higher rents for new developments to be feasible. While new construction has been limited, evidence for new product indicates A$160-A$200/sqm net rent for modern warehouse style space. Older-style existing assets or fabrication facilities range from A$100–A$125/sqm net rent, while industrial assets that compete with or have a trade retail or bulky retail use can achieve net rents of A$190–A$230/sqm. The above rents apply for assets with 1,000 sqm+, with a significant premium currently in force for smaller products such as work stores or smaller industrial strata units.

Industrial assets in the Gold Coast have traditionally been heavily weighted towards owner occupiers and private investors, with the majority of assets not of the scale to attract major institutional investors. While this will change over time as the city continues to mature, one of the largest multi-tenanted estates, Gold Coast Logistics Hub, Arundel, was on the market (via both on and off-market campaigns) for approximately 18 months before recently understood to have gone under contract to a private investor.

5.3 Outlook

The Gold Coast region remains as one of the fastest growing areas in Australia with healthy population growth contributing to the maturation of the Gold Coast property markets. Ongoing population growth is set to continue, with the building up of the workforce and expanding the breadth and depth of services, construction and products required to service the Gold Coast area. This provides for a sustained growth profile for both the industrial and office markets.

The construction of new industrial facilities within the central Gold Coast precinct is expected to remain limited with much of the land having a higher and better use given the strong demand from residential developments closer to the coast. This will see demand concentrated for existing industrial assets, highlighting the potential for further rental growth as vacancy will remain limited.

Greatest demand has recently been in evidence for smaller premises of 100 – 500 sqm servicing local businesses, trades and also wealthy private part-time residents who need to store cars, boats, etc. Yet, the demand for 750 -3,000 sqm assets remains high with limited availability.

The downside to limited land suitable for industrial development in the Gold Coast is that this will inherently limit the scale and opportunity of the market. Larger scale industrial users may not be able to find suitable premises within proximity to the Gold Coast Central Business District and will instead remain based within the Brisbane market, potentially expanding their service the Gold Coast rather than taking satellite premises in the Gold Coast itself. The relatively short commute of 40-80 minutes means most industries can be served from the main Brisbane industrial precincts, particularly the South East.

AUSTRALIA PROPERTY MARKET RESEARCH

Exhibit 23 – Industrial sale transactions in Gold Coast

Property	Price (A$m)	Core Market Yield (%)	NLA SQM	A$/sqm NLA	WALE	Purchaser	Vendor	Sale Date
Gold Coast Logistics Hub, Logistics Place, Arundel#	c205	c5.25	59,839	c3,426	c6.0	Undisclosed Private	Logos/Partners Group	Under contract
63-65 Currumbin Creek Rd, Currumbin Waters^	17.25	7.8 passing	13,355	1,291	2.0	Local Developer	Acure Funds Management	Oct 23
2-4 Junction Rd, Burleigh West~	9.5	n/a	3,994sqm site	2,378 site	n/a	Owner Occupier	Idlelow Pty Ltd	Dec 23
Sales in South East Brisbane Precinct								
2+12 Arthur Dixon Ct, Yatala	55.63	6.16	27,246	2,042	4.93	Private Investor	Fife Capital	Jul 23
84 Lahrs Rd, Ormeau	33.0	5.73	7,447	4,431	o/oc*	Americold	Dexus	Jul 23
16-28 Quarry Rd, Stapylton	67.8	6.29	40,983	1,655	1.8	Hines Global	Dexus (Industria REIT)	Jun 23

Will have more detail for final draft should the contract proceed.
^ Large-scale older style manufacturing facility on a site of 2.97ha, occupied by AVK but unlikely to exercise option. Purchased for redevelopment reflecting A$580/sqm on site area. Assuming tenant undertakes contamination remediation.
~ Outdoor Sales site purchased by the occupier Supreme Caravans. High profile corner location.
* owner occupier.
Source: Knight Frank /RCA

8 Tuas Avenue 20, Singapore

20 Gul Way, Singapore

30 Tuas West Road, Singapore

GROWING STRONGER BONDS

WORKING TOGETHER TO CREATE A SUSTAINABLE FUTURE

By working with our stakeholders, we believe that we can all work towards a sustainable future. By embedding sustainability principles and framework across our business processes, limiting the negative impact on the environment and devoting more time to the people and communities around us, we are creating a portfolio that is resilient and preserves the long-term value for our stakeholders.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

The 8th annual Sustainability Report by AIMS APAC REIT ("AA REIT") presents our commitment to sustainability across our business operations in Singapore and our progress on our economic, environmental, social, and governance ("ESG") roadmap for the period 1 April 2023 to 31 March 2024 ("FY2024"). Unless otherwise stated, the environmental data included in this report relates to the 18 properties in Singapore under the Manager's operational control. The other 10 properties located in Singapore and Australia are master tenanted and are out of AA REIT's operational control. Employee-related information focuses on personnel from the AIMS APAC REIT Management Limited ("Manager") and AIMS APAC Property Managment Pte. Ltd. ("Property Manager"), both based in Singapore. No restatements were made from the previous report except for updates on the 2023 water consumption figures at North Tech, 29 Woodlands Industrial Park E1 detailed on page 102.

We publish our sustainability reports annually and the reports for previous years are available on our website https://www.aimsapacreit.com/sustainability-overview.html

Reporting Frameworks

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards 2021.

We have chosen the GRI Standards as our reporting framework due to its robust disclosure guidance and global acceptance in sustainability reporting. The full GRI content index, is presented on pages 111 to 113.

Consistent with last year, we have integrated the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") into our climate change reporting, following guidelines from Singapore Exchange ("SGX") and Monetary Authority of Singapore ("MAS"). Detailed TCFD disclosures can be found on pages 95 to 96.

Our sustainability report fulfils the reporting requirements outlined in the Singapore Exchange Securities Trading Limited Sustainability Reporting Guide Listing Rules 711A, 711B, and Practice Note 7.6 Sustainability Reporting Guide. This Sustainability Report has not been externally assured, but has been internally audited by the third-party firm, BDO Advisory Pte Ltd.

Feedback

As we seek to continuously improve our sustainability report, we welcome your feedback. Please write to us at investorrelations@aimsapac.com.

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Stakeholders,

In recent years, there has been a significant transformation in the expectations placed on businesses, particularly regarding climate action and sustainability. The global momentum towards sustainability underscores the necessity for businesses to adapt and commit to sustainable practices. At AA REIT, we fully embrace our responsibilities to our investors, customers, business partners, and the communities in which we operate. Our dedication to sustainability is steadfast as we strive to meet these expectations, while casting a wide net to capture diverse market opportunities and build a more resilient portfolio.

As the Board of AA REIT, we oversee the identification and management of ESG issues material to our business. In FY2024, we reviewed our material topics, set new targets and reaffirmed our sustainability commitments. These identified material topics remain vital in impacting our business operations and informing stakeholder decisions.

To advance our ESG objectives, we established a comprehensive framework to steer our sustainability initiatives. This framework integrates ESG considerations into our business strategy and investment decisions. We also developed a five-year roadmap in FY2023 with specific initiatives aimed at achieving our strategic ESG targets, which are both measurable and ambitious.

In FY2024, we achieved a 17% carbon reduction from the FY2020 baseline, aligning with our long-term Science based target initiatives ("SBTi") goal of a 42% reduction by FY2030 and the Paris Agreement's objective to limit global warming to 1.5°C above pre-industrial levels. Our carbon baselining exercise identified initiatives to reduce our footprint, such as optimising energy efficiency in our buildings and reducing emissions through innovative strategies. We have begun installing energy-efficient fittings and equipment at 20 Gul Way and 135 Joo Seng, which is expected to be completed by FY2025. Additionally, we completed one of the largest rooftop solar installations by a Singapore-listed REIT, with a capacity of 10.8 MWp, generating an estimated 14,500 MWh of electricity annually. In collaboration with GoNetZero, we have entered the Renewable Energy Certificates ("REC") market, reinforcing our sustainability commitment. These milestones, including installing Electric Vehicle ("EV") fast chargers at four properties, promote renewable energy generation and sustainable transportation. This supports our green transformation and empowers other organisations to contribute to global sustainability.

Over the year, we installed water-efficient fittings certified under the Public Utilities Board's Water Efficiency Labelling Scheme for toilets and completed toilet upgrades with these water-efficient fittings at 15 Tai Seng, 56 Serangoon North and 11 Changi South. Additionally, we collected comprehensive recycling and general waste data from our multi-tenanted properties and installed recycling bins across all of these properties, supporting our commitment to effective waste management and recycling initiatives.

On the social front, we are dedicated to fostering an inclusive and supportive culture. Celebrating our commitment to fostering a supportive workplace for female employees, we are able to report that women formed 50% of our new hires and constituted 57% of our entire workforce this year. In leadership standings, women represented 40% within senior management and held 25% of seats within our Board of Directors. This means we are ahead of our target in achieving at least 20% female representation on our Board by the year 2026. Additionally, we continued several health and wellness initiatives to enhance employee well-being and uphold the highest standards of safety and fairness.

We exceeded our target of achieving at least 15 hours of training per employee per year, with each employee receiving an average of 25.2 hours of training. Our community involvement included partnerships with organisations such as Club Rainbow, with a 66% participation from staff in the community engagement activities. We remain committed to supporting local charities to help improve the lives of vulnerable members of our community.

We also reported zero material incidents of non-compliance with anti-corruption laws and regulatory and environmental requirements, demonstrating our adherence to governance standards and regulatory obligations.

This, our 8th Sustainability Report, outlines our progress, achievements, and efforts on the ESG front. We thank all contributors to our sustainability journey and we look forward to providing all of you with favourable updates on our progress in our roadmap in the coming years.

The Board of Directors
AIMS APAC REIT Management Limited

FY2024 ESG Highlights

Achieved 17% carbon reduction from FY2020 baseline and on track to meet SBTi goal of 42% reduction by FY2030

Completed one of the largest rooftop solar installations by any Singapore-listed real estate investment trust, amounting to 10.8MWp, generating approximately 14,500 MWh of electricity annually

Successful partnership with GoNetZero to start participating in the Renewable Energy Certificate market

Executed Agreement to install EV fast chargers at 4 properties

Exceeded our target of an average of at least 15 hours of training per employee per year by 10.2 hours

Community involvement: Carried out two CSR initiatives with Club Rainbow with a 66% participation rate

Implemented water-efficient fittings for toilet upgrades across three properties

Installation of recycling bins in all our multi-tenanted properties

Three Zeros: No incidents resulting in permanent disability or fatality among staff, no validated cases of discrimination, and no material incidents of non-compliance with anti-corruption laws or regulatory and environmental standards

SUSTAINABILITY REPORT

SUSTAINABILITY FRAMEWORK

At AA REIT, we are dedicated to forging a sustainable future by supporting the Paris Agreement and Singapore's net zero commitments. In line with this, AA REIT launched an ESG Roadmap in FY2023, which seeks to set SBTi-aligned emissions reduction targets and report on them annually, while improving sustainability policies and processes. We are integrating environmentally friendly and socially responsible principles into our core operations to navigate the currents of change, mitigate our environmental footprint, and positively influence the communities we serve.

This year, AA REIT has strengthened its commitment to sustainability with a robust framework and clear goals shaping our long-term approach. We have established a range of objectives—from immediate to long-term—to uphold our role as responsible corporate citizens. These objectives aim to ensure the robustness of our business and extend benefits across the economy, environment, and society. To achieve this, we have crafted and executed relevant policies and initiatives that effectively address sustainability concerns within our various business functions.

Our sustainability framework aligns with the vision of the UN Sustainable Development Goals ("UN SDGs"), and we have selected 5 of the 17 SDGs that best resonate with our business and our core environmental, social, and governance ("ESG") concerns.

ESG PILLARS Focus areas that drive our ESG agenda	MATERIAL TOPICS ESG topics that operationalised the pillars	UN SDGS Our ESG approach contributes to global goals
Build A Sustainable Business	• Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH
Act Responsibly	• Energy and Emissions • Water and Effluents • Waste	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Promote Well-Being	• Occupational Health and Safety ("OHS") • Employment, Training and Education • Diversity and Equal Opportunity • Local Communities	3 GOOD HEALTH AND WELL-BEING
Operate Ethically	• Business Ethics and Compliance • Regulatory and Environmental Compliance	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

VISION

To be the preferred Asia Pacific industrial, logistics and business park real estate solutions provider to our tenants and partners.

MISSION

To provide investors with sustainable long-term returns through strategic acquisitions and partnerships, prudent capital management and proactive asset management of a high quality industrial, logistics and business park portfolio across Asia Pacific.

ENABLERS: Foundational characteristics that enable success

- **Internal Collaboration**
- **Responsible Investments**
- **Good Governance and Responsible Business Practices**
- **Strong Partnerships**
- **Discipline in Capital Allocation**

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

We believe that sustainability, accountability, and transparency are essential elements of effective governance. Our ESG model is supported by a robust governance structure, with the Board of Directors and top management dedicated to and overseeing ESG objectives over the long term.

Moreover, ESG-specific indicators are also integrated into the Key Performance Indicators, forming part of the annual evaluation process for employees from relevant functions.

SUSTAINABILITY GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

The AA REIT's Board of Directors sets strategic goals and supervises the identification and management of key ESG factors and targets within the REIT. Quarterly updates on sustainability matters are provided to the Board by the Sustainability Council.

SUSTAINABILITY COUNCIL

The Sustainability Council ("SC") is led by the Chief Executive Officer, supported by the Investor Relations ("IR") and sustainability team, includes department heads from all business functions. Its responsibilities include driving sustainability strategy and objectives, overseeing intiative implementation, tracking targets for improvement, and reviewing sustainability performance. The SC meets quarterly and is suported by the Sustainability Working Committee.

SUSTAINABILITY WORKING COMMITTEE

The Sustainability Work Committee ("SWC") is comprised of the IR and sustainability team along with senior members from various business functions. Its tasks include implementing, executing, and monitoring sustainability policies and practices, collecting data, and collaborating with different business functions to manage ESG matters within the organisation.

INTERNAL AUDIT

Neutral and unbiased assurance and guidance on achieving objectives across all relevant matters.

STAKEHOLDER ENGAGEMENT

At AA REIT, we prioritise active stakeholder engagement to foster meaningful relationships and gain insights into our key stakeholder priorities and understand how our business can positively impact them. We define key stakeholders based on their significance on and by operations of AA REIT and ensure that their interests are at the forefront of our business planning. By actively cultivating relationships and embracing the integration of stakeholder feedback into our sustainability strategy, we shape our initiatives and disclosure areas.

Key Stakeholders	Key Topics and Concerns	Engagement Methods[1]	Frequency of Engagement
Employees	• Health and safety • Fair and competitive employment practices • Talent development • Equality and diversity • Compensation and other benefits	• Town halls	• Bi-annually
		• Constant review of Occupational Health & Safety ("OHS") standards by OHS committee	• Throughout the year
		• Training and development programme	• Throughout the year
		• Recreational and wellness activities	• Throughout the year
		• Career development performance appraisals	• Annually
		• Employee handbook	• Throughout the year

Key Stakeholders	Key Topics and Concerns	Engagement Methods[1]	Frequency of Engagement
Investment Community	• Sustainable distributions • Operational and financial performance • Asset and capital management • Business strategy and outlook • Timely and transparent reporting	• Investor conferences, webinars, face-to face meetings and Non-Deal Roadshows	• Throughout the year
		• Annual General Meeting	• Annually
		• Ongoing website, announcement, management presentations, press release, webcasts of half-year and full-year results briefings	• Throughout the year
		• Results briefings and business updates for investors and analysts	• Quarterly
		• Site visits	• Annually
Current and potential tenants	• Quality and maintenance of assets • Environmentally sustainable buildings • Safety and security of premises • Tenant engagement • Tenant satisfaction • Responsiveness to tenant requests and feedback	• Tenant survey	• Annually
		• Tenant meetings	• Throughout the year
		• Improving efficiency of buildings	• Throughout the year
		• Encourage and support tenants' ESG initiatives	• Throughout the year
		• Fitting-out manuals	• Throughout the year
Business Partners	• Safe working environment • Fair and reasonable business practices • Stronger relationships	• Review of third-party service providers ("TPSPs")	• Throughout the year
		• Meetings, inspections and networking events	• Throughout the year
		• Communicating standard operating procedures (where applicable)	• Throughout the year
		• Ensuring robust health and safety requirements are met by TPSPs during the selection process and execution of contracts	• Throughout the year
		• Conveying the integrity of the procurement process	• Throughout the year
		• Screening of suppliers based on environmental and social criteria	• Throughout the year
Government, Regulators and Industry Bodies	• Business ethics and regulatory compliance • Good corporate governance	• Responses to public consultations	• Throughout the year
		• Participation and membership in industry forums and associations	• Throughout the year
Local Communities	• Impact and contribution to the communities AA REIT operates in	• Corporate social responsibility events	• Throughout the year

[1] Includes virtual engagements, where applicable.

MATERIALITY ASSESSMENT

We review the materiality topics annually and conduct regular materiality assessments to identify the ESG factors most relevant to our business and key stakeholders. We survey both internal and external stakeholders, analyse and consolidate their responses, and then rank the identified material topics by significance, creating a materiality matrix.

The last materiality assessment was completed in July 2022. In FY2024, the Board and management reviewed and confirmed 10 material topics, with revisions to ensure greater alignment to our commitments. Environmental Compliance will now be reported under Regulatory Compliance, and Anti-Corruption will be reported under Business Ethics.

The identified material aspects and indicators are mapped out in the table below.

Categories	Material Topic	U.N. Sustainable Development Goal Mapping	Targets
Build a Sustainable Business	Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH SDG 8: Decent work and economic growth	**Perpetual Target:** • To provide investors with sustainable long-term returns
Act Responsibly	Energy and Emissions	7 AFFORDABLE AND CLEAN ENERGY SDG 7: Affordable and clean energy 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE SDG 9: Industry, innovation and infrastructure	**Short-term Target:** • Increase solar capacity to 11.22 MWp by end FY2025 • 50% of new and renewal leases signed in FY2025 to be green **Medium-term Target:** • Increase solar capacity to 13.13 MWh by end FY2027 • 70% of new and renewal leases signed in FY2027 to be green **Long-term Target:** • SBTi commitment to 42% reduction in scope 2 emissions by FY2030, from a FY2020 base year
	Water and Effluents		**Short-term Target:** • To install water-efficient fittings in two properties **Medium-term Target:** • To actively engage master tenants in single-user assets for collection of water data **Long-term Target:** • Progressively install water-efficient fittings certified under the PUB's Water Efficiency Labelling Scheme for toilets

Categories	Material Topic	U.N. Sustainable Development Goal Mapping	Targets
Act Responsibly (cont'd)	Waste	SDG 7: Affordable and clean energy SDG 9: Industry, innovation and infrastructure	**Short-term Target:** • To encourage waste separation and recycling in all multi-tenanted properties **Medium-term Target:** • To actively engage master tenants in single-user assets for collection of waste data
Promote Well-being	Occupational Health and Safety	SDG 3: Good health and well-being	**Perpetual Target:** • Zero incidents resulting in staff permanent disability or fatality • Conduct OHS committee meetings every quarter
	Employment, Training and Education		**Perpetual Target:** • Achieve average training hours of at least 15 hours per employee per annum
	Diversity and Equal Opportunity		**Perpetual Target:** • Commit to fair employment practices by ensuring that all individuals receive the same opportunities for hiring, advancement and benefits • Zero cases of validated discrimination
	Local Communities		**Perpetual Target:** • To participate in two CSR initiatives annually
Operate Ethically	Business Ethics	SDG 16: Peace, justice and strong institutions	**Perpetual Target:** • Zero material incidents of non-compliance with regards to anti-corruption laws
	Regulatory and Environmental compliance		**Perpetual Target:** • Zero material incidents of non-compliance with environmental or any other regulation

SUSTAINABILITY REPORT

BUILDING A SUSTAINABLE BUSINESS

We are committed to providing robust financial gains to our investors while being socially responsible. We structure our strategic investments and collaborations to generate a beneficial influence for our unitholders and communities, while ensuring the long-term resilience of our portfolio.

OUR APPROACH

Incorporate sustainability risk elements in risk management approach.	Progressively adopt and promote climate-resilient practices.	Constantly innovating and advancing our skills in responsible investing.

Economic Performance

We target to provide our investors with a valuable return on their investments while positively influencing the communities where we conduct our business. During FY2024, we delivered higher Net Property Income by 6.9% and Distributions to Unitholders by 3.8%. However, full year Distribution per Unit fell by 5.9% to 9.360 Singapore cents due to the enlarged unitholder base following the S$100 million Equity Fund Raising. As a result, AA REIT's year-on-year gearing fell from 36.1% to 32.6%. This lays the foundation for future growth and provides headroom to fund our two Asset Enhancement Initiatives and new acquisitions that can deliver sustainable long term returns. For a comprehensive overview of our economic performance, you may refer to our Financial Statements and Capital Management sections found on respective pages 141 to 219 and 33 to 35.

Due to consistent evaluations, improvements, and adherence to our company policies, we are able to deliver steady dividends for our shareholders over the long term. The Manager is dedicated to supporting ongoing growth and therefore employs a careful but firm approach to management.

Key Initiatives in FY2024:

Yearly Budget Review Exercise for Strategic Planning:

- The Manager conducts a yearly budget review to offer a long-term perspective on AA REIT's financial performance and contributes to setting the stage for long-term business strategies. To guarantee accountability and responsibility, budget reviews are carried out regularly, and an updated account of the overall financial performance is continuously given to the Board.

Containing Rising Operational Costs through Long-term Vendor Contract:

- The Manager frequently assesses expiring term contracts like cleaning and security services. Considering escalating operational costs, the Manager aims to establish extended duration contracts with vendors to diminish the volatility of AA REIT's financial performance.

Active Mitigation of Interest Rate Risk and Foreign Currency Risk:

- By regularly tracking interest rates and currency fluctuations, AA REIT tries to reduce the effects of interest rate unpredictability and foreign currency risks using derivative financial tools. Interest rate risks are contained using fixed borrowings and interest rate swaps, while forward currency hedges on a four-quarter rolling basis are used to curb foreign currency risk. As of 31 March 2024, 75.0%[2] of AA REIT's borrowings were at fixed rates and 73.4% of its expected AUD distributable income was hedged into SGD.

Preservation of Strong Financial Flexibility:

- The Manager employs a cautious and disciplined strategy towards capital management. As of 31 March 2024, AA REIT's leverage was at 32.6% with an aggregate blended debt funding cost of 4.1%. There are no debt refinancing requirements until 3Q FY2025. The available committed debt facilities, amounting to S$135.7 million, endow AA REIT with the financial flexibility necessary to manage its capital structure, fund future developments and asset enhancement initiatives, and seize any acquisition growth opportunities. Having established strong ties with its financial institutional partners, AA REIT has secured access to an array of diversified funding sources.

[2] Including forward interest rate swaps.

Environmental Risk Management

We understand that climate change is creating new and escalating financial risks to tangible assets. In addition to the direct effects of climate change, transition risks, such as the strengthening of regulations and shifting market demands, are also impacting investment management and outcomes. As we work to make our portfolio resilient for the future, it's also crucial to consider long-term trends caused by climate change and to address and factor in climate-related risks.

In FY2023, we have set out to adopt TCFD recommendations for the first time to implement a phased approach towards climate reporting. This is also in line with the MAS Guidelines on Environmental Risk Management for Asset Managers as well as Singapore Exchange Regulation requiring listed companies from the material and buildings industry to provide climate-related disclosures based on the TCFD recommendations from FY2024 onwards. In FY2024, AA REIT has embarked on the process of quantifying the identified risk from FY2023 and evaluated the exposure of our portfolio to physical and natural hazards.

The following section demonstrates AA REIT's approach to managing climate-related risks that may impact our business, with close reference to the four primary pillars of TCFD.

Key Components of TCFD Recommendations	AA REIT's Response
Governance **a) Describe the board's oversight of climate-related risks and opportunities.** **b) Describe management's role in assessing and managing climate-related risks and opportunities.**	• The Board provides strategic directions and oversees the determination, monitoring and management of material ESG factors of the REIT. This includes: › Considering the environmental risk profile in setting the firm's strategy plan › Approving an environmental risk management framework and policies to assess and manage the environmental risk of assets managed › Setting clear roles and responsibilities of the Board and senior management relating to oversight of environmental risk › Providing oversight in relation to building environmental risk management competency at the Board and management level • Management, represented by the Sustainability Council, manages sustainability strategy and objectives, oversees the implementation of initiatives, and set targets for continuous improvement. This includes: › Ensuring development and implementation of Environmental Risk Management framework and policies, detailing how AA REIT incorporates environmental risk considerations in investment research, portfolio construction, risk management and stewardship practices › Ensuring ESG commitments align with the environmental risk profile set by the Board through short-, medium- and long-term targets › Establishing an internal escalation process for managing environmental risk › Providing regular updates to the Board on material environmental risk issues • Please refer to the "Sustainability governance" section on page 90 for more information.

Key Components of TCFD Recommendations	AA REIT's Response
Strategy **a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.** **b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning.** **c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**	• Management has integrated environmental risk into the existing Enterprise Risk Management process and accounts for environmental risk considerations in its investment process and at a portfolio level, which are monitored and appropriately managed where the risk is material. Concurrently, the following opportunities have been identified over the short, medium and long-term: (a) engaging in renewable energy programs alongside key industry players such as SP Group and GoNetZero which would potentially lower operating expenses and increase revenue, while also embracing smart technologies to enhance the energy efficiency of its properties and lower operating expenses; (b) responding to the market's shift towards eco-friendly products by focusing on the acquisition of properties with sustainable building certifications and by adding EV fast charging infrastructure both of which would have potential increased revenue impacts. • Management has conducted a qualitative assessment of climate-related transition and physical risks for all its properties, considering short-term, medium-term to 2030 and long-term to 2050 time horizons per the SGX recommendations for a phased TCFD approach. Please refer to pages 97 to 98 for more information on the scenarios considered. • Management and third-party consultants have conducted a quantitative climate scenario analysis to identify potential physical and transition risks and assessed their impacts on the business across our countries of operation. In assessing transition risk, we have considered both Net Zero (1.5°C) and business-as-usual (4°C) warming scenarios. Increased pricing of GHG emissions (i.e., a carbon tax) was identified as the key transition risk. When assessing the physical risks to our operations, we focused on the business-as-usual (4°C) warming scenario, as physical risks are most significant under this scenario. Across our portfolio, the most significant physical risks observed are extreme heat and flooding.
Risk Management **a) Describe the organisation's processes for identifying and assessing climate-related risks.** **b) Describe the organisation's processes for managing climate-related risks.** **c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**	• The Board will periodically review the existing enterprise risk management policy to ensure that environmental and climate-related risks are being appropriately captured and assessed to manage potential and actual impacts of environmental risk. • AA REIT acknowledges that achieving our sustainability goals will require building sustainability capabilities across our organisation. Consequently, we have initiated training and development programs to enhance the environmental and climate-related risk expertise of our employees and Board members. • Please refer to pages 97 to 98 for more information on AA REIT's climate-related risk identification and assessment process.
Metrics and Targets **a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.** **b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.** **c) Describe the targets used by the organisation to manage climate related risks and opportunities and performance against targets.**	• Climate-related and environmental metrics such as energy consumption and intensity and Scope 1, Scope 2, Scope 3 GHG emissions are disclosed in the Energy and Emissions section of this sustainability report. Please refer to page 99 for more information on AA REIT's target for energy and emissions. • AA REIT currently has long-term emissions reduction goals and is exploring additional metrics and targets to measure relevant environmental risks and opportunities.

In FY2023, AA REIT has conducted its first risk assessment and scenario analysis exercise to identify and potential impacts of:

- Transition risks[3], under the Network for Greening the Financial System ("NGFS") Net Zero 2050 Scenario and a business-as-usual ("BAU") scenario with "Current Policies" scenario
- Physical risks[4], under the Network for Greening the Financial System ("NGFS") Net Zero 2050 Scenario and a business-as-usual ("BAU") scenario with "Hot House World" scenario

The identified transition and physical risks were assessed for the whole portfolio of AA REIT (28 assets located in Australia and Singapore) for the following time horizons:

- Short-term: Within the next 1 to 2 years (by 2025)
- Medium-term: Within the next 2 to 6 years (by 2030)
- Long-term: Within the next 6 to 26 years (by 2050)

These are the specific physical and transition risk exposures for AA REIT's portfolio:

Risk Type	Description	Examples of Possible Impacts	Response
Transition Risk			
Regulatory and policy **Medium to High Risk**	The risk of loss resulting from failure to comply with laws, regulations, contracts or court decisions relating to the impacts of climate change.	• Mandatory climate-related disclosures (and stricter sustainability reporting requirements) would result in additional cost as regulated companies create and maintain processes for carbon emission monitoring. • Mandatory national carbon tax scheme that would result in additional operational cost as higher carbon price would lead to increased fuel, energy, and waste disposal cost especially in Singapore.	• AA REIT is already capturing relevant data and working with stakeholders to improve the quality and timeliness of that data. • AA REIT has embarked on installation of more energy efficient equipment and solar panels at AA REIT Assets. • AA REIT striving to meet the BCA Greenmark standard for a higher number of AA REIT's properties to align with BCA Green Plan 2030.
Reputational **Low to Medium Risk**	The risk of damage to an organisation's image and brand as a result of its actions or perceived inaction on climate-related issues.	• A perceived lack of climate action could dampen investor confidence and decrease in availability of funding.	• AA REIT is managing potential reputational risks through regular and robust stakeholder engagement (Please see pages 90 to 91 for more information on AA REIT's stakeholder engagement efforts). • AA REIT is constantly assessing and implementing new initiatives (e.g. more energy efficient equipment and development of smart metering) to reach its SBTi target.

3 Transition risks arise from the process of shifts towards a low-carbon economy, and can include regulatory changes, disruptive technological developments, and shifts in consumer and investor preferences.

4 Physical risks arise from the impact of weather events and long-term or widespread environmental changes and can include increased severity of extreme weather events such as floods, and rising mean temperatures, sea levels, and weather patterns.

Risk Type	Description	Examples of Possible Impact	Response
Transition Risk			
Market **Low to Medium Risk**	The risk of financial loss resulting from market changes.	• Less desirable properties in locations vulnerable to climate change may lead to reduced occupier/ tenant demand, reduction in customer base, and reduced asset value. • Inability to meet or keep up with market expectation for green technology may result in losing competitive edge.	• AA REIT is incorporating risks associated with market changes into the investment approach. • AA REIT has executed an agreement to install EV fast chargers at four of its properties in Singapore to cater to tenants' and visitors' requests for having EV charging stations.
Technology **Low to Medium Risk**	The risk of obsolescence or increased operational cost resulting from the failure to adopt new technologies or business practices that address the impacts of climate change.	• A delay in implementing new technologies that have the potential to address energy/emissions/water/ waste demands in the operations may lead to loss in market share and stranded assets. • Neglecting the adoption of sustainable and eco-friendly technologies in the long run may lead to increased energy and operational expenditures.	• AA REIT continues to collaborate with ecosystem partner to implement new technology (i.e., increase solar capacity to 11.22 MWp by end of FY2025, install EV fast chargers and smart metering system).
Physical Risk			
Acute **Medium Risk**	Extreme weather such as flooding and fire caused property damage and business disruption.	• To avoid significant interruptions to business operations from floods or fire events, higher costs may be incurred to weatherproof the assets and business.	• AA REIT is carefully monitoring the risks and reviewing insurance plans and processes to ensure adequate coverage for critical assets. • AA REIT is incorporating risks associated physical risk in the Due Diligence (DD) process for future acquisitions.
Chronic **Medium Risk**	Long-term, persistent impacts of climate change on an organisation's assets, operations, and supply chains.	• Extreme weather and rising temperature lead to higher cost of refurbishments and expense of up-front countermeasures and property insurance premium.	

ACTING RESPONSIBLY

As a responsible corporate citizen, we strive to reduce our impact on the environment. We do so through the continual reduction of our buildings' environmental impact, working closely with our customers, developing and obtaining the necessary credentials for sustainable buildings, and the generation of renewable energy.

OUR APPROACH

- Track, manage and reduce emissions and water consumption.
- Encourage recycling and minimise waste generation.
- Invest in energy efficient measures and new technologies to improve the performance of our asset.
- Review, calibrate and utilise ESG criteria in our investment and redevelopment review processes.

Our Progress

FY2023 Targets	FY2024 Achievements	Targets
Energy and emissions		
• **Invest in our new projects and existing properties to improve their energy efficiency in more sophisticated ways where possible** • **Explore integrating sustainable design features into our business operations** • **Target to accurately measure and disclose our Scope 1 and 2 emissions in the medium-term with a view to include Scope 3 emissions once we have the capabilities in place**	• Commenced works at 20 Gul and 135 Joo Seng and expected to be completed in FY2025. • Achieved carbon reduction of 17% from 2020 baseline. On track for long term SBTi target of 42% reduction by FY2030.	**SHORT-TERM TARGET:** • Increase solar capacity to 11.22MWp by end FY2025. • 50% of new and renewal leases signed in FY2025 to be green. **MEDIUM-TERM TARGETS:** • Increase solar capacity to 13.13MWp by end FY2027. • 70% of new and renewal leases signed in FY2027 to be green. **LONG-TERM TARGET:** • SBTi commitment to 42% reduction in scope 2 emissions by FY2030, from a FY2020 base year.
Water and Effluents		
• **Measure and evaluate the long-term sustainability of our water performance data and identify new water efficiency opportunities within our portfolio and new developments**	• Completed toilet upgrade works at 11 Changi South and 56 Serangoon North with water efficient fittings.	**SHORT-TERM TARGET:** • To install water-efficient fittings in two properties. **MEDIUM-TERM TARGET:** • Progressively install water-efficient fitting certified under the PUB's Water Efficiency Labelling Scheme for toilets.

FY2023 Targets	FY2024 Achievements	Targets
Waste		
• **To collect accurate waste data for all properties with operational control by end of FY2024** • **To put in place waste recycling facilities across properties with operational control**	• Collected recycling and general waste data from multi-tenanted properties. • Installed recycling bins in all of our multi-tenanted properties.	**SHORT-TERM TARGET:** • To encourage waste separation and recycling in all multi-tenanted properties. **MEDIUM-TERM TARGET:** • To actively engage master tenants in single-user assets for collection of waste data.

Green Buildings

We recognise the role green buildings play in mitigating long-term negative environmental impact as well as the importance of green building certification standards in the real estate market. As of 31 March 2024, we have four buildings with green building certifications in our portfolio. These are the green building certifications within AA REIT's portfolio:

- 7 Bulim Street, Singapore: BCA Green Mark Gold Plus
- 1A International Business Park, Singapore: BCA Green Mark Gold
- Optus Centre, Australia: 5-stars NABERS energy rating and 5-stars NABERS water rating
- Woolworths HQ, Australia: 4.5-stars NABERS energy rating

In FY2024 we have commenced a gap analysis for Green Mark recertification for 3 Tuas Ave 2 and Northtech and will pursue certification pending the results of the gap analysis.

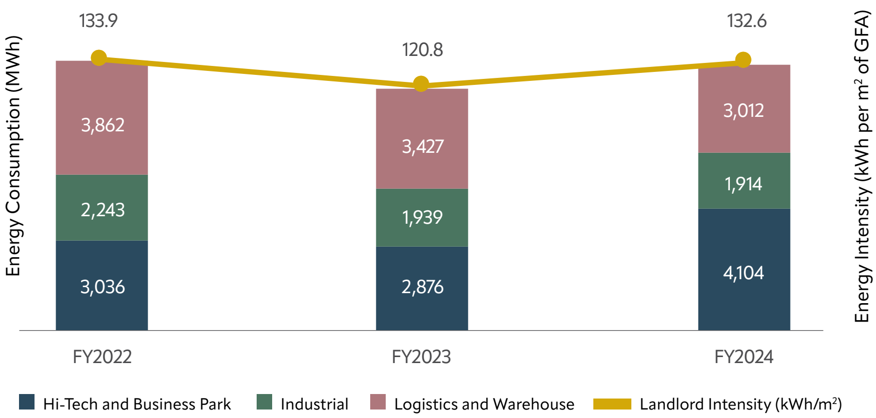
Going forward, the Manager will assess the feasibility of obtaining new green building certifications during the design and planning phase of new development projects, as well as during asset enhancement initiatives, where economically feasible. We will also review our existing properties regularly for certification or recertification opportunities.

Energy and emissions

AA REIT pledges to actively address climate change by striving to limit global warming to 1.5°C. We adopt a two-pronged approach – improving building energy performance and reducing our carbon emissions through innovation and advancing best practices.

Our Performance[5,6]

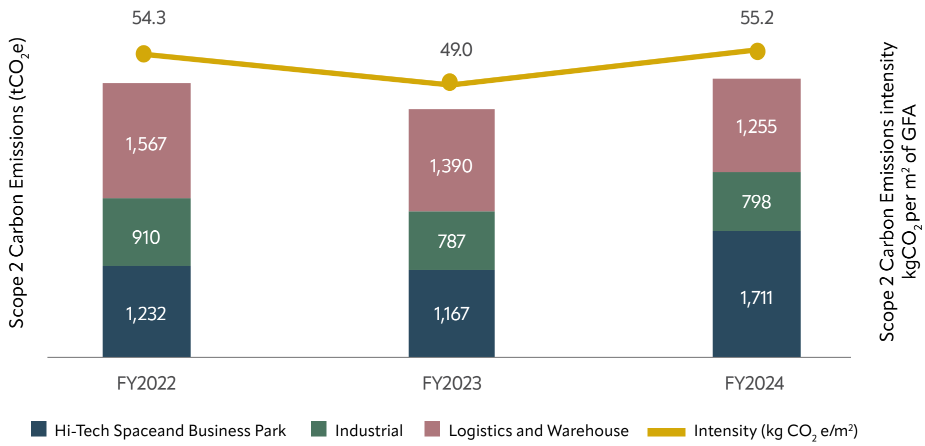
Energy Consumption and Energy Intensity



[5] The energy performance data pertains only to the properties over which AA REIT has direct operational control. For the purpose of accurate comparison with previous years, we have conducted a like-for-like comparison by excluding the operational data from property 23 Tai Seng Drive, which was converted into a single-tenanted building since FY2023. This approach ensures that the comparison is consistent and reliable.

[6] In FY2024, AA REIT consolidated the categories of properties and retained "Hi-Tech Space & Business Park", "Logistics and Warehouse", "Industrial" (combining "Light Industrial" and "General Industrial" from previous years' reporting) for reporting purpose.

Scope 2 Carbon Emissions and Intensity



The energy consumption in AA REIT's properties comprises mainly electricity utilisation, primarily used to operate equipment within its properties, for example lighting, air conditioning, mechanical ventilation ("ACMV") systems and lifts. The energy consumption data presented in the following section shows the landlord's energy consumption of buildings which the Manager has operational control over. Total carbon emission from AA REIT's properties is sourced solely from electricity consumption, therefore Scope 2 GHG emissions are reported[7]. In FY2024, total energy consumption for our portfolio was 9,029 MWh, an increase of 787 MWh compared to FY2023. Correspondingly, average building electricity intensity increased by 9.8% from 120.8 kWh/m2 to 132.6 kWh/m2 of common area GFA. The increase was mainly contributed to increase from the electricity consumption of North Tech, 29 Woodlands Industrial Park due to an equipment malfunction. The issue is currently being resolved. Excluding the increase in North Tech, the total electricity consumption for our portfolio would have decreased by 4.3% in FY2024.

In FY2024, the total building GHG emissions of AA REIT's properties consist only Scope 2 emissions with the amount of 3,763 tonnes of CO_2 equivalent ("CO_2 e"), a 419 tonnes increase from 3,344 tonnes CO_2 e in FY2023. Average building GHG emission intensity increased by 12.2% from 49 $kgCO_2$ e/m² to 55 $kgCO_2$ e/m² over the same period. In reference to reduction from the FY2020 carbon baseline emissions, AA REIT achieved an overall reduction of 17% from baseline[8] this year and is on track to meet our science-based target to reduce 42% of scope 2 carbon emissions by FY2030 (from FY2020 base year).

As part of the Manager's commitment to track and reduce AA REIT's energy consumption and emissions, the Manager has undertaken several initiatives, such as:

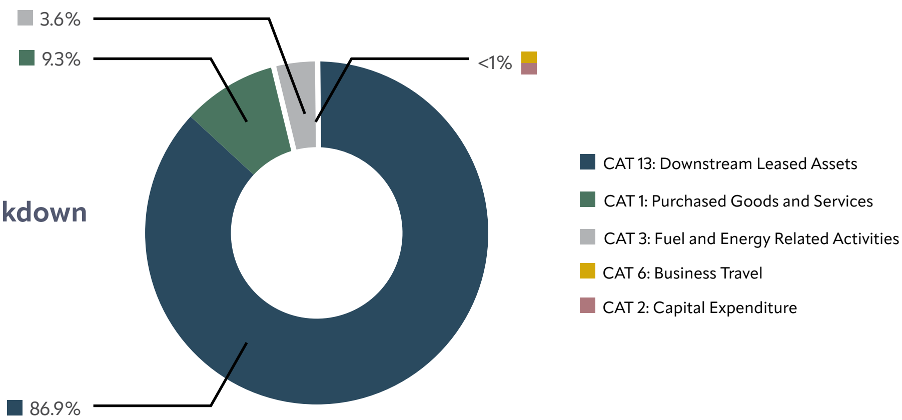
- Inventorisation exercise for scope 3 emissions.
- Commenced assessment on the modernisation of lift equipment for 4 properties.
- Executed and completed solar panel installation for 6 properties.
- Awarded the contract for a chiller replacement at 135 Joo Seng Road, the third most energy intensive building within AA REIT's portfolio. The chiller replacement should result in approximately 80 MWh in electricity consumption savings per annum.

The inventorisation exercise for scope 3 emissions reveals that emissions downstream leased assets under category 13 represent the predominant source within AA REIT's Scope 3 categories. In response, AA REIT is starting to develop green lease, which requires tenant to support AA REIT's effort in reducing and tracking tenant related emission.

[7] Scope 1 emissions are the result of activities from a company such as combustion of fuels for boilers, furnaces, turbines, or company owned and operated vehicles, physical or chemical processing or fugitive emissions resulting from the use of refrigeration and air conditioning equipment. AA REIT's buildings are connected to the electrical grid and, while AA REIT does use diesel generators in the event of power outages and there are some fugitive emissions, these were deemed negligible in FY2024, and we have chosen not to disclose it in this Sustainability Report. Further, AA REIT does not operate company-owned vehicles. Therefore, AA REIT has no Scope 1 emissions to disclose this year, and the disclosed Scope 2 emissions are the result of purchased electricity.

[8] The carbon emissions for FY2020 was 4,545,952 $kgCO_2e/m^2$ based on the carbon baselining study we conducted. FY2020 was chosen as the base year as it provided a full year of normalised consumption data before the Covid-19 pandemic period.

Scope 3 Emission Breakdown



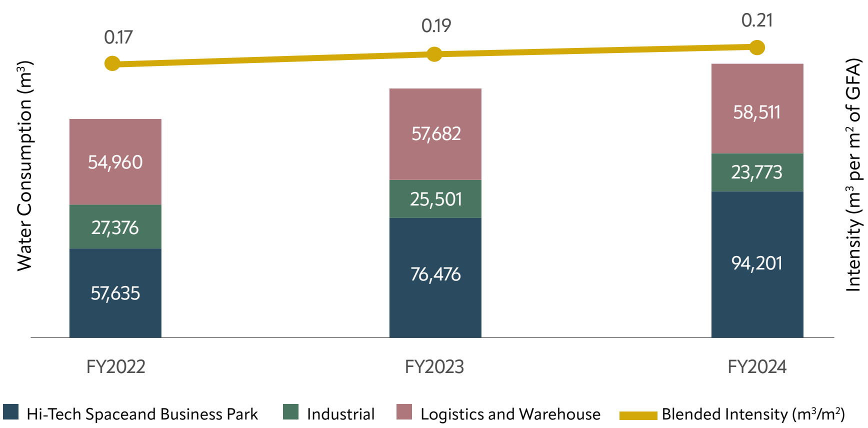
Water and Effluents

At AA REIT, we remain committed to reducing our environmental impact through sustainable management of natural resources, including water. The water usage from AA REIT's operations is limited to our common areas (i.e. bathrooms and pantries) and chiller plant systems. We continuously seek to enhancing water stewardship throughout our property holdings and promote responsible water usage among our tenants. All of AA REIT's water is obtained from statutory water sources.

Our Performance

We have implemented various water conservation strategies to curtail water usage. In addition, we closely monitor our water consumption to discern usage trends, which allows us to pinpoint chances to bolster water efficiency. The Property Manager conducts routine audits of water systems and maintains them diligently to mitigate and resolve water leakage problems. In FY2024, we have continued the gradual upgrade of toilets with new water efficient fittings as part of our water conservation initiatives.

Water Consumption and Water Intensity



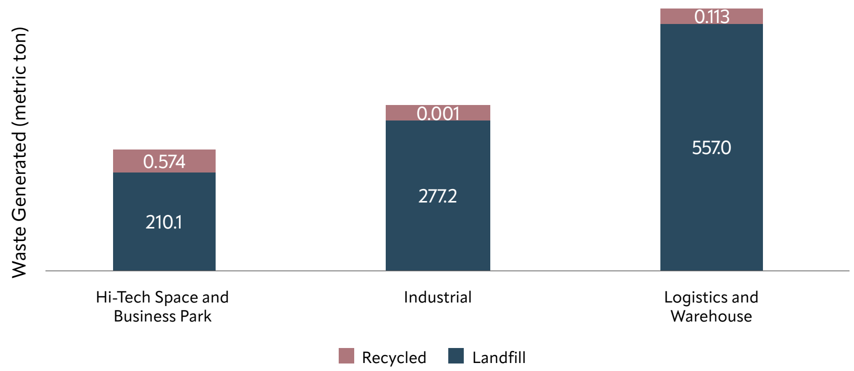
In FY2024, total building water consumption for our properties was 176,484 m^3, increased 10.5% from 159,659 m^3 in FY2023[9] , primarily due to a faulty cooling tower equipment. The landlord consumption accounts for 57% this year. Water intensity as per landlord's consumption for FY2024 was 1.47m^2/m^3.

Waste

We strive to enhance our waste management protocols and practices. Utilising data collected for tracking and reporting the amount of waste produced and recycled in properties under operational control, the Manager seeks to engage with tenants on waste reduction initiatives and to set benchmarks for assessing waste management efficiency. In the long term, the Manager aims to foster and increase tenant consciousness regarding waste recycling. At the end of FY2024, recycling bins have be set up across all buildings with operational control.

[9] Water consumption figure for North Tech, 29 Woodlands Industrial Park E1 in FY2023 is revised as 64,945 m^3 due to an error in data collection. Correspondingly, the total water consumption in FY2023 is restated to be 159,659 m^3 reflecting a 6.4% increase from the previously stated figure.

Waste Generated and Type of Disposal Recovery



In FY2024, there was total 1,045 metric tons of non-hazardous waste generated for our properties. Amongst the overall waste generated, there was 1,044 metric ton disposed at offsite landfill with the remaining recycled at offsite facilities.

Improving Visibility of Tenant Environmental Data

Our standard lease agreements for properties occupied by a single tenant often do not provide us with direct access to crucial environmental information, such as energy and water usage, waste generation, and GHG emissions. We understand the significance of gathering this data to enhance our ability to encourage our tenants towards more sustainable operations. Consequently, we are in dialogues with occupants of single-tenant premises to collect this environmental data.

In FY2023, we have also introduced 'green' clauses into our standard leases in Singapore, whereby customers are required to provide us with environmental data. As of 31 March 2024, we will be changing our green leases to include tenant fitting out requirements and as such will start from 0% in FY2025.

Supply Chain Responsibility

We are dedicated to engaging with suppliers who share our commitment to strong ethical values and socially responsible operations. We proactively address and oversee concerns throughout our supply chain by implementing comprehensive governance and establishing robust risk management protocols. As of 31 March 2024, AA REIT has a supply chain of approximately 143 active suppliers, including facility managers, maintenance service providers, contractors, professional consultants, and financial institutions, primarily based in Singapore.

Through our procurement strategies, we strive to bring the highest value to our clients by sourcing high-quality products and services while simultaneously lowering overall expenses and diminishing risks. Central to our approach is the careful evaluation of new suppliers against a set of environmental and social benchmarks that align with the nature of their services. These benchmarks include proven safety performance histories, relevant accreditations from the International Organisation for Standardisation for Occupational Health and Safety Management System ("OHS"), and certificates from the National Environment Agency's ("NEA") Enhanced Clean Mark Accreditation Scheme.

It is mandatory for our service suppliers to comply with the health and safety codes stated in the contractual terms of their agreements. This includes adhering to national environmental regulations that address issues such as mosquito and pest breeding, standing water, incorrect waste disposal, littering, and various types of pollution. The Property Manager is tasked with conducting biannual reviews of our term contracts service providers to ensure they comply with these regulations.

PROMOTING WELL-BEING

Our employees are our most valuable resource. We acknowledge their hard work and are committed to creating a positive environment that promotes their growth, skill development, and well-being. At AA REIT, we ensure a safe and welcoming workplace, offer chances for career advancement, and recognise and reward our employees' dedication and effort. Additionally, we are focused on improving the well-being of our tenants and the communities in which we operate.

OUR APPROACH

- Development of policies and investments in initiatives to keep employees engaged and to promote employee welfare.
- Continuously strengthening a culture that is supportive and inclusive, offering equal opportunities for everyone.
- Regularly reviewing and confirming the efficiency of our health and safety policies and procedures to guarantee the safety and welfare of our employees.

Our Progress

FY2023 Targets	FY2024 Achievements	Targets
Occupational Health and Safety (OHS)		
• **Zero instances of avoidable OHS incidents** • **Annually review employee safety and well-being practices** • **Enhance employee engagement**	• Achieved zero instances of OHS incidents • OHS committee evaluated practices related to employee safety and well-being • Executed various team-building events and wellness programs	**PERPETUAL TARGETS:** • Zero incidents resulting in staff permanent disability or fatality • Quarterly conducted OHS committee meetings
Employment, training and education		
• **Achieve an average of at least 15 hours of training per employee in FY2024** • **Continue to support the growth of our employees in ways that benefit both the organisation's long-term goals and the personal ambitions of each individual**	• Achieved an average of 25.2 hours of training per employee in FY2024 • Continued to support employee development that aligns with the long-term interests of the organisation and individual	**PERPETUAL TARGETS:** • Achieve average training hours of at least 15 hours per employee per annum • Continue to support the growth of our employees in ways that benefit both the organisation's long-term goals and the personal ambitions of each individual
Diversity and equal opportunity		
• **Commit to fair employment practices by ensuring that all individuals receive the same opportunities for hiring, advancement and benefits** • **Zero cases of validated discrimination**	• 50% of new hires and 57% of entire workforce is female • Zero cases of validated discrimination	**PERPETUAL TARGETS:** • Commit to fair employment practices by ensuring that all individuals receive the same opportunities for hiring, advancement and benefits. • Zero cases of validated discrimination

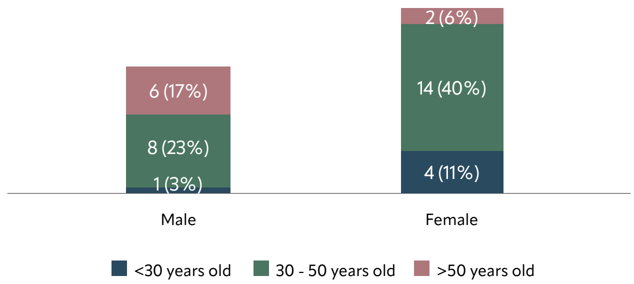
FY2023 Targets	FY2024 Achievements	Targets
Local communities		
• **Continue our outreach efforts by partnering with The Food Bank Singapore** • **Encourage all our employees to actively participate in targeted corporate social responsibility ("CSR") activities**	• Participated in two CSR activities with Club Rainbow with an average participation rate of 66%	**PERPETUAL TARGETS** • To participate in two CSR initiatives annually

Employment, Training and Education

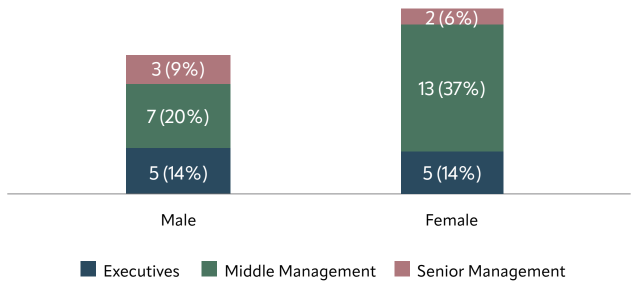
Profile of Our Workforce

As at 31 March 2024, the Manager and Property Manager had employed a total of 34 permanent full-time employees and 1 part-time permanent employee[10] in Singapore. In FY2024, new hiring rate was 23% with equal gender representation of males and females among new hires. The charts below offer more detailed information regarding our employee demographics. All employees of the Manager and Property Manager are based in Singapore.

Employee Breakdown by Age Group and Gender



Gender by Employee Category



Employee Development

We believe in fostering a culture of continuous learning and development, alongside a fair assessment system that takes into consideration multiple factors. We strive to provide our employees with opportunities for growth, training, and development that align with their career goals and aspirations. We support professional training for employees by fully funding relevant courses to help them develop new skills, broaden their knowledge, and advance their careers. Our employee handbook outlines how we support our employees' training and education.

We are also committed to making all reasonable efforts to balance the training and development needs of our employees with their family responsibilities. We ensure that training and development take place during the employee's normal work hours as much as possible, preventing employees with family responsibilities from being disadvantaged in relation to access to training and skill acquisition.

In FY2024, each employee received an average of 25.2 hours of training, exceeding the Manager's FY2024 target of at least 15 hours of training for each employee. The average training hours for each employee of the Manager was 40.1 hours and for each employee of the Property Manager 20.8 hours.

Notably, approximately 40% of the staff received training on ESG-related topics in FY2024. As part of our five-year ESG roadmap, AA REIT plans to upskill more of its employees in sustainability to meet the increasing expectations of stakeholders, better manage risks and opportunities and create a sustainable and responsible workplace culture.

[10] The sole part-time permanent employee is a female executive in the 30-50 years old age bracket.

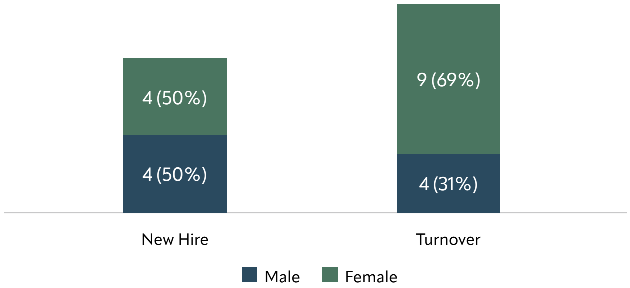
The company employs a transparent and fair evaluation method for evaluating all qualifying, permanent staff members. We assess employee performance using a balanced scorecard model that concentrates on established key performance indicators in four main areas: Financial, Customer, Internal Process, Learning and Growth. In FY2024, 100% of employees received a regular performance and career development review which allows them to receive feedback on their performance, help align their work with organisational goals, facilitate career development, and enhances talent retention. Such performance appraisals are conducted in a supportive and constructive manner.

Diversity and Equal Opportunity

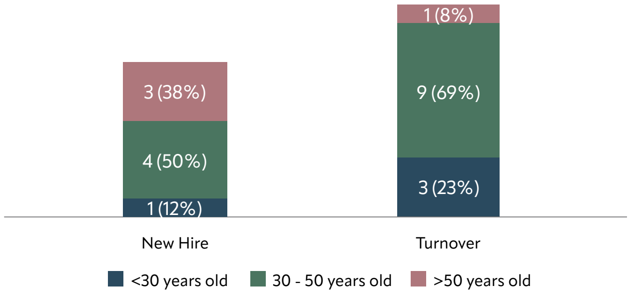
We are committed to the idea that a workplace where everyone's unique qualities and backgrounds are welcomed leads to a thriving environment, higher productivity, and successful results. By upholding these principles, we strive to create a diverse and inclusive place where every employee has a fair chance to succeed. We aim to build a team with a wide variety of talents and backgrounds, and we ensure fair treatment for all our employees, regardless of their gender, age, beliefs, ethnicity, disabilities, or sexual orientation.

Our hiring decisions are strictly based on the qualifications of the candidates, ensuring fairness as outlined by the Tripartite Guidelines on Fair Employment Practices and the Ministry of Manpower's Fair Consideration Framework. Consequently, our Employee Handbook strictly prohibits discrimination, as well as any forms of victimisation, intimidation, or harassment in the workplace.

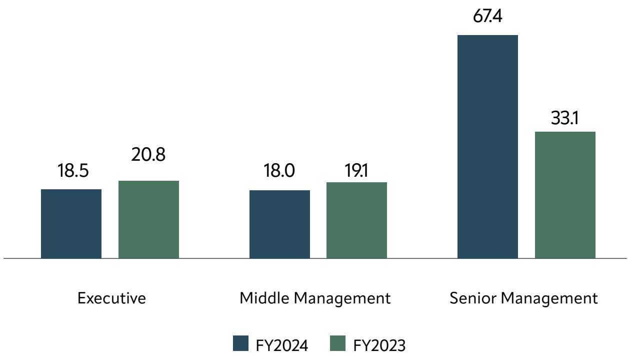
New Hire and Turnover by Gender



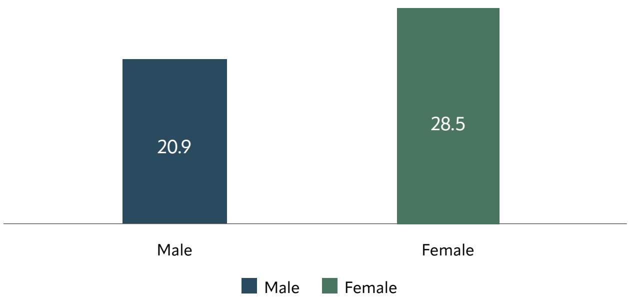
New Hire and Turnover by Age



Average Training Hours by Employment Category



Average Training Hours by Gender



Celebrating our commitment to fostering a supportive workplace for female employees, we are able to report that women formed 50% of our new hires and constituted 57% of our entire workforce this year. In leadership standings, women represented 40% within senior management and held 25% of seats within our Board of Directors. This meant we are ahead of our target in achieving at least 20% female representation on our Board by the year 2026. All members of the Board of Directors are above the age of 50.

Our training programmes span across a diverse range of topics and the following table highlights some of the training courses attended by AA REIT employees in FY2024.

Training Courses	
Training Categories	**Examples of Training Programmes**
Finance & Capital Markets	• AI Transformative Workshop for Finance Leaders • Forecast Capital Appreciation of Real Estate • Global Capital Markets Insights
Business Ethics & Risk Management	• Managing Risks and Building Resilience: A Blueprint for Economic Fortitude • Knowing Your Clients Well: How Financial Institutions Can Improve Risk Management for Money Laundering, Terrorism Financing, and Sanctions Restrictions • Ethics in the Financial Industry
Information and Technology	• Harnessing Innovation and Technology for Fire Safety • IT and Cybersecurity • Cyber Resiliency – Building Resilience into Your Security Strategy
ESG Training	• Navigating the Sustainability and ESG Landscape: Carbon Tax, Trading, and Business Opportunities in Southeast Asia • IFRS Sustainability Disclosure Standards in Singapore • Greenprint Registry ESGpedia Showcase | Data-Driven Sustainability • Facilitating a Gender-Diverse and Gender-Equal Workplace
Health and Safety	• Standard First Aids CPR AED Course • Overview of M&E Systems for Fire Protection in a Building
Personal Improvement	• Developing Influencing Skills to achieve successful outcomes • Conflict Negotiation in Real Estate Transactions • Critical thinking and analytical skills

Occupational Health and Safety

We prioritise the creation of a secure workplace environment for our employees and are committed to safeguarding their well-being. In alignment with this commitment, we have implemented rigorous health and safety policies and protocols that are regularly reviewed and updated to ensure compliance with prevailing regulations and industry best practices. Additionally, we integrate Occupational Health and Safety ("OHS") risks into our enterprise risk management framework. Through the identification, assessment, and mitigation of potential risks, we strive to minimise the number of accidents, injuries, and illnesses within our workplace.

Initiated in FY2017, the OHS Committee is dedicated to managing OHS tasks. These tasks involve an ongoing assessment of OHS standards, executing suitable work protocols, and delivering up-to-date regulatory information to our employees.

The OHS Committee includes representatives from all departments and meets at least four times annually. Its key responsibilities include:
- Enhancing and periodically evaluating occupational health and safety operational procedures, coupled with necessary education and training
- Implementing effective work protocol controls and updating our crew about any changes in regulations
- Increasing the understanding and awareness of potential risks among employees
- Planning and promoting health-centric activities that boost our employees' physical and mental health

All employees are granted access to our health and safety protocols, encompassing both the Workplace Health and Safety policy and the Business Continuity Plan. These thorough policies undergo regular reviews to address any changes in our working conditions or organisational structure. Furthermore, we provide detailed information regarding fire evacuation procedures, the placement of safety kits, and the identification of designated first aid providers. We also delineate the specific responsibilities assigned to individual units during emergency situations. Employees receive detailed briefings on the Business Continuity Plan and participate in annual emergency drills to enhance their preparedness and response capabilities.

Furthermore, we integrate OHS components into our supplier selection procedures, with the objective of maintaining a safe and healthy workplace environment for our third-party service providers. Among the initiatives we implement are:
- Evaluating prospective service providers based on their historical safety performance
- Mandating that Property Management suppliers in Singapore adhere to necessary standards depending on their specific service types (e.g., ISO 9001, ISO 14001, bizSAFE Level)
- Insisting that selected third-party service providers comply with health and safety policies stipulated in the terms of their service agreements

Our Property Manager conducts regular inspections to identify and rectify any potential hazards. These routine check-ups encompass areas such as electrical safety, fire safety, and the handling of hazardous materials. Regular bi-weekly meetings are also held to address any persistent issues. Additionally, the Property Manager team partakes in training programs, including first-aid courses and site incident controller courses.

In addition to looking after our employees' physical well-being, we extend our care to their mental and emotional health by providing access to mental health and wellness initiatives. All employees benefit from comprehensive medical and insurance coverage and a flexible benefits scheme that can be utilised for health screenings or other services related to their health and wellness needs, such as dental and optical care. Eligible employees are entitled to parental leave, and we also make monthly contributions to the Central Provident Fund accounts of our Singapore-based employees.

In FY2024, 15 men and 20 women were eligible for parental leave. Of these, 5 men and 9 women took the leave and returned to work after their leave period ended. One year later, the retention rate for employees who took parental leave was approximately 80% for men and 67% for women, with 4 out of 5 men and 6 out of 9 women still employed.

We are aware of the unique challenges encountered during the transition to parenthood and therefore provide holistic support to our employees. In FY2024, the re-entry rate for both women and men returning to work from parental leave was at 100%, underscoring our eager commitment to fostering professional growth and personal fulfilment among our workforce.

Additionally, we acknowledge our employees' dedication through long-service awards presented at their 5, 10, 15, 20 years of service, and beyond. Further employee benefits encompass a range of wellness activities, including a weekly fruit delivery, financial wellness seminars to enhance financial literacy, and team bonding events. Moreover, we have committed to designating the last Friday of each school term in Singapore as "Eat with Your Family Day" to encourage employees to leave work early and enjoy a meal with their loved ones. We also organise a Chinese New Year luncheon for all our staff.

Local communities

Tenant and community engagement

We are committed to engaging with our tenants to ensure a safe and healthy workplace environment. This helps us pinpoint and oversee potential risks and opportunities tied to social and environmental effects and aids us in crafting programs that bring benefits to our stakeholders.

In FY2024, we conducted a tenant satisfaction survey to gather feedback on our services, facilities as well as their ESG considerations, and achieved a response rate of approximately 23%. The Manager will continue to work with tenants to improve this response rate. We also regularly meet up with tenants to discuss important issues and initiatives and to provide them with an opportunity to voice their feedback.

At AA REIT, we are dedicated to fostering happiness and creating positive impact within our community. That's why we joined forces with Club Rainbow for a heart-warming event, where we had the pleasure of brightening the day for 32 children. From decorating cupcakes to winning prizes at carnival games, our team savoured every smile and laughter shared. It was a beautiful reminder of how much we gain from giving back and the deep connections we build through caring acts.

OPERATING ETHICALLY

We firmly believe that the integrity of our operations is essential in strengthening the trust of our investors and stakeholders. We conduct our business within a robust corporate governance framework, upholding exceptionally high ethical standards. We are committed to rigorously complying with all applicable laws, regulations, and best practices concerning business governance and workplace safety.

OUR APPROACH

- Establishing clear corporate governance procedures via various policies and processes.
- Implementing anti-corruption training for staff members to enhance their awareness.
- Continually revising and honing our policies and processes to adapt to regulatory changes and best practices, ensuring constant compliance.

Our Progress

FY2023 Targets	FY2024 Achievements	Targets
Continue to maintain zero incidents of corruption	Zero cases of corruption received by employees or officers.	**PERPETUAL TARGET:** Zero material incidents of non-compliance with regards to anti-corruption laws and regulatory compliance

Anti-corruption, Business Ethics and Regulatory Compliance

Preventing Corruption and Upholding Integrity

We maintain a strict zero-tolerance policy against corruption, including bribery, fraud, and embezzlement. We consistently remind our staff that we are committed to investigating and reporting any incidents of fraud to the appropriate authorities. In FY2024, as in previous years, we conducted a mandatory anti-corruption training session for all employees.

Every employee is provided with a copy of the Employees Code of Conduct at the time of their joining. The Code of Conduct elaborates on the principles of individual and professional behaviour, and the standards that all employees are expected to maintain in terms of conduct and demeanour. It covers a comprehensive variety of subjects such as professional conduct, integrity and honest transactions, conflicts of interest, office behaviour, equal opportunity practices, viewpoints on gifts and rewards, as well as potential disciplinary measures, among others.

Additionally, our organisation has implemented a Whistleblower Policy and complaints process to ensure our staff can report suspected misconduct or lodge complaints without fear of retaliation since our goal is to quickly address and resolve these allegations and any unethical behaviour.

Maintaining Business Ethics

We maintain a robust process for the disclosure of conflicts of interest, applicable to all employees and board members. Our established Conflict of Interest Policy, accessible to all personnel, states the guiding principles and mandatory procedures for addressing potential conflicts effectively.

In our commitment to uphold integrity in procurement and outsourcing, we enforce stringent risk management policies aimed at eradicating corruption and bribery. For acquisitions exceeding a predefined threshold, it is a requirement to obtain at least three proposals, unless specific exemptions are approved. For major contracts, we implement a rigorous pre-qualification and competitive bidding process, ultimately awarding the contract to the supplier that not only meets, but exceeds our multifaceted criteria. These criteria emphasise a commendable track record, cost-effectiveness, financial robustness, adherence to safety and legal standards, and an absence of prior litigation.

Furthermore, our agreements with service providers include specific clauses designed to avoid bribery and conflicts of interest. In the outsourcing of substantial services, we adhere strictly to the guidelines set forth by the Monetary Authority of Singapore ("MAS"), evaluating potential providers on their financial stability, corporate governance, reputation, compliance, quality assurance, and security management. This comprehensive approach ensures that our partnerships and business practices are conducted with the highest standards of ethical responsibility and professional integrity.

Ensuring Regulatory Compliance

Our dedication lies in adhering to the laws and regulations of the countries where we conduct our operations. We uphold this commitment through rigorous procedures and protocols designed to comprehensively address regulatory requirements. These protocols encompass the identification, evaluation, monitoring, and management of regulatory compliance risks, as well as financial and technological risks. For a detailed insight into our approach to risk management, please refer to pages 128 to 130. Furthermore, we strongly encourage our Board of Directors and all staff members to participate in ongoing training programs focused on regulatory developments and advancements.

We maintain a keen awareness of regulatory and industry developments, actively engaging with regulatory bodies and industry associations to enhance compliance capabilities within our organisation. AA REIT proudly aligns itself with REITAS, acting as a pivotal voice for the Singapore REIT ("S-REIT") sector.

Policies in place to ensure compliance and best practices:

- Anti-Money Laundering & Countering Terrorism Financing Policy
- Interested Party & Related Party Policy
- Employee Handbook
- Conflict of Interest Policy
- Whistleblowing Policy

GRI Content Index

Statement of use	AIMS APAC REIT's ("AA REIT") has reported the information cited in this GRI content index for the period 1 April 2023 to 31 March 2024 in accordance to the GRI Standards.
GRI used	GRI 1: Foundation 2021 GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
GRI Sector Standards	No GRI Sector Standards adopted.

GRI Standard/ Other Source	Disclosure		Report section and Remarks
GRI 2: General Disclosures 2021	**Organisation and its reporting practices**		
	2-1	Organisational details	About this report
	2-2	Entities included in the organisation's sustainability reporting	About this report
	2-3	Reporting period, frequency and contact point	About this report
	2-4	Restatements of information	About this report
	2-5	External Assurance	External assurance has not been sought for this year's Sustainability Report. AA REIT will consider this in the future as our reporting matures, in line with sustainability reporting regulations.
	Activities and workers		
	2-6	Activities, value chain and other relationships	Supply chain responsibility; Stakeholder engagement
	2-7	Employees	Employment, training and education
	2-8	Workers who are not employees	Information unavailable, AA REIT is looking to progressively report the disclosure when such capabilities are available.
GRI 2: General Disclosures 2021	**Governance**		
	2-9	Governance structure and composition	Sustainability governance
	2-10	Nomination and selection of the highest governance body	Annual Report, Corporate Governance report

GRI Content Index

GRI Standard/ Other Source	Disclosure		Section
GRI 2: General Disclosures 2021	Governance		
	2-11	Chair of the highest governance body	Annual Report, Corporate Governance report
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability governance
	2-13	Delegation of responsibility for managing impacts	Sustainability governance
	2-14	Role of the highest governance body in sustainability reporting	Sustainability governance
	2-15	Conflicts of Interest	Corporate Governance report
	2-16	Communication of critical concerns	Anti-corruption, business ethics and regulatory compliance There are no critical concerns that were communicated to the highest governance body.
	2-17	Collective knowledge of the highest governance body	Sustainability governance
	2-18	Evaluation of the performance of the highest governance body	Corporate Governance report
	2-19	Remuneration policies	Corporate Governance report
	2-20	Process to determine remuneration	Corporate Governance report
	2-21	Annual total compensation ratio	Confidentiality Constraints: AA REIT regards compensation information of employees to be of a confidential and sensitive nature, thus the annual total compensation ratio is not disclosed in this report.
	Strategy, policies, and practices		
	2-22	Statement on sustainable development strategies	Board statement
	2-23	Policy commitments	AA REIT's sustainability framework
	2-24	Embedding policy commitments	AA REIT's sustainability framework
	2-25	Process to remediate negative impacts	Stakeholder engagement; Materiality assessment
	2-26	Mechanism for seeking advice and raising concerns	Anti-corruption, business ethics and regulatory compliance
	2-27	Compliance with laws and regulations	Anti-corruption, business ethics and regulatory compliance
	2-28	Membership associations	Membership and associations
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Stakeholder engagement
	2-30	Collective bargaining agreements	Not applicable, as AA REIT does not have trade unions
GRI 3: Material Topics	3-1	Process to determine material topics	Materiality assessment
	3-2	List of material topics	Material topics
	3-3	Management of material topics	Material mapping and topic boundary
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic performance
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Anti-corruption, business ethics and regulatory compliance
	205-3	Confirmed incidents of corruption and actions taken	

GRI Content Index

GRI Standard/ Other Source	Disclosure		Section
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Diversity and equal opportunity
	401-3	Parental leave	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Diversity and equal opportunity
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Health and Safety (OHS)
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Work participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-9	Work-related injuries	
	403-10	Work-related ill health	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employment, training and education
	404-2	Programs for upgrading employee skills and transition assistance programs	
	404-3	Percentage of employees receiving regular performance and career development reviews	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Energy and emissions
	302-3	Energy intensity	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy and emissions
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	
GRI 303: Water and Effluents 2018	303-3	Water withdrawal	Water and effluents
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	Waste

APPENDIX: ASSUMPTIONS AND METHODOLOGY

This section explains the boundaries, methodologies and assumptions used in the computation of AA REIT's sustainability data and information.

Employees Data

"Employees" refer to all employees of the REIT Manager and the Property Manager. The employee data does not include contractors engaged to perform certain property management services.

New Hires and Turnover

- New hires are defined as employees who joined the organisation during the financial year. The new hire rate is represented as the number of new hires divided by the total number of employees as at the end of the financial year and expressed as a percentage.
- Turnovers are defined as employees who left the organisation during the financial year.

Training Hours and Regular Performance and Career Development Reviews

- The average training hours that employees have undertaken during the reporting period is represented as total training hours by gender or by employee category over total number of employees by gender or by employee category.
- The percentage of employees receiving regular performance and career development reviews is calculated by total employees by gender and by employee category

who received a regular performance and career development review during the reporting period over the total number of employees.

Occupational Health and Safety

Work-related injuries are defined as a negative impact on an employee's health arising from exposure to hazards at work. Injuries as a result of commuting incidents are only included if the transport has been organised by the Manager. The rate of work-related injuries is computed based on 1,000,000 man-hours worked.

Environmental Data

Data reported relates to the 18 properties (out of 28 properties) that are within the operational control of the Manager.

Energy Consumption and Intensity

Energy consumed across AA REIT's properties only involves purchased electricity. Energy consumption data only includes landlord's area.

Energy consumption and intensity included only properties with full year data for FY2022, FY2023 and FY2024. Energy intensity is derived by taking total energy consumption divided by the GFA of common areas.

GHG Emissions and Intensity

GHG emissions are reported in line with the guidance from the GHG Protocol Corporate Accounting and Reporting Standard. The operational control approach is applied, and AA REIT accounts for GHG emissions from operations over which it has operational control. Energy (Scope 1 and 2) GHG and intensity includes only properties with full year data for FY2022, FY2023 and FY2024.

Direct (Scope 1) GHG emissions are calculated using emission factors and global warming potential rates from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the IPCC Fifth Assessment Report.

A location-based method is adopted for the calculation of energy indirect (Scope 2) GHG emissions. Grid emission factors used are obtained from authoritative release data from all regions of operation, including:

- Australian Government Clean Energy Regulator's Emissions and Energy Reporting System for 2023,
  - New South Wales: 0.68 kg CO_2e/kWh,
  - Queensland: 0.73 kg CO_2e/kWh
- Singapore Energy Statistics 2023 published by the Energy Market Authority in Singapore: 0.40168 kg CO_2e/kWh

We have adopted the latest available emission factor using the average operating margin ("OM") method for the reporting period.

The GHG intensity is derived by taking total energy direct (Scope 1) GHG and energy indirect (Scope 2) GHG emissions divided by the GFA of common areas.

Indirect (Scope 3) GHG emissions are calculated using emission factors from the following list:

- US EPA for category 1 (Purchased Goods and Services), category 2 (Capital Goods) and category 6 (Business Travel)
- IEA (International Energy Agency), World Bank, Australian National Greenhouse Accounts Factors and Energy Market Authority for category 3 (Fuel- and Energy-Related Activities) and category 13 (Downstream leased assets)

Water Consumption

Water consumption data for FY2022, FY2023 and FY2024 includes data for the whole building. Water consumption for landlord area only has been reported for FY2023 and FY2024. Data only includes properties with full year data available.

Scenario Analysis

AA REIT commenced its climate scenario analysis in 2023 for its global portfolio to understand how the identified climate-related risks and opportunities could impact future operations. These are the scenarios that AA REIT has used for its climate scenario analysis:

- The Net Zero 2050 scenarios from NGFS assumes that the global mean temperature increases by 2100 from pre-industrial levels would be 1.5°C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. In this scenario the climate policies are going to be introduced early and become gradually more stringent, which leads to a higher transition risk for companies arising from the regulatory, market, and technological changes.
  - The BAU – Current Policies scenario for physical risk assumes that global mean temperature increases by 2100 would be 3°C or less. In this scenario, the existing climate policies remain in place but there is no strengthening of ambition level of these policies, which leads to delayed effort in curbing the impact of climate risk to the nature. This will lead to a higher physical risk and lower transition risk.
  - The BAU – Hot house World scenario for transition risk assumes that global mean temperature increases by 2100 would be 3°C or less due to insufficient global efforts. As a result, critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts like sea-level rise.

CORPORATE GOVERNANCE

ROLE OF THE MANAGER

AIMS APAC REIT ("AA REIT" or the "Trust") is a real estate investment trust constituted pursuant to the trust deed dated 5 December 2006 (as amended, varied or supplemented from time to time) ("Trust Deed"). AA REIT is listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST") and is externally managed by AIMS APAC REIT Management Limited (the "Manager"), who holds a capital markets services licence issued by the Monetary Authority of Singapore ("MAS") to conduct real estate investment management activities. The sponsor of AA REIT is AIMS Financial Group (the "Sponsor").

The Manager has general powers of management over the assets of AA REIT. The Manager's main responsibility is to manage the assets and liabilities of AA REIT in the best interests of the unitholders of AA REIT ("Unitholders"). This is done with a focus on generating rental income and, where appropriate, increasing the value of AA REIT's assets over time so as to enhance the returns from the investments, and ultimately distributions and total return to the Unitholders.

The primary role of the Manager is to set the strategic direction in AA REIT and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT (the "Trustee"), on any acquisition, divestment and enhancement of the assets of AA REIT in accordance with the stated investment strategy of AA REIT.

Other main functions and responsibilities of the Manager include:

(a) using its best endeavours to ensure that the business of AA REIT is carried out and conducted in a proper and efficient manner and to conduct all transactions with or on behalf of AA REIT at arm's length and on normal commercial terms;

(b) ensuring compliance with relevant laws and regulations. The framework of relevant legislations and guidelines governing AA REIT include:

    i. the Listing Manual issued by SGX-ST (the "Listing Manual");
    ii. the Securities and Futures Act 2001 ("SFA");
    iii. the Code on Collective Investment Schemes (including Appendix 6 thereon on property funds) (the "Property Funds Appendix");
    iv. the Code of Corporate Governance 2018 (the "CG Code");
    v. written directions, notices, codes and other guidelines that may be issued by the MAS from time to time;
    vi. the Trust Deed; and
    vii. tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of AA REIT and its Unitholders

(c) preparing annual business plans for review by the Board of Directors of the Manager (each, a "Director" or collectively, "Directors" or "Board"), including forecasts on revenue, net property income, capital expenditure, explanation of major variances to previous plan(s), commentary on key issues and relevant assumptions. These plans explain the performance of AA REIT's assets;

(d) managing the finances of AA REIT, including accounts preparation, capital management, coordination of the budget process, forecast modelling and corporate treasury functions;

(e) attending to all regular communications with the Unitholders; and

(f) supervising the property manager, AIMS APAC Property Management Pte. Ltd. ("Property Manager") which performs the day-to-day property management functions (including but not limited to lease management, property management, maintenance and administration) pursuant to the property and investment management agreements in respect of the properties located in Singapore, and the Australian Investment Manager, AA REIT Management Australia Pty Limited, in respect of properties located in Australia.

The Manager also considers sustainability issues in key impact areas and integrates these considerations as part of its management of AA REIT. The sustainability efforts of the Manager and AA REIT are set out in the Sustainability Report.

AA REIT, constituted as a trust, is externally managed by the Manager and therefore, has no personnel of its own. The Manager appoints experienced and well-qualified personnel to run the day-to-day operations of the Manager and AA REIT. All Directors and employees of the Manager are remunerated by the Manager and not by AA REIT.

CORPORATE GOVERNANCE

The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee upon the occurrence of certain events which includes by way of a resolution duly proposed and passed by a simple majority of the Unitholders present and voting at a meeting of the Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

OUR CORPORATE GOVERNANCE CULTURE

We believe that strong and effective corporate governance is imperative to the long-term success of AA REIT. Accordingly, we are committed to upholding high standards of corporate governance and operate in keeping with the spirit of the CG Code when discharging our responsibilities as the Manager.

The Corporate Governance report describes the corporate governance policies and practices that were in place during the financial year ended 31 March 2024 ("FY2024") from the CG Code, and where applicable, the Listing Manual and the Companies Act 1967 ("Companies Act").

For FY2024, AA REIT has complied with the principles of the CG Code in all material aspects and, where there are variations from any of the provisions of the CG Code, explanations are provided together with reasons for the variations as well as details of how the practices adopted are consistent with the aim and philosophy of the relevant principle of the CG Code.

BOARD MATTERS

The Board's conduct of affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Board's duties and responsibilities

The Board is responsible for the overall management and corporate governance of the Manager and of AA REIT. It provides leadership, sets strategic directions and ensures that the necessary financial and human resources are in place for the Manager to meet its objectives in managing the assets and liabilities of AA REIT in the best interests of the Unitholders. The Board oversees the management of AA REIT by setting standards and goals for the management team of the Manager ("Management"), monitors the achievement of the targets set and Management's performance. It also establishes a framework of prudent and effective controls, which enables risks to be assessed and managed to safeguard the Unitholders' interests and the assets of AA REIT.

The Board also makes key decisions and provides guidance and direction to Management at these meetings. The Manager has adopted a set of internal guidelines which sets out the limits of its financial authority. The Board's approval is required for material transactions, including but not limited to the acquisition, redevelopment and/or divestment of investment properties, material asset enhancement initiatives, adoption of the valuation of properties, annual budget for operating/capital expenditure, distributions to Unitholders, bank borrowings and hedging strategies, release of business updates, half year and full year financial results as well as arrangements in relation to bank signatories. Such matters are clearly communicated to the Management in writing. Appropriate delegations of authority and approval sub-limits are also provided at Management level to facilitate operational efficiency. The Board also reviews the risks to the assets of AA REIT and acts upon recommendations from both the internal and external auditors of AA REIT.

The Board and special board committees ("Board Committees") may also make decisions by way of resolutions in writing. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations, and resolutions in writing are circulated to all Directors for their consideration and approval.

Directors of the Manager are fiduciaries and are collectively and individually obliged to act objectively in the best interests of AA REIT and its Unitholders. Directors hold the Management accountable for their performance. Where any Director has a conflict of interest or appears to have a direct/deemed interest in a particular matter under discussion by the Board, such Director will be required to declare his or her interest, recuse himself or herself from deliberation on the matter and abstain from voting on the matter. Compliance by such Director will be duly recorded in the minutes of meeting or written resolutions. To set the appropriate tone-from-the-top, the Board has put in place a code of conduct and ethics applicable to all employees of the Manager to set the desired organisation culture as well as to ensure proper accountability within the Manager.

The Board is also responsible for identifying key stakeholder groups and recognises that their perceptions affect AA REIT's reputation.

Board meetings and activities

The Board meets regularly, at least once every quarter and as warranted by particular circumstances, to discuss and review the strategies and policies and their execution, and the affairs of AA REIT.

The Manager's Constitution permits Board meetings to be held by way of telephone or video conference or similar communication equipment or any other form of audio or audiovisual instantaneous communication by which all persons participating in the meeting are able to hear and be heard by all other participants, at least four times each financial year. If a Director is unable to attend a Board meeting or Board Committee meeting, he/she will still receive all the Board papers tabled for discussion at that meeting. The Director will review the Board papers and will advise the chairman of the Board (the "Chairman") or Board Committee if he/ she has any views and comments on the matters to be discussed so that they can be conveyed and tabled at the meeting for discussion.

In FY2024, the Board had been updated during Board meetings and/or (as required) at specially convened meetings by the relevant professional advisors, auditors and Management in areas that may affect AA REIT's business such as relevant legislation and regulations, corporate governance practices, changes in risk management, financial reporting standards and other industry-related matters. Management also provides the Board with information in a timely manner through regular updates on financial results, market trends and business developments. Directors are also encouraged to participate in industry conferences, seminars and training programmes in connection with their duties.

Management provides the Board with complete, timely and adequate information on all AA REIT and/or Manager matters which require the Board's deliberation. Proposals to the Board and/or Board Committees for decisions or mandates sought by Management are in the form of Board papers and/or Board Committee papers that contain explanatory background to the matter, facts, analysis, resources needed, conclusions and recommendations.

Ongoing reports relating to the operational and financial performance of AA REIT are provided to the Board periodically to enable them to exercise effective oversight over AA REIT. Directors are briefed by the Management during Board meetings, at specially convened sessions or via circulation of Board papers. Any material variances in respect of budgets and forecasts are also duly disclosed and explained to the Board. Additionally, reports by independent external analysts on AA REIT are forwarded to the Board from time to time to keep Directors apprised of analysts' views on AA REIT's performance.

The company secretary of the Manager (the "Secretary") works with the Chairman and the chief executive officer of the Manager ("Chief Executive Officer or CEO") to ensure that Board papers and the agenda are provided to each Director in advance of the Board meetings so that they can familiarise themselves with the matters prior to the Board meetings. Senior executives who can provide additional insights into matters to be discussed are also requested to attend the Board meetings to address any questions that the Board may have. AA REIT's auditors are also invited from time to time to attend such meetings.

The Board has separate, independent and unfettered access to Management and the Secretary as well as to any information that it may require at all times. The Secretary or her designated representative attends all Board meetings and Board Committee meetings to record the minutes of the meeting. The Secretary renders assistance to the Board as may be necessary and helps to ensure that the applicable rules and regulations are complied with. The appointment and removal of the Secretary is a Board reserved matter.

The Directors, either individually or as a group, may at the Manager's expense seek independent professional advice where necessary to discharge their duties effectively.

CORPORATE GOVERNANCE

Board committees

In the discharge of its functions, the Board is supported by Board Committees which also serve to ensure that there are appropriate checks and balances. These Board Committees are the Audit, Risk and Compliance Committee ("ARCC") and the Nominating and Remuneration Committee ("NRC"). The ARCC and NRC are chaired by non-executive independent directors ("Independent Directors") and report to the Board.

The Board may form other Board Committees from time to time. The composition of each Board Committee is also reviewed regularly, and as and when there are changes to Board membership. Where appropriate, changes are made to the composition of the Board Committees to ensure there is a balance of diversity of skills, experience and gender, and fostering active participation and contributions from Board Committee members.

The Board comprises members with a breadth of skills and experience in accounting and finance, banking and capital markets, real estate, chemical, construction, investment, merger & acquisitions, legal, innovation and technology, fast moving consumer goods and environmental, social and governance. The current Board members are as follows:

Director	Board membership	Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
Mr George Wang	Chairman, Non-Executive Non-Independent Director	–	Member
Mr Chia Nam Toon	Non-Executive Lead Independent Director	Member	Member
Mr Chong Teck Sin	Non-Executive Independent Director	Chairperson	–
Ms Vivienne Zhaohui Yu	Non-Executive Independent Director	Member	Chairperson

The profiles of the Directors and other relevant information are set out on pages 19 to 22 of the FY2024 Annual Report.

Each of these Board Committees operates under delegated authority from the Board with clear written terms of reference. However, the Board retains overall responsibility for any decisions made by the Board Committees. Other Board Committees may be formed as dictated by business imperatives and/or to promote operational efficiency.

Information on the ARCC can be found in the section "Audit, Risk and Compliance Committee" of the FY2024 Annual Report. Information on the NRC can be found in the "Board membership", "Board performance" and "Remuneration matters" sections of the FY2024 Annual Report.

The Manager is also assisted by the Business Review Committee ("BRC"), which comprises senior representatives from the Manager and the Sponsor to review the business operations and asset management of AA REIT. Where appropriate, the Manager will submit the recommendations of the BRC to the Board for consideration. The minutes of meetings of the BRC are circulated to the Board for information.

The number of Board and Board Committee meetings held in FY2024 as well as the attendance of each Director at these meetings are set out in the table below:

	Board meetings	ARCC meetings	NRC meetings	Annual General Meeting
Number of meetings held in FY2024	4	4	3	1
Board members				
Mr George Wang[1]	4	n/a	3	1
Mr Chia Nam Toon	4	4	3	1
Mr Chong Teck Sin[1]	4	4	n/a	1
Ms Vivienne Zhaohui Yu	4	4	3	1
Mr Peter Michael Heng[2]	2	2	1	1

n/a Not applicable
[1] Mr George Wang and Mr Chong Teck Sin are not a member of the ARCC and the NRC, respectively.
[2] Mr Peter Michael Heng stepped down as Non-Executive Independent Director with effect from 1 November 2023.

The Manager issues a formal letter of appointment to each Director upon appointment, setting out the Director's duties and obligations. Newly appointed Directors undergo an induction and orientation program upon their appointment, where they are briefed on their roles and responsibilities as Directors of the Manager, business activities of AA REIT and its strategic directions and the contribution the Directors would be expected to make, including the time commitment and any participation in Board Committees.

Newly appointed Directors will also be brought on site visits to selected AA REIT properties to gain a better understanding of AA REIT's business and operations. A Director who has no prior experience as a director of a listed company will be required to attend the necessary modules of the Listed Entity Director ("LED") Programme conducted by the Singapore Institute of Directors in order to acquire relevant knowledge of what is expected of a listed company director. The LED Programme focuses on comprehensive training of directors on compliance, regulatory and corporate governance matters which should allow first time directors to have a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, the Listing Manual and the CG Code. Additionally, starting from 1 February 2024, a Director who has no prior experience as a director of a REIT manager will also be required to attend the training on essentials for directors of REIT managers conducted by the REIT Association of Singapore. The Manager allocates each Director with an annual training budget and recommends relevant and/or necessary training courses and programmes for the Directors' participation.

Board composition and guidance

Principle 2: The Board has appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board independence

The Board considers and assesses the independence of each Director in accordance with the requirements of the Listing Manual, the CG Code and the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations"). The SF(LCB) Regulations requires at least half of the Board to comprise independent directors where the Unitholders do not have the right to vote on the appointment of directors of the Manager. Provision 2.2 of the CG Code provides that independent directors make up a majority of the Board where the Chairman is not independent. Provision 2.3 of the CG Code further provides that non-executive directors should make up a majority of the Board.

Mr George Wang, Chairman of the Board, is the founder and Chief Executive Officer of the Sponsor and is not an Independent Director. The current composition of the Board is in keeping with prevailing guidelines and regulations, consisting of four members, of whom majority are Independent Directors.

Under Provision 2.1 of the CG Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with AA REIT/the Manager, its related corporations, its substantial Unitholders/ shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of a director's independent business judgement in the best interests of AA REIT.

Regulations 13D to 13H of the SF(LCB) Regulations impose additional independence requirements on the Directors. Under the SF(LCB) Regulations, a Director is considered to be independent if the Director:

(a) is independent from the management of the Manager and AA REIT;
(b) is independent from any business relationship with the Manager and AA REIT;
(c) is independent from every substantial shareholder of the Manager and every substantial unitholder of AA REIT;
(d) is not a substantial shareholder of the Manager or a substantial unitholder of AA REIT; and
(e) has not served as a director of the Manager for a continuous period of nine years or longer.

A Director who does not satisfy any condition mentioned in the aforementioned (a) to (c) may nevertheless be treated as an Independent Director of the Manager if the Board is satisfied that the Director is able to act in the best interests of all Unitholders of AA REIT as a whole.

The independence of each Independent Director is reviewed and assessed by the NRC annually, taking into consideration independence requirements set out in the Listing Manual, the CG Code as well as the SF(LCB) Regulations. The NRC assesses whether each of the Independent Directors has any relationships or circumstances which could affect his or her independent status and makes its recommendations to the Board. If the Board deems a Director to be independent notwithstanding the existence of such relationships or circumstances, it shall disclose such information in full and provide its reasons accordingly. Each Independent Director is required to recuse himself or herself from the assessment of his or her independence.

The following paragraph sets out the outcome of the assessment carried out by the NRC on the independence of the Independent Directors for FY2024:

During the year, the Independent Directors, being Mr Peter Michael Heng[1], Mr Chong Teck Sin, Mr Chia Nam Toon and Ms Vivienne Zhaohui Yu do not have any relationships and are not faced with any of the circumstances identified in the CG Code, SF(LCB) Regulations and Listing Manual, or any other relationships which may affect their independent judgement. The NRC considered whether each of them has demonstrated independence in character and judgement in the discharge of his/her responsibilities as a Director and concluded that each of them has acted with independent judgement. The NRC is therefore of the view that the Independent Directors have exercised independent judgement in the discharge of his or her duties and responsibilities.

Pursuant to Regulation 13E(b)(i) of the SF(LCB) Regulations and the CG Code, the Board, after considering the assessment and recommendation of the NRC above, is satisfied that:

All Independent Directors (i) are independent from the management of the Manager and AA REIT during FY2024; (ii) are independent from any business relationship with the Manager and AA REIT during FY2024; (iii) are independent from every substantial shareholder of the Manager and every substantial Unitholder of AA REIT during FY2024; (iv) are not a substantial shareholder of the Manager or a substantial Unitholder of AA REIT during FY2024; and (v) have not served as a Director of the Manager for a continuous period of nine years of longer as at the last day of FY2024.

Mr George Wang is the founder and Chief Executive Officer of the Sponsor, which owns the Manager, the Property Manager and such other Sponsor-related entities as set out on page 19 of the FY2024 Annual Report and is a substantial Unitholder of AA REIT. Therefore, during FY2024, Mr George Wang is deemed to have a management relationship with a related corporation of the Manager and a business relationship with the Manager and AA REIT. Mr Wang is a substantial shareholder of the Manager and a substantial Unitholder of AA REIT. Mr Wang has served on the Board for more than nine years as at 31 March 2024 as he was first appointed to the Board on 7 August 2009. As at 31 March 2024, Mr George Wang was able to act in the best interests of all Unitholders of AA REIT as a whole and the Board is satisfied that Mr George Wang was able to act in the best interests of all Unitholders of AA REIT as a whole.

The Directors actively participate in setting and developing strategies and goals for Management as well as reviewing and assessing Management's performance. This enables Management to benefit from the external, diverse and objective perspectives of the Directors on issues that are brought before the Board. The Independent Directors meet informally without the presence of Management regularly on a need-to basis and the Chairman of such meeting will communicate feedback of such meetings to the Chairman of the Board and/or the Board, as appropriate.

Board diversity policy

The Manager is committed to building a diverse and inclusive culture which promotes the inclusion of different perspectives and insights. The Board, with the recommendation of the NRC, has adopted a board diversity policy ("Board Diversity Policy") which sets out the Manager's approach to achieve diversity on its Board.

Under the Board Diversity Policy, the NRC will, when nominating qualified and suitable candidates for appointment to the Board, ensure that the Board remains sufficiently diverse to reflect a range of viewpoints to facilitate effective decision-making. With diverse skills, experience and gender being important aspects of diversity, the NRC will strive to ensure that there is adequate mix of skills, experience and gender on the Board. To this end, our Board Diversity Policy includes a target of at least 20% representation of female Directors on the Board.

[1] Mr Peter Michael Heng stepped down as Non-Executive Independent Director with effect from 1 November 2023

In determining the optimum composition for the Board, the Board Diversity Policy also provides for the NRC to consider a combination of factors, including differences in:

- Skills, industry and business experiences;
- Gender;
- Age;
- Geographical background and nationalities; and
- Tenure of service

The Board has adopted a skills matrix which classifies the skills, knowledge, and professional experience of the Board into several broad categories such as:

- Accounting and finance;
- Banking and capital markets;
- Real estate and construction;
- Investment;
- Mergers and acquisitions;
- Legal;
- Innovation and Technology; and
- Environmental, social and governance.

The Board reviews, on a regular basis, whether the composition and mix of the Board remain appropriate for the Manager's purpose and strategic objectives and whether the skills covered are relevant to address existing and emerging business and governance issues of the Manager and AA REIT. The final decision on selection of Directors will be based on merit against the objective criteria set and after giving due regard for the benefit of diversity on the Board.

AA REIT is committed to implementing the Board Diversity Policy, and any progress made towards the implementation of such policy, will be disclosed in the Annual Report, as appropriate. The NRC will review the Board Diversity Policy and objectives from time to time as appropriate and if necessary, recommend changes for the Board's approval.

During FY2024, the Board has reviewed its size and composition and is of the view that the current Board comprise Directors with an appropriate balance and diversity of skills, experience, knowledge and gender which is relevant to AA REIT's operations and evolving needs of AA REIT's business.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of Chairman and Chief Executive Officer are separate and the positions are held by two separate persons in order to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and the Chief Executive Officer are not related to each other.

There is clear separation of roles and responsibilities between the Chairman and the Chief Executive Officer which has been set out in writing. The Chairman is responsible for the overall leadership and management of the Board to ensure its effectiveness on all aspects of its role. This includes setting the agenda of the Board in consultation with the Chief Executive Officer and ensuring that adequate time is available for open discussion and robust debate of all agenda items, in particular strategic issues. The Chairman also ensures that the Directors receive complete, adequate, clear and timely information. In addition, the Chairman facilitates the contribution of Independent Directors, encourages constructive relations between the Independent Directors and Management, ensures effective communication with Unitholders and promotes a high standard of corporate governance. The Chairman also ensures that the Board works together with integrity and competency and that the Board engages Management in constructive debate on strategy, business operations, enterprise risk and other plans. On the other hand, the Chief Executive Officer has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Manager and AA REIT.

Provision 3.3 of the CG Code provides for the appointment of an independent director to be the lead independent director in certain circumstances, including where the Chairman is not independent. The Lead Independent Director has the discretion to hold meetings with the Independent Directors without the presence of the Non-Independent Directors and Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings. The Lead Independent Director is available to Unitholders if the Unitholders have concerns and for which contact through the Chairman, the Chief Executive Officer or the Chief Financial Officer, has failed to resolve or is inappropriate.

Board membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating and Remuneration Committee (NRC)

The NRC members are appointed by the Board and support the Board in nominating matters relating to the Manager in accordance with the NRC's written terms of reference. The NRC currently comprises three Directors, the majority of whom, including the NRC Chairperson, are Independent Directors. The current members of the NRC are as follows:

Ms Vivienne Zhaohui Yu	Chairperson
Mr George Wang	NRC Member
Mr Chia Nam Toon	NRC Member

The composition of the Board, including the selection of candidates for new appointment to the Board, is determined using the following principles:

- the Board should comprise Directors with a broad range of commercial experience, including expertise in accounting and finance, banking and capital markets, real estate, construction, investment, merger and acquisitions, legal, innovation and technology, environmental, social and governance;
- the Board should comprise Directors with balance and diversity of thought and background to facilitate effective decision-making; and
- at least half of the Board should comprise Independent Directors.

The NRC administers nominations to the Board, reviews the structure, size and composition of the Board and reviews the performance and independence of the Directors. In addition, as part of regulatory requirements, prior approval from MAS is sought for any change of the Chief Executive Officer or of any appointment of Director. Directors of the Manager are not subject to periodic retirement by rotation.

Roles and responsibilities of NRC

The NRC has written terms of reference setting out its scope and authority in performing the functions of the nominating committee, which include assisting and/or making recommendation to the Board in matters relating to:

- the review of the structure, size and composition of the Board and the Board Committees;
- the review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the Chief Executive Officer and key management personnel;
- the development of a transparent process and criteria for evaluation of the performance of the Board, its Board Committees and Directors, including assessing whether Directors are able to commit enough time to discharge their responsibilities and the maximum number of listed company board representation which a Director may hold;
- the review of training and professional development programmes for the Board and its Directors, including but not limited to, training on sustainability matters as prescribed by the SGX-ST;

- the appointment of Directors (including alternate directors, if any);
- the review and confirmation of the independence of each Director annually; and
- the Manager's targets, plans and timelines for achieving diversity on the Board (including the review of the Manager's progress in achieving such diversity targets within the timelines).

The Manager adopts a comprehensive and detailed process in the selection of new Directors. The selection of candidates is evaluated taking into account various factors, including the current and mid-term needs and goals of AA REIT, and hence, the Manager, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts, recommendations or through external consultants. The Board, in consultation with the NRC, will consider AA REIT's and the Manager's strategic goals, business direction and needs. The NRC will conduct interviews with the candidates, and nominate the candidate deemed most suitable for appointment to the Board.
As more than half of the Board comprises Independent Directors, the Manager will not be voluntarily subjecting any appointment or re-appointment of Directors to voting by Unitholders.

In FY2024, none of the Directors has appointed an alternate director.

Review of Directors' ability to commit time

The NRC considers whether each Director is able to and has been adequately carrying out his/her duties as a Director, taking into consideration, *inter alia*, the Director's other publicly listed company board representations and other principal commitments. In addition, the NRC also takes into consideration, *inter alia*, a qualitative assessment of each Director's contributions as well as any other relevant time commitments. Although some of the Directors have other listed company board representations and commitments, the Board has determined through a formal assessment of the Board's performance that each individual Director has devoted sufficient time and attention to his/her role as a Director and to the affairs of the Manager. Based on the attendance and level of participation at the Board and Board Committee meetings held in FY2024, the Board is of the view that such appointments do not hinder the Directors from discharging their duties adequately and diligently and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board does not wish to exclude from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Board performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that each of its board committees and individual directors.

The NRC performs an annual assessment on the effectiveness of the Board as a whole, each of its Board Committees and individual Directors. Each Director will complete a questionnaire and the aggregated evaluation results will be reported to the NRC. Following the NRC discussion and review of the overall evaluation, the NRC will recommend to the Board key areas for improvement and follow-up action, where necessary, with a view of enhancing the effectiveness of the Board, the Board Committees and individual Directors in the discharge of its and their duties and responsibilities.

Board evaluation as an ongoing process

In FY2024, this evaluation was conducted internally. However, the NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary. In respect of the Board's and Board Committees' assessment, the evaluation categories covered in the questionnaire include Board composition, performance and strategy, Board procedures, environmental, sustainability and governance, access to information by the Board, management of the Manager's performance, Director's development, risk management and internal controls. As part of the questionnaire, the Board also considers whether the creation of value for Unitholders has been taken into account in the decision-making process. A Director's peer evaluation was also carried out wherein each Director assesses other members of the Board. The evaluation categories include Director's contributions, conduct and interpersonal skills, knowledge of the industry and business which AA REIT and the Manager operate in as well as strategic thinking. In FY2024, the NRC is of the view that the Directors, the Board as a whole and the Board Committees have fared well against the performance criteria, as positive ratings were received for all the attributes in the evaluation categories. Accordingly, the NRC is satisfied with the performance of the Directors, the Board and the Board Committees.

The Board takes cognisance that contributions by an individual Director may be in the form of providing objective perspectives on issues, facilitating business opportunities and strategic relationships with external parties and being accessible to Management outside of formal Board and/or Board Committee meetings.

REMUNERATION MATTERS

Principle 6: **The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

Principle 7: **The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

Principle 8: **The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

AA REIT, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and qualified personnel to manage the day-to-day operations of the Manager and AA REIT.

The NRC has written terms of reference setting out the scope and authority in performing the functions of a remuneration committee, which include assisting the Board in matters relating to:

- reviewing and making recommendation to the Board on the Manager's remuneration framework for the Board and key management personnel by taking into account all relevant legal and regulatory requirements including the principles and provisions of the CG Code. In doing so, the NRC shall ensure that:

  (a) a significant and appropriate proportion of executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. The performance-related remuneration must be aligned with the interests of Unitholders and promotes the long-term success of AA REIT;
  (b) the remuneration of non-executive Directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities; and
  (c) the remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of AA REIT and key management personnel to successfully manage AA REIT for the long term;

- reviewing and recommending to the Board on the specific remuneration packages for each Director, Chief Executive Officer and key management personnel;

- reviewing the ongoing appropriateness and relevance of the Manager's remuneration policy;

- obtaining reliable and relevant market benchmarks through the appointment of independent remuneration consultants whenever deemed necessary; and

- considering all aspects of remuneration, including termination terms. When reviewing the Manager's obligations arising in the event of the termination of an executive Director's or key management personnel's contract of service, it is to ensure that such contract of service contains fair and reasonable termination clauses which are not overly generous.

No member of the NRC is involved in any decision relating to his or her own remuneration.

The remuneration policy adopted by the Manager is in line with AA REIT's business strategies and enables the Manager to attract, motivate, reward and retain quality employees. Key management personnel remuneration which is payable wholly in cash comprises a fixed component, a variable component and other employee benefits. The fixed component comprises the base salary and compulsory employer's contribution to the employees' Central Provident Fund ("CPF"). The variable component is in the form of short-term and longer-term bonuses, and the Board, with the support of the NRC, reviews the eligibility of employees for such bonuses on an annual basis. The NRC also takes reference from the local market practices in setting the Manager's employee remuneration and benefits policies. Currently, there are no unit-based incentive schemes or award schemes in place to reward employees as part of the remuneration package. The NRC has access to independent remuneration consultants as and when required. No external remuneration consultants were engaged for FY2024.

The compensation structure for the variable component is comprehensive and structured, and directly linked to corporate and individual performance, as well as the performance of AA REIT through the incorporation of appropriate key performance indicators ("KPIs") that are specific, measurable, result-orientated and time-bound. A year-end review is carried out to measure actual performance against the KPIs while taking into consideration qualitative factors such as business environment, regulatory landscape and industry trends to determine a variable year-end bonus that is commensurate with the performance achieved. A portion of the variable year-end bonus is deferred for key employees to incentivise them to strive for short and longer term performance. In determining the actual quantum of the variable component of the remuneration to be paid, the NRC would take into account the extent to which the KPIs have been met. The KPIs of the Manager include distribution per unit ("DPU") growth of AA REIT. This will allow alignment of the Manager's employees' interests with those of AA REIT's Unitholders and other stakeholders and promotes the long-term success of AA REIT.

The Chairman and Independent Directors are paid fixed basic fees for their Board and Board Committee memberships by the Manager. In determining the quantum of the fees, the Manager took into account factors such as effort, time spent and responsibilities of the Chairman and Directors, and they are not overcompensated to the point that their independence may be compromised. Chairman and Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other listed real estate investment trusts. No Director decides on his or her own fees. Currently, there are no unit-based incentives or awards in place to reward Directors as part of the remuneration package. The NRC will periodically review and re-evaluate this option.

Director's fees

Directors' fees are paid by the Manager. For FY2024, the fees paid in cash were as follows:

Directors' fees	FY2024	FY2023
Board Members		
Mr George Wang	S$112,500[1]	–
Mr Ko Kheng Hwa	–[2]	S$90,000
Mr Chia Nam Toon	S$81,833[5]	S$10,208[5]
Mr Chong Teck Sin	S$80,000	S$82,500[3]
Mr Peter Michael Heng	S$40,833[4]	S$70,000
Ms Vivienne Zhaohui Yu	S$79,333	S$11,667[6]

1 Chairman fee effective from 1 July 2023.
2 Mr Ko Kheng Hwa stepped down as the Non-Executive Lead Independent Director on 31 March 2023.
3 Includes a S$2,500 fee for chairing the FY2022 AGM in July 2022.
4 Mr Peter Michael Heng stepped down as the Non-Executive Independent Director with effect from 1 November 2023.
5 Mr Chia Nam Toon was appointed as Non-Executive Independent Director on 8 February 2023 and FY2024 includes a S$2,500 fee for chairing the FY2023 AGM in July 2023.
6 Ms Vivienne Zhaohui Yu was appointed as Non-Executive Independent Director on 1 February 2023.

Remuneration policy for key management personnel

The Board is cognisant of the requirements under Principle 8 and Provision 8.1 of the CG Code for listed issuers to make certain remuneration disclosures, *inter alia*, the amounts and breakdown of the Chief Executive Officer's remuneration, and the names, amounts and breakdown of the remuneration of at least the top five key management personnel (who are not Directors or the Chief Executive Officer) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel.

CORPORATE GOVERNANCE

However, the Board has reviewed, assessed and decided against such disclosures for the following reasons:

- the spirit of Principle 8 of the CG Code is to enable shareholders of the company to assess the remuneration levels of the Chief Executive Officer and key management personnel vis-à-vis the performance of the company as the remuneration is paid by the company and would impact the net returns to shareholders. However, in the current structure of AA REIT, the remuneration of the Directors and employees of the Manager are not paid out of the Deposited Property (as defined in the Trust Deed) of AA REIT (listed issuer). Instead, they are remunerated directly by the Manager, which is a private company. The fees that the Manager received from AA REIT for FY2024 have been fully disclosed under the "Interested Person Transactions" section of the 2024 Annual Report;

- there is no misalignment between the remuneration of the Directors and the key management personnel of the Manager, and the interests of the Unitholders given that their remuneration is not linked to the gross revenue of AA REIT and is paid out of the assets of the Manager and not out of AA REIT. In addition, the remuneration policy and performance-based compensation structure of the Manager have been disclosed to facilitate a better understanding of the relationships between remuneration, performance and value creation; and

- given the confidentiality and sensitivity of remuneration matters, the Board firmly believes that the disclosure of the remuneration of the Chief Executive Officer and the top five key management personnel of the Manager (whether in exact quantum or in bands of S$250,000) would be prejudicial to the interests of AA REIT and its Unitholders. The current management team has been serving the Manager and AA REIT effectively. It is important for the Manager to retain such talent for the long-term interests of AA REIT and its Unitholders and to ensure the stability and continuity of the business operations with a competent and experienced management team at the helm. In view of the competitive conditions and the specialised skill sets required in the Singapore real estate and Singapore REIT industry, such disclosure of remuneration may potentially result in staff movement. Therefore, the Board believes that not disclosing the remuneration will be in the best interests of AA REIT and the Unitholders and the interests of AA REIT and the Unitholders will not be prejudiced as a result of such non- disclosure.

The Manager believes that, notwithstanding the variation from the abovementioned Provisions, the current disclosures remain consistent with the aims and philosophy of Principle 8 of the CG Code.

In FY2024, there were no employees of the Manager who were substantial shareholders of the Manager, substantial Unitholders of AA REIT or immediate family members of a Director, the Chief Executive Officer, any substantial shareholder of the Manager or any substantial Unitholder of AA REIT.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Role of the Board and ARCC in ensuring sound internal controls and effective risk management practices

The Board recognises the importance of sound internal controls and effective risk management practices to good corporate governance. As such, the Manager has put in place a system of internal controls comprising procedures and processes to safeguard AA REIT's assets, Unitholders' interests and to manage risks. The Board has overall responsibility for risk governance, determines AA REIT's levels of risk tolerance and risk policies and oversees the Manager in the design, implementation and monitoring of the risk management and internal controls systems, including financial, operational, compliance and information technology controls. The ARCC assists the Board in overseeing the risk management framework and policies for AA REIT.

The Board, in consultation with Management, has established a risk identification and management framework and has implemented risk management policies and processes covering areas of significant risks such as anti-money laundering and countering of terrorism, financial risk management, outsourcing risk, business continuity risk and technology risk management to ensure that AA REIT maintains a sound system of risk management and internal controls to safeguard Unitholders' interests and AA REIT's assets as well as achieving strategic objectives and value creation. The framework strengthens AA REIT's capability to recognise and capitalise on new challenges and opportunities so as to value-add to Management's decision-making, business planning and operational management and as a protection for investors.

The internal auditors conduct reviews of the adequacy and effectiveness of the material internal controls (including financial, operational, compliance and IT controls) and risk management systems and any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal auditors are reported to and reviewed by the ARCC. The Board, through the ARCC, reviews the adequacy, effectiveness, independence, scope and results of the internal audit function to ensure that a robust risk management framework and internal control system is maintained.

Risk and Compliance

The Risk and Compliance department is headed by the senior manager, risk and compliance (the "Senior Manager, Risk and Compliance") from the Sponsor and its role is to provide oversight and co-ordination of risk management to the Manager and AA REIT. The Senior Manager, Risk and Compliance is assisted by the Risk and Compliance Officers. Periodic updates will be provided by the Senior Manager, Risk and Compliance to the ARCC on AA REIT's and the Manager's risk profiles. Such updates would include an assessment of key risks, current status, mitigating measures put in place, effectiveness of such mitigating measures, and any action plans to be undertaken by Management to manage such risks.

Information on risk management can be found in the section "Risk Management Report" on pages 128 to 130 of the FY2024 Annual Report.

Board's comment on internal controls and risk management

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer of the Manager that:

(a) the financial records have been properly maintained; (b) the financial statements of AA REIT and its subsidiaries ("Group") and the Trust give a true and fair view of the operations and finances of the Group and the Trust which comprise the financial position and portfolio holdings of the Group and the Trust as at 31 March 2024, and (c) the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore, and the provisions of the Trust Deed. The Board has also received assurance from the Chief Executive Officer and the relevant key management personnel that the system of risk management and internal controls in place are adequate and effective to address the risks that the Manager considers relevant and material to the current business environment as at 31 March 2024.

Based on the enterprise risk management framework established and maintained by the Manager, work performed by the internal and external auditors, reviews conducted by Management and various Board Committees including the ARCC as well as the assurance from the Chief Executive Officer and relevant key management personnel, the Board is of the opinion that the system of risk management and internal controls was adequate and effective to address the risks (including financial, operational, compliance and information technology risks), which the Board considers relevant and material to its current business environment as at 31 March 2024. The ARCC concurs with the Board on its opinion. No material weaknesses in the systems of risk management and internal controls were identified by the Board or the ARCC in the review for FY2024.

The Board notes that the system of risk management and internal controls established provides reasonable but not absolute assurance that AA REIT will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

RISK MANAGEMENT REPORT

ENTERPRISE RISK MANAGEMENT ("ERM") FRAMEWORK

Risk management is a fundamental part of AA REIT's business strategy to ensure the interests of Unitholders are protected.

Risk Governance

The Board of Directors bears the responsibility for overseeing risk governance. In fulfilling this duty, the Board is assisted by the ARCC to offer a comprehensive review of risk management practices. The ARCC convenes quarterly, or more frequently as necessary with attendance from the Chief Executive Officer and other key management staff.

Supporting the ARCC in its functions are the Senior Manager of Risk and Compliance, alongside Risk and Compliance Officers.

Risk Management Process

Management has implemented an ERM framework to create a robust and rigorous corporate governance structure. This approach systematically identifies significant risks confronting AA REIT, assesses their impact on business processes, and proactively manages them in a consistent and structured manner. Within this framework, key risks, mitigating measures and Management actions undergo continual identification, review and monitoring.

A robust internal control system and an effective independent audit review process comprise the ERM framework. These components collectively address financial, operational, compliance, information technology, environmental, and climate change risks, thereby safeguarding the interests of Unitholders and protecting AA REIT's assets.

The Manager is responsible for designing and implementing effective internal controls. The internal auditor conducts independent reviews to evaluate the design and implementation of controls, providing the ARCC with reasonable assurance regarding the adequacy and effectiveness of the internal control system.

KEY RISKS IN FY2024

AA REIT conducts an annual review and regularly updates its risk management systems and methodologies to effectively address risks in alignment with current business conditions, thereby safeguarding capital and enhancing value for Unitholders. Key risks identified during FY2024 include but are not limited to the following:

EXTERNAL RISKS

Economic and geopolitical risk

Global geopolitical tensions continue to weigh on global supply chains resulting in elevated costs to the business and pose challenges to the global economy.

To manage such risks, the Manager continues to work on cost optimisation/saving initiatives, prudent capital management to strengthen its balance sheet and maintain sufficient financial flexibility. The Manager also keeps abreast on the real estate market through research and closely monitoring economic, geopolitical and political developments worldwide. Strategic acquisitions are pursued to fortify the portfolio's resilience.

Environmental and climate change risks

AA REIT is exposed to climate-related physical risks such as rising sea levels, extreme weather events, and transition risks stemming from regulatory changes.

To mitigate these risks, the Manager strives to implement environmentally friendly initiatives, set carbon emission reduction targets, and enhance energy and water efficiency across the portfolio. Environmental risk due diligence is conducted as an integral part of investment evaluation, with ongoing monitoring of physical risks over the existing assets and continuous review of AA REIT's sustainability roadmap to drive Environmental, Social and Governance ("ESG") performance. The Manager will strive to achieve Green Mark Certification for buildings which undergo redevelopment and asset enhancement initiative, where economically feasible and viable.

For more information, please refer to the Sustainability Report on pages 86 to 114 of the FY2024 Annual Report.

STRATEGIC RISKS

Investment Risk

All investment proposals comprising acquisitions of new properties/investments, asset enhancement initiatives of existing properties and re-developments are subject to rigorous assessment and reviewed by Management and the BRC before a recommendation is made to the Board. The role of the BRC is set out on page 118 of the FY2024 Annual Report. Risk assessment is an important aspect of the evaluation process. Investment proposals submitted to the Board for approval is accompanied by assessment of risk factors and risk mitigation strategies.

Market Risk

AA REIT's portfolio is subject to real estate market risks such as the volatility in rental rates and occupancy rates due to supply and demand for logistics, industrial and business park properties which may have an adverse effect on property yields. To mitigate such risks, the Manager has established a high quality and diversified tenant base across a range of industries and adopts proactive tenant management strategies to retain and prospect tenants. Regular engagement and feedback with key stakeholders, investors and tenants are conducted to align expectations and to stay relevant. Where the opportunity arises, the Manager will embark on asset enhancement activities and redevelopment opportunities to enhance the value, performance and competitiveness of the properties in AA REIT's portfolio.

Operational Risk

The Manager's operating activities are focused on generating sustainable rental income to deliver stable distributions and long-term capital growth to Unitholders. Measures include prompt lease renewals to reduce vacancies, prudent control of property expenses and an annual maintenance and capital expenditure programme to maintain and enhance AA REIT's properties. The Manager has also established operating and reporting policies and procedures to manage day-to-day operational activities, which are reviewed and updated periodically to ensure relevance and effectiveness as well as compliance with the latest regulation. The Manager also procures insurance policies such as Industrial All Risks (including business interruption) to mitigate against certain financial losses.

CORPORATE GOVERNANCE

Occupational health and safety risks

The Manager puts the health and safety of its stakeholders first. Safety protocols are integrated into AA REIT's Standard Operating Procedures, with regular property inspections conducted by the Property Manager to ensure compliance with regulatory requirements and renewal of licenses and permits.

FINANCIAL RISKS

Foreign Exchange Risk

AA REIT's exposure to fluctuation of the AUD against the SGD is mitigated by a natural hedge through the use of Australian dollar denominated borrowings and currency forwards to hedge the foreign currency income distributable from Australia. As at 31 March 2024, the AUD borrowings hedge approximately 66% of the carrying value of AA REIT's investments in Australia.

Interest Rate Risk

The Manager adopts a proactive interest rate management strategy to manage the risk associated with adverse movement in interest rates. The Manager monitors interest rate risk regularly to limit AA REIT's interest exposure from adverse movements in floating interest rates. The Manager enters into hedging transactions to partially mitigate the risk of interest rate fluctuations through the use of interest rate swaps (including forward starting interest rate swaps) and/or fixed rates borrowings. As at 31 March 2024, 75.0% (or 72.9% excluding forward starting interest rate swaps) of AA REIT's total borrowings have been hedged, with its interest cover at 4.1 times.

Liquidity Risk

The Manager maintains an efficient use of cash and debt facilities in order to balance borrowing costs and ensure sufficient availability of credit facilities to meet its financial obligations, working capital and committed capital expenditure requirements. In addition, the Manager also monitors AA REIT's cash flow position and requirements to meet any operational needs and short-term financing obligation as well as compliance with the Property Funds Appendix in relation to limits on total borrowings. AA REIT's ability to raise funds from both banks and capital markets has enabled AA REIT to diversify its sources of funding to avoid over-reliance on any single source of funding. As at 31 March 2024, the Group has total cash and bank balances of S$17.8 million and undrawn committed facilities of approximately S$135.7 million to fulfil their liabilities as and when they fall due. There is no refinancing requirement until 3Q FY2025.

COMPLIANCE RISKS

Regulatory and Compliance Risks

The Manager, being a capital markets services licence holder, is required to comply with the applicable laws and regulations governing AA REIT and the Manager, as listed on page 115 of the FY2024 Annual Report. Any changes in these regulations may affect AA REIT's operations and results. The employees of the Manager keep abreast of changes in legislation and regulations through training and participating in briefings, seminars, and talks. Various internal procedures have been implemented to facilitate staff awareness and ensure adherence with applicable laws and regulations.

Cyber Security and Information Technology ("IT") Risks

Digitalisation exposes the business to IT-related threats which may compromise the confidentiality, integrity and availability of AA REIT's information, assets and systems. IT controls and cybersecurity measures are regularly reviewed and enhanced on an ongoing basis to address IT-related risks. Training on IT security awareness is conducted regularly to raise cyber security awareness on evolving threats such as phishing, hacking attempts and other threats. On an annual basis, the Manager reviews its Business Continuity Plan and conducts a disaster recovery exercise to test and ensure timely recoverability of its critical IT systems.

CORPORATE GOVERNANCE

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

Audit, Risk and Compliance Committee (ARCC)

The ARCC members are appointed by the Board. The ARCC is comprised entirely of non-executive Independent Directors.

The current members of the ARCC are:

Mr Chong Teck Sin	ARCC Chairperson
Mr Chia Nam Toon	ARCC Member
Ms Vivienne Zhaohui Yu	ARCC Member

Members of the ARCC are appropriately qualified to discharge their responsibilities as they possess the requisite recent and relevant accounting or related financial management expertise or experience. None of the ARCC members are former partners or Directors of AA REIT's existing auditing firm, KPMG LLP, within the previous two-year period, nor does any of the ARCC members have any financial interest in KPMG LLP. The number of ARCC meetings held and corresponding attendance for the financial year are set out on page 118 of the FY2024 Annual Report.

The ARCC is governed by written terms of reference and has explicit authority to investigate any matter within its terms of reference. The ARCC has full access to and cooperation by Management, the internal and external auditors and has full discretion to invite any Director or senior executive to attend its meetings. The ARCC is reasonably resourced to enable it to discharge its functions properly. The ARCC is kept updated whenever there are changes to the financial reporting standards or issues that may have an impact on the financial statements of AA REIT.

Key Responsibilities of ARCC:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of AA REIT and any announcements relating to its financial performance;

- reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Manager's internal controls, including financial, operational, compliance and information technology controls as well as risk management systems;

- reviewing the assurance from the Chief Executive Officer and Chief Financial Officer on the financial records and financial statements and the assurance from the key management personnel regarding the adequacy and effectiveness of the risk management and internal control systems;

- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Manager's internal audit functions;

- making recommendations to the Board on the proposals to the Unitholders on the appointment, re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors; and

- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

Role of the ARCC Chairperson

The ARCC Chairperson is responsible for ensuring the ARCC meetings are run efficiently and that each agenda item is thoroughly and thoughtfully discussed by all members of the ARCC. The ARCC Chairperson is often the key contact between the ARCC members and the Board, as well as senior management and the auditors. Responsibilities of the ARCC Chairperson also generally include the planning and conducting of the ARCC meetings, overseeing reporting to the Board, encouraging open discussion during ARCC meetings and maintaining active ongoing dialogue with management and both internal and external auditors.

Reviews conducted by ARCC during the year:

During FY2024, the ARCC's activities included the following:

- The ARCC performed independent reviews of AA REIT's business updates, half year and full year financial results before recommending to the Board for approval on the release of the financial statements and SGXNET announcements relating to AA REIT's financial statements. In conducting its review of the audited financial statements of AA REIT prepared by Management of the Manager, the ARCC also assessed significant financial reporting issues and judgements, including the consistency and appropriateness of accounting policies and the quality and completeness of disclosures so as to ensure the integrity of the financial statements of AA REIT and any SGXNET announcements relating to AA REIT's financial statements. The ARCC also reviewed the key audit matter as reported by the external auditors for FY2024, as set out below. The key audit matter for this financial year remains unchanged from the previous financial year.

Key audit matter	How the issue was addressed by the ARCC
Valuation of investment properties	The external valuations are conducted by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The valuers are changed at least once every two years to provide independent and fresh perspectives to the valuation process. The valuers have substantially considered all known information as at the date of valuation into their valuation assessment. The external auditors reviewed the external valuations prepared by the independent professional valuers and noted that the valuation methodologies used which included capitalisation, discounted cash flows and/or direct comparison were consistent with generally accepted market practices. The external auditors also determined that the key assumptions used in the valuations, were generally within the range of market data available as at 31 March 2024. Where assumptions were outside the expected range, the additional factors considered by the external valuers were consistent with other corroborative evidence. The ARCC held discussions with the external auditors and Management to assess the valuation methodologies and assumptions applied including the reasonableness of the market rental growth, capitalisation rates, discount rates and terminal capitalisation rates adopted by the valuers as well as comparable market transactions and are satisfied that the valuation method and estimates are generally within the range of market data as at 31 March 2024 and the valuation reports are prepared in accordance with recognised appraisal and valuation standards. The valuation of investment properties was an area of focus for the external auditors. Please refer to pages 144 to 146 of the FY2024 Annual Report for the key audit matter as reported by the external auditors in the Independent Auditors' report for FY2024.

Based on the review and discussions with Management and the external auditors, the ARCC is of the view that the financial statements prepared by Management are fairly presented and conform to generally accepted accounting principles in all material aspects.

- In performing its duties, the ARCC had met the external auditors without the presence of Management once during the year and confirmed that they had full access to and received full co-operation and support from the Management.

- The ARCC reviewed and approved the audit plan and scope of the external auditors on the audit of the full year financial statements.

- The ARCC also reviewed the nature and extent of the non-audit services provided to AA REIT by the external auditors for the financial year and was satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.

The aggregate amount of fees paid and payable by the Group to the external auditors for FY2024 was approximately S$310,000, of which audit fees amounted to approximately S$255,000 and non-audit fees amounted to approximately S$55,000. The non-audit fees paid/payable to the external auditors mainly related to tax compliance services and other tax services. The ARCC is satisfied that the external auditor's independence will not be affected by the provision of the non-audit services.

The ARCC has assessed the quality of work carried out by the external auditors based on factors such as time spent and the experience of the audit team assigned. The ARCC is satisfied with the adequacy, independence and objectivity of the external auditors and has recommended to the Board the re-appointment of KPMG LLP as the external auditors of AA REIT at the forthcoming annual general meeting.

The Board confirms, on behalf of AA REIT, that AA REIT has complied with the requirements of Rules 712 and 715 of the Listing Manual in respect of the suitability of the auditing firm for AA REIT.

- The ARCC reviewed and approved the internal audit plan and scope of the internal auditor's work and its audit programme. It reviewed the findings during the year and Management's responses thereto and it satisfied itself as to the adequacy of the internal audit function. The ARCC also met the internal auditors without the presence of Management once during the year and confirmed that they had full access to and received full co-operation and support from the Management.
- The ARCC reviewed the enterprise risk management framework and the policies and procedures put in place by Management to ensure that AA REIT's risk management and internal control systems are adequate and effective.
- The ARCC reviewed interested person/interested party transactions to ensure compliance with the Listing Manual and the Property Funds Appendix.

Whistle blowing policy

The Manager adopts a zero-tolerance stance against any form of illegal activity, including corruption, bribery and other impropriety involving its employees and associates, and will take all necessary steps to eradicate such conduct if discovered. Accordingly, a whistle blowing policy (the "Whistle Blowing Policy") has been put in place to provide a channel through which employee, director, executive, manager or other officer or contractor of the Manager (each, a "Whistleblower") may report in good faith and in confidence any reportable conduct, which in the view of the Whistleblower, is:

(a) dishonest;
(b) a fraudulent misappropriation of assets;
(c) corrupt;
(d) illegal or a breach of any applicable laws (including theft, drug sale/use, violence or threatened violence and criminal damage against property);
(e) unethical (either representing a breach of the Manager's code of conduct or generally);
(f) other serious improper conduct or gross mismanagement;
(g) an unsafe work-practice; or
(h) any other conduct which may cause financial or non-financial loss to the Manager or be otherwise detrimental to the interests of the Manager,

and arrangements are in place for independent investigation with appropriate follow-up action. Under the Whistle Blowing Policy, the Manager ensures that the identity of the Whistleblower is kept confidential and remains committed to protecting the Whistleblower against detrimental or unfair treatment. All employees can notify in writing of any reportable conduct to the Whistleblower protection officer (the "Whistleblower Protection Officer") or the Chairperson of the ARCC. The email address of the Whistleblower Protection Officer is compliance@aimsapac.com, and the Whistle Blowing Policy is available on AA REIT's website at https://www.aimsapacreit.com/whistle-blowing.html.

The ARCC is designated as the independent function to investigate all whistleblowing reports and is responsible for oversight and monitoring of whistleblowing. The ARCC reviewed the Whistle Blowing Policy and is satisfied that reportable conduct may be raised in confidence and that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

In FY2024, the Whistleblower Protection Officer or the Chairperson of the ARCC did not receive any report of reportable conduct.

Role of internal auditor

The ARCC decides on the appointment, termination and remuneration of the internal audit services and has a policy of assessing the need to rotate the internal audit function on a triennial basis. In 2023, BDO LLP Singapore ("BDO") was appointed by the ARCC to provide internal audit services to review and assess the adequacy of AA REIT's internal control systems, including financial, operational, compliance and information technology controls over a three-year internal audit plan period. The internal auditor is independent of Management and reports directly to the ARCC and administratively to the Chief Executive Officer. BDO has unfettered access to all the Manager's documents, records, properties and personnel, including unrestricted access to the ARCC and has appropriate standing within the Group. To ensure that the internal auditor's activities are performed competently, the internal auditor is guided by the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors and recruits and employs suitably qualified professional staff with the requisite skill sets and experience.

BDO's role as the internal auditor is to assist the ARCC to reasonably ensure that Management maintains a sound system of internal controls by periodically monitoring the effectiveness of key controls and procedures. BDO's scope of work includes risk assessments and compliance audits in order to check that internal controls are aligned with business objectives and in place to address related risks.

In FY2024, BDO conducted audit reviews on the internal audit plan approved by the ARCC covering financial, operational, compliance and information technology controls using a risk-based auditing approach. Upon completion of each audit assignment, BDO reported their audit findings and recommendations to Management who responded on the actions to be taken. BDO also submitted internal audit reports, at least twice yearly, to the ARCC on the audit findings and follow-up actions taken by Management based on the recommendations. Through the ARCC's review of the internal audit reports, the ARCC is satisfied as to the independence, adequacy and effectiveness of the internal audit function with respect to FY2024 and the ARCC is of the view that the internal auditor is adequately resourced to perform its functions.

UNITHOLDERS' RIGHTS AND ENGAGEMENT

Principle 11: **The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

Principle 12: **The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

CORPORATE GOVERNANCE

The Manager adopts the principle that all Unitholders should be treated fairly and equitably. It facilitates the exercise of ownership rights by all Unitholders through its commitment to ensuring continuous, clear and timely communication with Unitholders to promote a better understanding of AA REIT's business, and to promote a system of effective disclosure to key stakeholders.

The Listing Manual requires a listed entity to disclose to the market matters that could or might reasonably be expected to have a material effect on the price or trade of the entity's securities. The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders, various stakeholders and the investing community. The Manager's disclosure policy requires timely and full disclosure of all material information relating to AA REIT by way of public releases or announcements through the SGX-ST via SGXNET and on its corporate website at https://www.aimsapacreit.com on an immediate basis, where required by the Listing Manual. Where immediate disclosure is not practicable or not so required by the Listing Manual, announcements are made as soon as possible to ensure that Unitholders, stakeholders and the general market have parity of access to the information.

ANNUAL GENERAL MEETING

The Company has planned for its upcoming Annual General Meeting ("AGM") on 29 July 2024 to be held in a wholly physical format, at the Stephen Riady Auditorium @ NTUC 1 Marina Boulevard, #07-01, Singapore 018989 ("AGM 2024"). There will be no option for Unitholders to participate virtually. Arrangements relating to attendance at the AGM 2024, submission of questions in advance of the AGM 2024, addressing or substantial and relevant questions prior to the AGM 2024 and voting by Unitholders (themselves or through duly appointed proxies) will be set out in the Manager's notice of AGM dated 27 June 2024.

The Manager provides Unitholders with the opportunity to participate effectively in and vote at general meetings of shareholders and be informed of the rules, including voting procedures, that govern such meetings.

Responses to all substantial and relevant questions are published on AA REIT's website and on SGXNET prior to the AGM. Unitholders are allowed to vote by appointing the chairman of the AGM as their proxy to attend and vote on their behalf at the AGM.

An AGM is held after the close of each financial year. The notice of AGM setting out all items of business to be transacted at the AGM is published on SGXNET and AA REIT's website. All Unitholders are entitled to receive a printed version of the Annual Report and circulars on items of special business (if necessary). Unitholders are sent a notice of AGM and a proxy form with instructions on the appointment of proxies. As and when an extraordinary general meeting is to be held, Unitholders will receive a copy of the circular, containing details of the matters to be proposed and a proxy form with instructions on the appointment of proxies, for Unitholders' consideration and approval. Notices of all general meetings are issued via SGXNET. Prior to voting at an AGM or any other general meeting, voting procedures will be made known to the Unitholders to facilitate them in exercising their votes. An independent scrutineer is also appointed for the purpose of vote-taking and validation of votes at general meetings.

The Manager strives to give Unitholders a balanced and understandable assessment of AA REIT's performance, position and prospects. Unitholders are given the opportunity to raise questions and clarify any issues they may have relating to the resolutions to be passed at the AGMs. All Directors (including the chairpersons of the respective Board Committees), Chairman of the Board, Chief Executive Officer, senior management of the Manager would be in attendance and the external auditors of AA REIT would also be present to address Unitholders' queries including any query on the conduct of audit and the preparation and content of the auditor's report. Directors' attendance at general meetings held during the financial year is disclosed on page 118 of the FY2024 Annual Report.

Any Unitholder who is unable to attend a general meeting is allowed to appoint up to two proxies to attend and vote on the Unitholder's behalf. A Unitholder who is a relevant intermediary (including but not limited to nominee companies, custodian banks or CPF agent banks), is entitled to appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different unit or units held by such Unitholder, where the number of units shall be specified. The Manager has also taken measures to cater for the multiple proxy regime, in anticipation of attendance by beneficial Unitholders, such as those holding units through the CPF Investment Scheme, at general meetings.

Provision 11.4 of the CG Code requires an issuers' constitution to allow for absentia voting at general meetings. However, voting in absentia by mail, email or fax has not been implemented until concerns relating to issues of authentication of Unitholders' identity and other related security issues in this regard have been satisfactorily resolved. The Manager is of the view that its practice is consistent with Principle 11 of the CG Code as Unitholders have adequate opportunities to communicate their views on matters affecting AA REIT even when they are not attending at general meetings. For example, Unitholders may appoint proxies to participate, on their behalf, at general meetings.

A separate resolution is proposed for each substantially separate issue at general meetings to safeguard Unitholders' interests and rights. The Manager conducts poll voting for the Unitholders and/or proxies present at the general meeting for the resolutions proposed at the general meeting to ensure transparency in the voting process and to better reflect the interests of Unitholders. The total number of votes for or against such resolutions and the respective percentages are made known to Unitholders at the general meeting and announced via SGXNET following the general meeting. Minutes of the general meeting recording the substantial and relevant comments made and questions raised by Unitholders, and responses from the Board and Management, are made available on AA REIT's website.

Distribution policy

Provision 11.6 of the CG Code encourages companies to have a policy on payment of dividends. The Manager's policy is to distribute at least 90.0% of AA REIT's taxable income, comprising substantially its income from the letting of its properties, after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion taking into account the needs of AA REIT for capital expenditure, working capital requirement and the liquidity position of AA REIT. Since AA REIT's listing in 2007, AA REIT has distributed 100.0% of its taxable income to Unitholders.

Unitholder engagement

The Manager has a dedicated investor relations department that regularly interacts and communicates with Unitholders and stakeholders. The investor relations function is headed by the Chief Executive Officer. The Manager has put in place an investor relations policy (the "Investor Relations Policy") which outlines AA REIT's principles and framework to promote effective communication with Unitholders and to provide them with timely and equal access to all publicly available information of AA REIT so that Unitholders can continue to exercise their rights in an informed manner. The Investor Relations Policy also sets out the Manager's commitment to engage Unitholders and stakeholders through regular, effective and fair communication. The Manager conducts regular briefings and conference calls with analysts, institutional investors and media representatives which generally coincide with the release of AA REIT's results or disclosure of material transactions. During these briefings, the Manager reviews AA REIT's most recent performance or explains the transaction (where applicable) and solicits views of Unitholders and addresses their concerns. Unitholders' views are also solicited during general meetings as the Unitholders are given the opportunity to raise questions and clarify on any issues.

As provided for in the Investor Relations Policy, investors may subscribe to email alerts on AA REIT's corporate website for all announcements and SGXNET filings issued by AA REIT. Active Unitholder engagement, and continuous and informed dialogue between the Manager and Unitholders is a central tenet of good corporate governance. Unitholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or the Manager. Such questions, requests and comments can be addressed to the Investor Relations team via the Investor Relations contact available at AA REIT's website at investorrelations@aimsapac.com. Please refer to the "Investor Relations" section of the FY2024 Annual Report for more information of the Manager's investor relations activities.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: **The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

CORPORATE GOVERNANCE

The Manager believes that engaging stakeholders is critical for the long-term performance of AA REIT. The Manager has identified its key stakeholder groups based on importance, representation, responsibility, dependency and proximity to AA REIT's business. Such stakeholders include investors, analysts, media, tenants, banks, staff as well as the local community. The Manager adopts an inclusive approach by considering and balancing the needs and interests of key stakeholders, including sustainability issues, as part of the overall strategy to ensure that the best interests of stakeholders and the long-term business value of AA REIT are served. The Manager is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in AA REIT's business strategies and operations. The Manager has arrangements in place to identify and engage with key stakeholder groups from time to time to gather feedback on the sustainability issues most important to them.

Details of AA REIT's sustainability strategy, including its stakeholder engagement process and initiatives, can be found in the "Sustainability Report" section of the FY2024 Annual Report.

The Manager maintains AA REIT's corporate website at https://www.aimsapacreit.com to facilitate communication and engagement with stakeholders and ensure that stakeholders have access to timely information on AA REIT.

ADDITIONAL INFORMATION

Dealings in AA REIT units

In line with Rule 1207(19) of the Listing Manual on Dealings in Securities, AA REIT has devised and adopted its own internal compliance code to provide guidance to its officers with regard to dealing by AA REIT and its officers in securities. AA REIT issues a memorandum to the Directors, officers and employees of the Manager on restrictions on dealings in the units in AA REIT:

(a) during the period commencing two weeks before the announcement of the Group's quarterly business updates and one month before the announcement of the Group's half year and full year results and ending on the date of announcement of the relevant business updates/results; and
(b) at any time while in possession of unpublished material or price sensitive information.

The Directors and employees of the Manager are also advised not to deal in the units on short-term considerations. Each Director is required to give written notice to the Manager of the particulars of:

(a) units in AA REIT, being units held by him or her, or in which he or she has an interest and the nature and extent of that interest;
(b) debentures or units of debentures in AA REIT which are held by him or her, or in which he or she has an interest and the nature and extent of that interest; and
(c) such other securities, securities-based derivatives contracts or units in a collective investment scheme as the MAS may prescribe, which are held, whether directly or indirectly, by him or her, or in which he or she has an interest and the nature and extent of that interest.

(Collectively referred to as the "Relevant Securities")

The written notice must be given within two business days after the date he or she becomes a Director, or becomes a holder of, or acquires an interest in the Relevant Securities (whichever last occurs).

The Director should also give written notice to the Manager of particulars of any change in respect of the Relevant Securities, and such written notice must be given within two business days after the Director becomes aware of the change.

In addition, the Manager is required to announce via SGXNET the particulars of its holdings in the units and any changes thereto within one business day after the date on which it acquires or disposes of any units, as the case may be.

Dealings with conflicts of interest

The following main principles and procedures have been established to address potential conflicts of interest which may arise in managing AA REIT:

(a) the Manager is dedicated to managing AA REIT and will not directly or indirectly manage other real estate investment trusts;

(b) all executive officers of the Manager are employed by the Manager;

(c) all resolutions in writing of the Directors of the Manager in relation to matters concerning AA REIT must be approved by a majority of the Directors including at least one Independent Director;

(d) Independent Directors constitute majority of the Board;

(e) in respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any Directors appointed by the Sponsor and representing its interests shall abstain from voting on such matters. In such matters, the quorum must comprise a majority of the Independent Directors of the Manager and shall exclude such Directors of the Sponsor and/or its subsidiaries; and

(f) in respect of matters in which a Director or his/her associate has an interest, direct or indirect, such interested Director is required to disclose his/her interest and will abstain from voting on resolutions approving the said matter.

Code of conduct and ethics

The Manager adheres to an ethics and code of business as prescribed in its employee handbook ("Employee Handbook") that deals with issues such as confidentiality, business conduct, work discipline and conflict of interest. The policies also set out work procedures and incorporate internal controls which ensure that adequate checks and balances are in place. The Manager also seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values.

All employees of the REIT Manager are required to make a declaration on an annual basis on any conflict of interest, any litigation issues and dealing in AA REIT units. As for new employees, they are briefed on the requirements set out in the Employee Handbook and are required to read and acknowledge the guidelines listed therein when they join the Manager.

Business continuity management

The Manager has also put in place Business Continuity Plan ("BCP") for crisis management to response to business disruption to ensure resumption of business as unusual and minimise impact of adverse business interruptions.

Under the BCP, Management has identified the critical business functions, processes and resources, service recovery time and performed business impact analysis.

As part of the BCP, the Manager has performed disaster recovery tests simulating different scenarios to test the effectiveness of processes, procedures and escalation protocols. This holistic approach under the BCP serves to ensure organisational and staff preparedness and readiness to deal with adverse business disruptions such as acts of terrorism, cyber attacks, data breaches and epidemics.

This approach aims to minimise the negative impacts on operations, financial and reputation on AA REIT and allows the Manager to fulfil its obligations as the Manager to AA REIT.

Interested person/interested party transactions

The Manager has established an internal control system to ensure that all transactions with "interested person" (as defined in the Listing Manual) and "interested party" (as defined in the Property Funds Appendix) are undertaken at an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of AA REIT and the Unitholders. As a general rule, the Manager must demonstrate to the ARCC that such transactions satisfy the foregoing criteria which may include obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining two independent valuations of each of those real estate assets, with one of the valuers commissioned independently by the Trustee (having been conducted in accordance with paragraph 8 of the Property Funds Appendix).

The Manager maintains a register to record all interested person/interested party transactions which are entered into by AA REIT and the basis, including any quotations from unrelated parties and independent valuations obtained to support such basis, on which they are entered into. Further, the following procedures will be adhered to:

(a) all transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person/party during the same financial year) will be subject to review and approval of the ARCC at regular intervals;

(b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person/party during the same financial year) equal to or exceeding 5.0% of the Group's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph by the ARCC which may, as it deems fit, request advice on the transaction from independent sources or advisors, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders; and

(c) the ARCC's approval shall only be given if the transactions are at arm's length and on normal commercial terms and consistent with similar types of transactions with third parties which are not interested person/interested parties.

Where matters concerning AA REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of AA REIT with an interested person/interested party (which would include relevant associates thereof), the Trustee is required to ensure that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of AA REIT and the Unitholders and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Furthermore, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an interested person/interested party. If the Trustee is to sign any contract with an interested person/interested party, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

AA REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transactions if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of the Group's latest audited net tangible assets.

Details of all interested person transactions (equal to or exceeding S$100,000 each in value) entered into by AA REIT during the financial year are disclosed on page 222 the FY2024 Annual Report.

Availability of Trust Deed

A copy of the Trust Deed and of any supplementary deed (including any amending and restating deed) are available for inspection at the registered office of the Manager during usual business hours.

Fees payable to the Manager

Pursuant to the Trust Deed, the Manager is entitled to receive fees payable out of the Deposited Property as defined in the Trust Deed) of AA REIT.

The methodology for the computation of the fees is disclosed on page 162 under the "Notes to the Financial Statements" section of the FY2024 Annual Report.

CORPORATE GOVERNANCE

The management fees are earned by the Manager for the management of AA REIT's portfolio of properties. The various fees earned by the Manager are further elaborated below:

(i) Base fee

The Manager is responsible for the ongoing management of the assets and liabilities of AA REIT for the benefit of the Unitholders. Accordingly, the Manager should be fairly compensated for its efforts in the overall management of AA REIT and it should enable the Manager to cover its operational, administrative and compliance overheads incurred in the management of the portfolio. The base management fee is calculated as a percentage of the Deposited Property (as defined in the Trust Deed) of AA REIT as it provides an appropriate metric to determine the resources required for managing the assets. As AA REIT grows its portfolio size, the complexity of management increases and the Manager is expected to expend greater effort in fulfilling its responsibilities.

(ii) Performance fee

The performance fee is only payable when the Manager has achieved certain levels of growth in the DPU in the current financial year relative to the previous financial year. As the year-on-year growth of the DPU is in line with the interests of the Unitholders, the performance fee will spur the Manager to seek growth opportunities or embark on cost savings initiatives to improve the performance of AA REIT. The performance fee is calculated as a percentage of the Deposited Property (as defined in the Trust Deed) of AA REIT as it provides an appropriate metric to determine the resources required for such efforts taken to achieve the growth in DPU and aligns the interests of the Manager with Unitholders. The Manager is motivated and driven to achieve DPU growth by ensuring the long- term sustainability of the assets through proactive asset management strategies and asset enhancement initiatives. The performance fee is paid annually, in compliance with the Property Funds Appendix.

(iii) Acquisition fee and Divestment fee

These fees are essential to incentivise the Manager to continue to deliver long-term sustainable income to Unitholders, source for growth opportunities and yield-accretive acquisitions for AA REIT and to efficiently recycle capital through the divestment of under- performing or non-core assets. The Manager would have to carry out additional work as well as incur additional resources and time to source for various opportunities before a potential acquisition or divestment opportunity materialises into an eventuality. As such, the Manager should be fairly compensated for the efforts expended, costs incurred as well as time taken for such transactions.

FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

Year ended 31 March 2024

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of AIMS APAC REIT (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act 2001 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of AIMS APAC REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the provisions of the trust deed establishing the Trust dated 5 December 2006, subsequently amended by the supplemental deed of appointment and retirement of Trustee dated 8 March 2007, the first amending and restating deed dated 8 March 2007, the first supplemental deed dated 31 May 2010, the second amending and restating deed dated 17 July 2017, the second supplemental deed dated 8 August 2018, the third supplemental deed dated 30 November 2018, the fourth supplemental deed dated 11 April 2019, the fifth supplemental deed dated 13 July 2020, the sixth supplemental deed dated 31 January 2022, the seventh supplemental deed dated 6 April 2023 and the eighth supplemental deed dated 28 July 2023 (collectively the "Trust Deed") between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 147 to 219, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

AUTHORISED SIGNATORY

Singapore
10 June 2024

STATEMENT BY THE MANAGER

Year ended 31 March 2024

In the opinion of the Directors of AIMS APAC REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 147 to 219, comprising the statements of financial position, statements of total return, distribution statements, statements of movements in Unitholders' funds and portfolio statements of the Group and of the Trust, the consolidated statement of cash flows of the Group and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 March 2024, and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager
AIMS APAC REIT Management Limited

GEORGE WANG
DIRECTOR

CHONG TECK SIN
DIRECTOR

Singapore
10 June 2024

INDEPENDENT AUDITORS' REPORT
UNITHOLDERS OF AIMS APAC REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of AIMS APAC REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position and portfolio statements of the Group and the Trust as at 31 March 2024, the statements of total return, distribution statements and statements of movements in Unitholders' funds of the Group and the Trust and the consolidated statement of cash flows of the Group for the year then ended, material accounting policy information and other explanatory information, as set out on pages 147 to 219.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 March 2024 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Investment Funds* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

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

Key audit matters

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

Valuation of investment properties

(Refer to Note 4 to the financial statements)

Risk:

As at 31 March 2024, the Group owns a portfolio of investment properties comprising twenty-five properties located in Singapore, two properties located in Australia and a 49% interest in an investment property located in Australia held through a joint venture.

These investment properties are stated at their fair values based on valuations performed by independent external valuers engaged by the Group. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in determining the underlying assumptions to be applied.

Our response:

We assessed the Group's process for the selection of the external valuers, the determination of the scope of work of the external valuers, and the review and acceptance of the valuations reported by the external valuers. We evaluated the independence, objectivity and competency of the external valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We considered the appropriateness of the valuation methodologies applied against those applied by other valuers for similar property types, and the reasonableness of the key assumptions applied by the external valuers by benchmarking against industry data.

Our findings:

The Group has a structured process in appointing the external valuers, and in reviewing and accepting their valuation results. The external valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out the work.

In determining the fair values of the Group's investment properties, the external valuers have adopted the Capitalisation Approach, Discounted Cash Flow Analysis and/or Direct Comparison method. The valuation methodologies used were consistent with generally accepted market practices.

The key assumptions applied were within the range of market data available as at 31 March 2024.

Other Information

The management of AIMS APAC REIT Management Limited, the Manager of the Trust (the "Manager"), is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of the auditors' report.

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

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

Responsibilities of the Manager for the financial statements

The management of the Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal controls as the management of the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management of the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management of the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of financial statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Sarina Lee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 June 2024

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2024

	Note	Group 2024 $'000	Group 2023 $'000	Trust 2024 $'000	Trust 2023 $'000
Non-current assets					
Investment properties	4	1,973,169	1,957,409	1,570,037	1,496,898
Plant and equipment	5	14,153	–	14,153	–
Subsidiaries	6	–	–	360,433	328,681
Joint venture	7	289,296	329,377	–	–
Trade and other receivables	8	4,742	3,465	4,742	3,465
Derivative financial instruments	9	9,137	12,064	3,609	8,041
		2,290,497	2,302,315	1,952,974	1,837,085
Current assets					
Investment property held for sale	4	–	12,153	–	12,153
Trade and other receivables	8	7,925	7,560	7,529	7,495
Derivative financial instruments	9	382	1,171	294	1,171
Cash and cash equivalents	10	17,816	13,223	9,170	7,728
		26,123	34,107	16,993	28,547
Total assets		2,316,620	2,336,422	1,969,967	1,865,632
Non-current liabilities					
Trade and other payables	11	25,991	15,101	25,991	15,101
Interest-bearing borrowings	12	587,504	790,988	215,882	390,011
Deferred tax liabilities	13	20,406	26,989	–	–
Lease liabilities	14	96,449	92,747	96,449	92,747
		730,350	925,825	338,322	497,859
Current liabilities					
Trade and other payables	11	46,689	37,598	39,103	32,442
Interest-bearing borrowings	12	99,910	–	99,910	–
Derivative financial instruments	9	9	–*	9	–*
Liabilities directly associated with the investment property held for sale	14	–	253	–	253
Lease liabilities	14	5,388	5,351	5,388	5,351
		151,996	43,202	144,410	38,046
Total liabilities		882,346	969,027	482,732	535,905
Net assets		1,434,274	1,367,395	1,487,235	1,329,727
Represented by:					
Unitholders' funds	15	1,060,709	993,849	1,113,670	956,181
Perpetual Securities holders' funds	16	373,565	373,546	373,565	373,546
		1,434,274	1,367,395	1,487,235	1,329,727
Units in issue and to be issued ('000)	17	810,955	725,039	810,955	725,039
Net asset value/net tangible asset per Unit attributable to Unitholders[1] ($)		1.31	1.37	1.37	1.32

* less than $1,000.

[1] 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 year.

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

STATEMENTS OF TOTAL RETURN

Year ended 31 March 2024

	Note	Group 2024 $'000	Group 2023 $'000	Trust 2024 $'000	Trust 2023 $'000
Gross revenue	18	177,281	167,382	150,048	138,410
Property operating expenses	19	(46,302)	(44,872)	(46,201)	(44,864)
Net property income		130,979	122,510	103,847	93,546
Net foreign exchange gain/(loss)		300	(663)	1,128	11,110
Interest income		443	291	271	223
Other non-operating income					
– interim insurance proceeds[1]		1,111	–	1,111	–
Distribution income from a subsidiary		–	–	20,119	25,495
Borrowing costs	20	(35,241)	(33,309)	(15,694)	(17,837)
Manager's management fees	21	(11,257)	(11,333)	(11,257)	(11,333)
Manager's performance fees	21	–	(4,476)	–	(4,476)
Other trust expenses	22	(5,539)	(6,440)	(1,867)	(2,216)
Non-property expenses		(52,037)	(55,558)	(28,818)	(35,862)
Net income before joint venture's (losses)/profits		80,796	66,580	97,658	94,512
Share of (losses)/profits of joint venture (net of tax)		(24,766)	16,039	–	–
Net income		56,030	82,619	97,658	94,512
Net change in fair value of investment properties		3,167	25,225	56,293	32,864
Net change in fair value of derivative financial instruments		(3,440)	4,270	(2,685)	3,678
Gain on divestment of investment property		637	–	637	–
Total return before income tax		56,394	112,114	151,903	131,054
Income tax credit/(expense)	23	6,512	1,747	(71)	792
Total return after income tax		62,906	113,861	151,832	131,846
Attributable to:					
Unitholders		42,350	93,361	131,276	111,346
Perpetual Securities holders		20,556	20,500	20,556	20,500
		62,906	113,861	151,832	131,846
Earnings per Unit (Singapore cents)					
Basic and diluted	24	5.35	13.01		

[1] Relates to the interim payments by the insurer, as partial payment on account of the estimated insurance compensation for property damage and revenue loss due to business interruption at 61 Yishun Industrial Park A, Singapore (refer to announcement dated 10 October 2023).

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

DISTRIBUTION STATEMENTS

Year ended 31 March 2024

	Note	Group 2024 $'000	Group 2023 $'000	Trust 2024 $'000	Trust 2023 $'000
Amount available for distribution to Unitholders at beginning of the year		19,246	16,911	19,246	16,911
Total return before income tax		56,394	112,114	151,903	131,054
Less: Amount reserved for distribution to Perpetual Securities holders		(20,556)	(20,500)	(20,556)	(20,500)
Net effect of tax adjustments	A	(53,843)	(24,929)	(75,198)	(61,787)
Other adjustments	B	74,154	(17,918)	–	–
		56,149	48,767	56,149	48,767
Amount available for distribution to Unitholders from taxable income		75,395	65,678	75,395	65,678
Capital distribution		18,182	22,860	18,182	22,860
Amount available for distribution to Unitholders		93,577	88,538	93,577	88,538
Distributions to Unitholders during the year:					
2.360 cents per Unit for the period from 1 January 2022 – 31 March 2022		–	(16,911)	–	(16,911)
2.280 cents per Unit for the period from 1 April 2022 – 30 June 2022		–	(16,348)	–	(16,348)
2.420 cents per Unit for the period from 1 July 2022 – 30 September 2022		–	(17,376)	–	(17,376)
2.590 cents per Unit for the period from 1 October 2022 – 31 December 2022		–	(18,657)	–	(18,657)
2.654 cents per Unit for the period from 1 January 2023 – 31 March 2023		(19,242)	–	(19,242)	–
1.800 cents per Unit for the period from 1 April 2023 – 11 June 2023		(13,051)	–	(13,051)	–
0.510 cents per Unit for the period from 12 June 2023 – 30 June 2023		(4,126)	–	(4,126)	–
2.340 cents per Unit for the period from 1 July 2023 – 30 September 2023		(18,957)	–	(18,957)	–
2.340 cents per Unit for the period from 1 October 2023 – 31 December 2023		(18,967)	–	(18,967)	–
		(74,343)	(69,292)	(74,343)	(69,292)
Amount available for distribution to Unitholders at end of the year		19,234	19,246	19,234	19,246
Number of Units entitled to distributions at end of the year ('000)		810,955	725,039	810,955	725,039
Distribution per Unit (Singapore cents)		9.360	9.944	9.360	9.944

Please refer to note 3.14 for the Trust's distribution policy.

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

DISTRIBUTION STATEMENTS

Year ended 31 March 2024

Note A – Net effect of tax adjustments

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Amortisation and write-off of borrowing transaction costs	1,275	1,300	1,275	1,300
Net foreign exchange (gain)/loss	(108)	879	(937)	(10,894)
Manager's management fees paid/payable in units	3,623	6,446	3,623	6,446
Manager's performance fees payable in units	–	4,476	–	4,476
Land rent paid on investment properties	(9,040)	(8,897)	(9,040)	(8,897)
Interest expense on lease liabilities	3,662	3,604	3,662	3,604
Net change in fair value of investment properties	(56,293)	(32,864)	(56,293)	(32,864)
Net change in fair value of derivative financial instruments	3,092	(4,084)	2,685	(3,678)
Depreciation of plant and equipment	488	–	488	–
Gain on divestment of investment property	(637)	–	(637)	–
Net tax adjustment on foreign sourced income	1,971	3,026	(18,148)	(22,465)
Net tax adjustment on net income from sale of electricity and renewable energy certificates	(1,048)	–	(1,048)	–
Interim insurance proceeds – compensation for property damage[1]	(1,010)	–	(1,010)	–
Industrial building allowance	605	–	605	–
Temporary differences and other tax adjustments	(423)	1,185	(423)	1,185
Net effect of tax adjustments	(53,843)	(24,929)	(75,198)	(61,787)

Note B – Other adjustments

Other adjustments for the Group comprised primarily the net accounting results of the Trust's subsidiaries.

[1] Relates to the interim payments by the insurer, as partial payment on account of the estimated insurance compensation for property damage at 61 Yishun Industrial Park A, Singapore.

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 March 2024

	Note	Group 2024 $'000	Group 2023 $'000	Trust 2024 $'000	Trust 2023 $'000
Unitholders' Funds					
Balance at beginning of the year		993,849	1,000,196	956,181	902,852
Operations					
Total return after income tax, attributable to Unitholders and Perpetual Securities holders		62,906	113,861	151,832	131,846
Less: Amount reserved for distribution to Perpetual Securities holders		(20,556)	(20,500)	(20,556)	(20,500)
Net increase in net assets from operations		42,350	93,361	131,276	111,346
Foreign currency translation reserve					
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	15	(4,180)	(43,307)	–	–
Hedging reserve					
Effective portion of changes in fair value of cash flow hedges	15	1,608	1,969	(869)	353
Unitholders' contributions					
Issuance of Units (including Units to be issued):					
Manager's management fees		3,623	6,446	3,623	6,446
Manager's performance fees		–	4,476	–	4,476
Private Placement		69,999	–	69,999	–
Preferential Offering		30,172	–	30,172	–
Issuance costs for new units	15	(2,369)	–	(2,369)	–
Distributions to Unitholders		(74,343)	(69,292)	(74,343)	(69,292)
Change in Unitholders' funds resulting from Unitholders' transactions		27,082	(58,370)	27,082	(58,370)
Total increase/(decrease) in Unitholders' funds		66,860	(6,347)	157,489	53,329
Balance at end of the year		1,060,709	993,849	1,113,670	956,181
Perpetual Securities holders' funds					
Balance at beginning of the year		373,546	373,546	373,546	373,546
Amount reserved for distribution to Perpetual Securities holders		20,556	20,500	20,556	20,500
Distribution to Perpetual Securities holders		(20,537)	(20,500)	(20,537)	(20,500)
Balance at end of the year	16	373,565	373,546	373,565	373,546

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

PORTFOLIO STATEMENTS

As at 31 March 2024

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)	Existing use[3]
	Group and the Trust **Investment properties in Singapore**				
1	20 Gul Way	20 Gul Way	35 years	16.8	Logistics and Warehouse
2	27 Penjuru Lane	27 Penjuru Lane	45 years	25.5	Logistics and Warehouse
3	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	44.2	Logistics and Warehouse
4	7 Bulim Street	7 Bulim Street	30 years	18.4	Logistics and Warehouse
5	NorthTech	29 Woodlands Industrial Park E1	60 years	30.8	Hi-Tech
6	1A International Business Park	1A International Business Park	52 years	35.2	Business Park
7	30 Tuas West Road	30 Tuas West Road	60 years	31.8	Logistics and Warehouse
8	3 Tuas Avenue 2	3 Tuas Avenue 2	73 years	31.0	Industrial
9	51 Marsiling Road	51 Marsiling Road	70 years and 5 months	20.3	Industrial
10	23 Tai Seng Drive	23 Tai Seng Drive	60 years	26.3	Industrial
11	15 Tai Seng Drive	15 Tai Seng Drive	60 years	27.0	Industrial
12	103 Defu Lane 10	103 Defu Lane 10	60 years	19.2	Logistics and Warehouse
13	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	31.2	Industrial
14	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	31.1	Logistics and Warehouse
15	8 Tuas Avenue 20	8 Tuas Avenue 20	59 years and 1.5 months	27.6	Industrial
16	135 Joo Seng Road	135 Joo Seng Road	60 years	30.2	Industrial
17	11 Changi South Street 3	11 Changi South Street 3	60 years	31.0	Logistics and Warehouse

[1] Includes the period covered by the relevant options to renew.
[2] The carrying value of investment properties are based on independent full valuation.
[3] Existing use for Industrial includes General Industrial and Light Industrial.

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

Occupancy rate 2024 %	Occupancy rate 2023 %	Carrying value[2] 2024 $'000	Carrying value[2] 2023 $'000	Group percentage of total Unitholders' funds 2024 %	Group percentage of total Unitholders' funds 2023 %	Trust percentage of total Unitholders' funds 2024 %	Trust percentage of total Unitholders' funds 2023 %
100	100	241,100	228,700	22.7	23.0	21.6	23.9
97	97	190,000	160,900	17.9	16.2	17.1	16.8
100	100	161,000	161,300	15.2	16.2	14.5	16.9
100	100	139,400	130,800	13.1	13.2	12.5	13.7
100	100	139,000	133,600	13.1	13.4	12.5	14.0
61	64	72,000	73,700	6.8	7.4	6.5	7.7
100	100	56,400	55,900	5.3	5.6	5.1	5.8
100	100	56,000	55,900	5.3	5.6	5.0	5.8
100	100	50,600	49,400	4.8	5.0	4.5	5.2
100	100	41,600	38,800	3.9	3.9	3.7	4.1
99	99	30,900	34,300	2.9	3.5	2.8	3.6
100	100	30,700	33,200	2.9	3.3	2.8	3.5
100	100	28,500	26,300	2.7	2.6	2.6	2.8
79	100	27,000	19,800	2.5	2.0	2.4	2.1
100	100	26,600	27,900	2.5	2.8	2.4	2.9
93	93	23,300	20,800	2.2	2.1	2.1	2.2
91	91	23,100	21,700	2.2	2.2	2.1	2.3

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

PORTFOLIO STATEMENTS

As at 31 March 2024

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)	Existing use[3]
	Group and the Trust				
	Investment properties in Singapore				
18	10 Changi South Lane	10 Changi South Lane	60 years	32.2	Logistics and Warehouse
19	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	28.4	Industrial
20	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	23.0	Industrial
21	3 Toh Tuck Link	3 Toh Tuck Link	60 years	32.6	Logistics and Warehouse
22	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	29.8	Industrial
23	8 Senoko South Road	8 Senoko South Road	60 years	30.6	Industrial
24	1 Kallang Way 2A	1 Kallang Way 2A	60 years	31.2	Industrial
25	7 Clementi Loop	7 Clementi Loop	60 years	29.2	Logistics and Warehouse
	Group				
	Investment properties in Australia				
26	Woolworths HQ[4]	1 Woolworths Way, Bella Vista, New South Wales 2153, Australia	Freehold	N.A.	Business Park
27	Boardriders Asia Pacific HQ[5]	209-217 Burleigh Connection Road, Burleigh Waters, Queensland 4220, Australia	Freehold	N.A.	Industrial
	Total investment properties				
	Group and the Trust				
	Investment property held for sale in Singapore				
28	541 Yishun Industrial Park A[6]	541 Yishun Industrial Park A	60 years	N.A.	Industrial
	Total investment property held for sale				
	Total investment properties and investment property held for sale, at valuation (note 4)				

1 Includes the period covered by the relevant options to renew.
2 The carrying value of investment properties are based on independent full valuation.
3 Existing use for Industrial includes General Industrial and Light Industrial.
4 As at 31 March 2024, the Woolworths HQ was valued at AUD410.0 million (equivalent to approximately $360.9 million) (31 March 2023: AUD460.0 million (equivalent to approximately $410.1 million)).
5 As at 31 March 2024, the Boardriders Asia Pacific HQ was valued at AUD48.0 million (equivalent to approximately $42.3 million) (31 March 2023: AUD56.5 million (equivalent to approximately $50.4 million)).
6 On 24 April 2023, the Group announced the divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore (the "Divestment"). The investment property, including the corresponding right-of-use assets, were reclassified to investment property held for sale and the corresponding lease liabilities was reclassified to liabilities directly associated with the investment property held for sale as at 31 March 2023. The Divestment was completed on 12 September 2023.

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

Occupancy rate		Carrying value[2]		Group percentage of total Unitholders' funds		Trust percentage of total Unitholders' funds	
2024 %	2023 %	2024 $'000	2023 $'000	2024 %	2023 %	2024 %	2023 %
93	95	22,400	22,400	2.1	2.3	2.0	2.3
100	95	19,900	19,600	1.9	2.0	1.8	2.0
100	100	19,400	15,200	1.8	1.5	1.7	1.6
83	83	18,400	18,300	1.7	1.8	1.7	1.9
100	100	13,700	12,500	1.3	1.3	1.2	1.3
100	100	13,500	14,100	1.3	1.4	1.2	1.5
100	100	12,200	12,300	1.2	1.2	1.1	1.3
87	87	11,500	11,400	1.1	1.1	1.0	1.2
		1,468,200	1,398,800	138.4	140.6	131.9	146.4
100	100	360,882	410,136	34.0	41.3	–	–
100	100	42,250	50,375	4.0	5.1	–	–
		1,871,332	1,859,311	176.4	187.0	131.9	146.4
N.A.	100	–	11,900	–	1.2	–	1.2
		–	11,900	–	1.2	–	1.2
		1,871,332	1,871,211	176.4	188.2	131.9	147.6

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

PORTFOLIO STATEMENTS

As at 31 March 2024

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)	Existing use[3]
	Group				
1-28	**Investment properties and investment property held for sale – fair value (pages 152 to 155)**				
	Investment properties – right-of-use assets				
	Investment property held for sale – right-of-use assets[4]				
	Total investment properties and investment property held for sale				
	Joint venture (note 7)				
	Investment property in Australia held by a joint venture				
29	Optus Centre[5]	1-5 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia	Freehold	N.A.	Business Park
	Other assets and liabilities (net)				
	Net assets of the Group				
	Perpetual Securities holders' funds				
	Total Unitholders' funds of the Group				

1 Includes the period covered by the relevant options to renew.
2 The carrying value of investment properties are based on independent full valuation.
3 Existing use for Industrial includes General Industrial and Light Industrial.
4 On 24 April 2023, the Group announced the divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore (the "Divestment"). The investment property, including the corresponding right-of-use assets, were reclassified to investment property held for sale and the corresponding lease liabilities was reclassified to liabilities directly associated with the investment property held for sale as at 31 March 2023. The Divestment was completed on 12 September 2023.
5 The Group has a 49.0% (2023: 49.0%) interest in Optus Centre. As at 31 March 2024, the property was valued at AUD668.0 million (equivalent to approximately $588.0 million) (31 March 2023: AUD753.0 million (equivalent to approximately $671.4 million)).

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

Occupancy rate		Carrying value[2]		Group percentage of total Unitholders' funds	
2024	2023	2024	2023	2024	2023
%	%	$'000	$'000	%	%
		1,871,332	1,871,211	176.4	188.2
		101,837	98,098	9.6	9.9
		–	253	–	–
		1,973,169	1,969,562	186.0	198.1
		289,296	329,377	27.3	33.1
100	100				
		(828,191)	(931,544)	(78.1)	(93.7)
		1,434,274	1,367,395	135.2	137.5
		(373,565)	(373,546)	(35.2)	(37.5)
		1,060,709	993,849	100.0	100.0

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

PORTFOLIO STATEMENTS

As at 31 March 2024

	Description of property	Carrying value[1] 2024 $'000	Carrying value[1] 2023 $'000	Trust percentage of total Unitholders' funds 2024 %	Trust percentage of total Unitholders' funds 2023 %
	Trust				
1-25, 28	**Investment properties and investment property held for sale – fair value (pages 152 to 155)**	1,468,200	1,410,700	131.9	147.6
	Investment properties – right-of-use assets	101,837	98,098	9.1	10.3
	Investment property held for sale – right-of-use assets[2]	–	253	–	–
	Total investment properties and investment property held for sale	1,570,037	1,509,051	141.0	157.9
	Other assets and liabilities (net)	(82,802)	(179,324)	(7.4)	(18.8)
	Net assets of the Trust	1,487,235	1,329,727	133.6	139.1
	Perpetual Securities holders' funds	(373,565)	(373,546)	(33.6)	(39.1)
	Total Unitholders' funds of the Trust	1,113,670	956,181	100.0	100.0

1 The carrying value of investment properties are based on independent full valuation.

2 On 24 April 2023, the Group announced the divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore (the "Divestment"). The investment property, including the corresponding right-of-use assets, were reclassified to investment property held for sale and the corresponding lease liabilities was reclassified to liabilities directly associated with the investment property held for sale as at 31 March 2023. The Divestment was completed on 12 September 2023.

Portfolio statement by industry segment is not presented as the Group's and the Trust's activities for the financial years ended 31 March 2024 and 31 March 2023 related wholly to investing in real estate in the industrial sector.

As at 31 March 2024, the investment properties in Singapore were valued by CBRE Pte. Ltd. or Cushman & Wakefield VHS Pte. Ltd. (2023: Savills Valuation and Professional Services (S) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd) and the investment properties in Australia were valued by Savills Valuations Pty Ltd or Knight Frank Valuation and Advisory Queensland (2023: Knight Frank NSW Valuations & Advisory Pty Ltd or Knight Frank Valuation and Advisory Queensland). The independent valuation of the investment property held through a joint venture was carried out by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2024 (2023: Knight Frank NSW Valuations & Advisory Pty Ltd).

The Manager believes that the independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations of the investment properties were based on capitalisation method, discounted cash flow analysis and/or direct comparison method. Refer to note 4 of the financial statements for details of the valuation techniques.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2024

	Note	Group 2024 $'000	Group 2023 $'000
Cash flows from operating activities			
Total return after income tax		62,906	113,861
Adjustments for:			
Share of losses/(profits) of joint venture (net of tax)		24,766	(16,039)
Borrowing costs		35,241	33,309
Depreciation of plant and equipment		488	–
Net foreign exchange (gain)/loss		(300)	663
Manager's management fees in Units	A	3,623	6,446
Manager's performance fees in Units	A	–	4,476
Net change in fair value of investment properties		(3,167)	(25,225)
Net change in fair value of derivative financial instruments		3,440	(4,270)
Gain on divestment of investment property		(637)	–
Income tax credit		(6,512)	(1,747)
Operating income before working capital changes		119,848	111,474
Changes in working capital			
Trade and other receivables		(2,320)	(1,750)
Trade and other payables		(246)	195
Cash generated from operations		117,282	109,919
Income tax paid		–	(246)
Net cash from operating activities		117,282	109,673
Cash flows from investing activities			
Capital expenditure on investment properties		(3,781)	(3,049)
Additions to plant and equipment	B	(487)	–
Net proceeds from divestment of investment property[1]		12,537	–
Deposit received from divestment of investment property[1]		–	129
Refund of option fee received for proposed acquisition[2]		–	1,020
Loan to a joint venture		(7,101)	(9,045)
Distributions and interest income received from a joint venture		18,756	17,547
Net cash from investing activities		19,924	6,602
Cash flows from financing activities			
Distributions to Unitholders		(74,292)	(69,290)
Distributions to Perpetual Securities holders		(20,537)	(20,500)
Issue costs paid/payable in relation to new units issued		(2,369)	–
Proceeds from the issuance of new units[3]		100,171	–
Proceeds from interest-bearing borrowings		78,672	220,311
Repayments of interest-bearing borrowings		(177,922)	(217,239)
Borrowing costs paid		(27,202)	(27,540)
Repayment of lease liabilities		(9,040)	(8,897)
Net cash used in financing activities		(132,519)	(123,155)
Net increase/(decrease) in cash and cash equivalents		4,687	(6,880)
Cash and cash equivalents at beginning of the year		13,223	21,395
Effect of exchange rate fluctuations on cash and cash equivalents		(94)	(1,292)
Cash and cash equivalents at end of the year		17,816	13,223

1 This relates to the deposit and net proceeds received for the divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore.

2 On 4 July 2022, the Manager announced the principal terms and conditions of the proposed acquisition of 315 Alexandra Road, Singapore 159944 were not concluded and therefore aborted. As a result, $1.02 million option fee previously paid in the financial year ended 31 March 2021 was refunded.

3 The Trust issued 57,660,000 new units at the issue price of $1.214 per unit on 12 June 2023 in relation to the Private Placement and 25,376,361 new unts at the issue price of $1.189 per unit on 3 July 2023 in relation to the Preferential Offering.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2024

Significant non-cash transactions

Note A:

During the financial year ended 31 March 2024, 2,879,556 of new Units amounting to $3,623,000 were issued/issuable as partial payment for the Manager's management fees.

During the financial year ended 31 March 2023, 5,035,666 of new Units amounting to $6,446,000 were issued/issuable as partial payment for the Manager's management fees and 3,420,035 of new Units amounting to $4,476,000 were issuable as payment of Manager's performance fees.

Note B:

During the financial year ended 31 March 2024, the Manager completed the installation of rooftop solar photovoltaic systems ("Systems") across 6 of the Trust's properties in Singapore and are recognised as plant and equipment (refer to notes 5 and 11 of the financial statements).

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 10 June 2024.

1 GENERAL

AIMS APAC REIT (the "Trust") is a Singapore-domiciled real estate unit trust constituted pursuant to the trust deed dated 5 December 2006, subsequently amended by the supplemental deed of appointment and retirement of Trustee dated 8 March 2007, the first amending and restating deed dated 8 March 2007, the first supplemental deed dated 31 May 2010, the second amending and restating deed dated 17 July 2017, the second supplemental deed dated 8 August 2018, the third supplemental deed dated 30 November 2018, the fourth supplemental deed dated 11 April 2019, the fifth supplemental deed dated 13 July 2020, the sixth supplemental deed dated 31 January 2022, the seventh supplemental deed dated 6 April 2023 and the eighth supplemental deed dated 28 July 2023 (collectively the "Trust Deed"), entered into between AIMS APAC REIT Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 April 2007 (the "Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 21 February 2007. On 21 March 2007, the Trust was declared as an authorised unit trust scheme under the Trustees Act 1967.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in its joint venture.

The principal activity of the Trust is to invest in a diversified portfolio of income-producing real estate located 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 principal activities of the subsidiaries and joint venture are set out in note 6 and note 7 respectively.

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

1.1 Trustee's fees

Under the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of the Deposited Property (as defined in the Trust Deed) or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The Trustee's fee is accrued daily and is payable out of the value of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

1 GENERAL (cont'd)

1.2 Manager's fees

The Manager is entitled to receive base fee, performance fee, acquisition fee and divestment fee, respectively as follows:

Base fee

Under clause 14.1.1 of the Trust Deed, the Manager is entitled to a base fee of 0.5% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders.

The base fee is payable in the form of cash and/or Units as the Manager may elect. Prior to 6 April 2023, where the base fee (or any part or component thereof) is payable in the form of cash, such payment shall be made out of the Deposited Property within 30 days of the last day of each calendar month in arrears; and where the base fee (or any part or component thereof) is payable in the form of Units, such payment shall be made within 30 days of the last day of each calendar quarter in arrears.

From 6 April 2023, in accordance with clauses 14.1.4 (i) and (ii) of the Trust Deed, where the base fee (or any part or component thereof) is payable in the form of cash, such payment shall be made out of the Deposited Property within 60 days of the last day of each calendar month in arrears; and where the base fee (or any part or component thereof) is payable in the form of Units, such payment shall be made within 60 days of the last day of each calendar quarter in arrears.

Performance fee

Under clause 14.1.2 of the Trust Deed, the Manager is also entitled to a performance fee of 0.1% per annum of the value of the Deposited Property, provided that growth in distribution per Unit ("DPU") in a given financial year (calculated before accounting for the performance fee in that financial year) relative to the DPU in the previous financial year exceeds 2.5%. The performance fee is 0.2% per annum if the growth in DPU in a given financial year relative to the DPU in the previous financial year exceeds 5.0%. In accordance with clause 14.1.4 (iii) of the Trust Deed, the payment of the performance fee, whether in the form of cash or Units, shall be made out of the Deposited Property within 60 days of the last day of every financial year in arrears.

The performance fee is payable in the form of cash and/or Units as the Manager may elect.

Acquisition and divestment fee

Under clause 14.2 of the Trust Deed, the Manager is entitled to receive the following fees:

(a) An acquisition fee of 1.0% of the acquisition price of any Authorised Investment (as defined in the Trust Deed), acquired directly or indirectly by the Trust or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders; and

(b) A divestment fee of 0.5% of the sale price of any Authorised Investment sold or divested by the Trustee or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The acquisition and divestment fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition or disposal.

1 GENERAL (cont'd)

1.3 Property Manager's fees

The Manager and the Trustee have appointed the Property Manager to operate, maintain and market all of the properties of the Group. The following fees are payable to the Property Manager in respect of all of the investment properties in Singapore:

(i) A property management fee of 2.0% per annum of the rental income of each of the relevant properties.

(ii) A lease management fee of 1.0% per annum of the rental income of each of the relevant properties.

(iii) A marketing services commission equivalent to:

(a) one month's gross rent for securing a tenancy of three years or less;
(b) two months' gross rent for securing a tenancy of more than three years;
(c) half of one month's gross rent for securing a renewal of tenancy of three years or less; and
(d) one month's gross rent for securing a renewal of tenancy of more than three years.

If a third party agent secures a tenancy, the Property Manager will be responsible for all marketing services commissions payable to such third party agent, and the Property Manager shall be entitled to a marketing services commission equivalent to:

(a) 1.2 months' gross rent for securing a tenancy of three years or less; and
(b) 2.4 months' gross rent for securing a tenancy of more than three years.

The gross rental, where applicable, includes service charge, reimbursements, which are the contributions paid by tenants towards covering the operating maintenance expenses of the property, and licence fees.

(iv) A project management fee in relation to development or redevelopment, the refurbishment, retrofitting and renovation works on a property equivalent to:

(a) 3.0% of the construction costs where the construction costs are $2.0 million or less;
(b) 2.0% of the construction costs where the construction costs exceed $2.0 million but do not exceed $20.0 million;
(c) 1.5% of the construction costs where the construction costs exceed $20.0 million but do not exceed $50.0 million; and
(d) a fee to be mutually agreed by the parties where the construction costs exceed $50.0 million.

(v) A property tax service fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property. The fee shall be determined as follows:

(a) 7.5% of the property tax savings where the proposed property annual value is $1.0 million or less;
(b) 5.5% of the property tax savings where the proposed property annual value exceeds $1.0 million but does not exceed $5.0 million; and
(c) 5.0% of the property tax savings where the proposed property annual value exceeds $5.0 million.

The above fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period.

(vi) Employment costs and remuneration to the employees of the Property Manager engaged solely and exclusively for management of the relevant properties.

The Property Manager's fees are payable monthly, in arrears.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties, derivative financial instruments and certain financial assets and liabilities, which are stated at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollar, which is the functional currency of the Trust. All financial information presented in Singapore dollar has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgement

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 4: *Valuation of investment properties*.

Measurement of fair values

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

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

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

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

2 BASIS OF PREPARATION (cont'd)

2.5 Changes in material accounting policies

New accounting standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2023:

- FRS 117: *Insurance Contracts*
- Amendments to FRS 12: *Deferred tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to FRS 12: *International Tax Reform – Pillar Two Model Rules*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*

Other than the below, the application of these amendments to accounting standards and interpretations does not have a material effect on the financial statements.

Material accounting policy information

The Group adopted Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies* for the first time in 2024. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 3 – Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

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

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

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

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

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

Non-controlling interests are measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition.

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

Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance.

Joint venture

A joint venture is an entity over which the Group has joint control established by contractual arrangement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture is accounted for under the equity method and is recognised initially at cost. The cost of the investment includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries by the Trust

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

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Foreign currency differences arising on translation are recognised in statement of total return, except for the foreign currency differences which are recognised in Unitholders' funds arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation and financial liabilities designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollar at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollar at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Foreign currency differences are recognised within Unitholders' funds, and are presented in the foreign currency translation reserve. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its investment in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture which includes a foreign operation while retaining significant influence or joint control; the relevant proportion of the cumulative amount is reclassified to the statement of total return.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in the Unitholders' funds, and are presented in the foreign currency translation reserve.

3.3 Investment properties

Investment properties are properties held either to earn rental income or capital appreciation or both. Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter.

Cost includes expenditure that is directly attributable to the investment property. Transaction costs shall be included in the initial measurement. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.3 Investment properties (cont'd)

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

(i) in such manner and frequency as required under the CIS Code issued by MAS; and

(ii) at least once in each period of 12 months following the acquisition of an investment property.

Any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties.

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

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

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

3.4 Investment property held for sale

Investment property that is highly probable to be recovered primarily through sale rather than through continuing use, is classified as an investment property held for sale. Immediately before classification as held for sale, the investment property is remeasured in accordance with the Group's accounting policies. Thereafter, the investment property classified as held for sale is measured at the lower of the carrying amount and fair value less costs to sell.

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

3.5 Plant and equipment

(i) Recognition and measurement

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

Cost include expenditure that is directly attributable to the acquisition of the asset. The cost includes:

- the cost of material and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended uses; and
- when the Group has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Any gain or loss on disposal of an item of plant and equipment is recognised in the statement of total return.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.5 Plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

(iii) Depreciation

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

Depreciation is recognised as an expense under the "Property operating expenses" in the statement of total return on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

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

The estimated useful life of the depreciable plant and equipment are as follows:

	Useful life
Systems	Over 18 to 20 years

Depreciation method, useful lives and residual values are reviewed at end of each reporting period and adjusted if appropriate.

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, the Group classifies its non-derivative financial assets as measured at amortised cost.

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

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets (cont'd)

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

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

Non-derivative financial assets: Business model assessment

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

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

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

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

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

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

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

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return. These financial liabilities comprised interest-bearing borrowings, trade and other payables (excluding rental received in advance, goods and services tax payable and provision for income tax), lease liabilities and liabilities directly associated with the investment property held for sale.

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.6 Financial instruments (cont'd)

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits that are subject to an insignificant risk of changes in their fair values.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to manage its interest rate and foreign currency risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return, unless it is designated in a hedge relationship that qualifies for hedge accounting.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships.

Cash flow hedges

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

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

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

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in Unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

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

Net investment hedge

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Trust's functional currency (Singapore dollar), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Unitholders' funds to the extent that the hedge is effective, and are presented in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the gain or loss on disposal.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.7 Impairment

(i) Non-derivative financial assets

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

Lease receivables are disclosed as part of trade and other receivables.

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

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

Simplified approach

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

General approach

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

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

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

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

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

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

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

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.7 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

Write-off

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

(ii) Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.7(iii). An impairment is recognised in the statement of total return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.7 Impairment (cont'd)

(iii) Non-financial assets

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

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

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

3.8 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

For right-of-use assets that meet the definition of investment property, the Group applies the fair value model in FRS 40 *Investment Property* to these assets with any change therein being recognised in the statement of total return and adjusted for certain remeasurements of the lease liability.

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

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

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.8 Leases (cont'd)

(i) As a lessee (cont'd)

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

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

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

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

(ii) As a lessor

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

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

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

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

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 R*evenue from Contracts with Customers* to allocate the consideration in the contract.

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

3.9 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental cost, directly attributable to the issuance, offering and placement of Units in the Trust are deducted directly against Unitholders' funds.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.10 Revenue recognition

(i) Rental income and service charge from operating leases

Rental income and service charges receivable under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

(ii) Sales of electricity and renewable energy certificates

The Group generates electricity and renewable energy certificates ("RECs") from the Systems. Revenue from the sales of electricity and RECs is recognised at a point in time when the electricity or the RECs are delivered to customers.

The consideration for the sale of electricity is measured based on the Uniform Singapore Energy Price ("USEP") at the point of delivery, while the consideration for the sale of RECs is based on agreed rates between the customer and the seller. Payments are due upon delivery of the electricity or the RECs to the customers.

(iii) Distribution income

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

3.11 Expenses

(i) Manager's fees

Manager's fees are recognised on an accrual basis based on the applicable formula stipulated in note 1.2.

(ii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses is the Property Manager's fee which is based on the applicable formula stipulated in note 1.3.

(iii) Other trust expenses

Other trust expenses are recognised on an accrual basis.

3.12 Interest income and finance costs

Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and amortisation of borrowings related transaction costs which are recognised in the statement of total return using the effective interest rate method over the period for which the borrowings are granted.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

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

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.13 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' funds.

The Group has determined that interest and penalties related to income tax, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that
  - is not a business combination and
  - at the time of the transaction (i) affects neither accounting nor taxable profit or loss; and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investments in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience with tax authorities. The assessment of these factors relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee will not be assessed to tax on the taxable income of the Trust that is distributed to the Unitholders. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Distributions made by the Trust out of such taxable income to individuals and Qualifying Unitholders (as defined below) are distributed without deducting any income tax. This treatment is known as the "tax transparency" treatment.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.13 Income tax expense (cont'd)

For distributions made to foreign non-individual Unitholders (as defined below) up to 31 December 2025, the Trustee is required to withhold tax at the reduced rate of 10.0% on distributions made out of the Trust's taxable income (that is not taxed at the Trust level).

For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the Trustee.

Any portion of the taxable income that is not distributed, known as retained taxable income, tax will be assessed on the Trustee in accordance with the Singapore Income Tax Act, Chapter 134. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

A "Qualifying Unitholder" is a Unitholder who is:

- An individual and who holds the Units either in his sole name or jointly with other individuals;
- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association);
- A Singapore branch of a foreign company;
- An international organisation that is exempt from tax; or
- A real estate investment trust exchange-traded fund.

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

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

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with the Singapore Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

The Trust's foreign-sourced trust distributions and interest income to be received in Singapore by the Trust from its Australian subsidiary, where such income originate from property rental income from its investments in Australia as well as income derived from property-related activities or other activities in line with the regulatory requirements imposed on the Trust, are exempted from Singapore income tax under section 13(12) of the Singapore Income Tax Act.

These tax exemptions are granted by the IRAS but are subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

The income from the sales of electricity and RECs generated from the Systems is taxable in the hands of the Trust at the prevailing corporate tax rate. Distributions made out of this income will not be subject to further tax when distributed to the Unitholders.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.14 Distribution policy

The Manager's distribution policy is to distribute at least 90.0% of the Trust's taxable income other than gains from sale of real estate that are determined by IRAS to be trading gains, income that is taxable in the at the prevailing corporate tax rate and net overseas income. Taxable income comprised substantially the Trust's income from the letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion.

The Trust makes distributions to Unitholders on a quarterly basis, with the amount calculated as at 30 June, 30 September, 31 December and 31 March in each distribution year for the three-month period ending on each of those dates. Under the Trust Deed, the Manager shall pay distributions within 90 days after the end of each distribution period. Distributions, when paid, will be in Singapore dollar.

In the event that there are gains arising from sale of real estate properties, and only if such gains are surplus to the business requirements and needs of the Group, the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property. The Trustee shall not distribute any gain arising from the sale of real estate properties until IRAS agrees on the nature of the gain and its taxability.

The Manager has also implemented a Distribution Reinvestment Plan ("DRP"), which provides eligible Unitholders with the option to elect to receive Units in lieu of the cash amount of any distribution (including any interim, final, special or other distribution declared on their holding of Units (after the deduction of applicable income tax, if any)). The Manager may, in its absolute discretion, determine that the DRP will apply to any particular distribution.

3.15 Earnings per unit

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

3.16 Perpetual securities

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

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors including the Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise foreign exchange gain/loss and income tax credit/expense.

Segment capital expenditure is the total cost incurred during the year relating to investment properties.

3 MATERIAL ACCOUNTING POLICIES (cont'd)

3.18 New standards, interpretations and revised recommended accounting practice not adopted

A number of new accounting standards and amendments to standards are effective for annual periods beginning after 1 April 2023 and earlier application is permitted. However, the Group has not early adopted the new or amended accounting standards in preparing these financial statements.

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

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to FRS 7 and FRS 107: *Supplier Finance Arrangements*
- Amendments to FRS 116: *Lease Liability in a Sale and Leaseback*
- Amendments to FRS 21: *Lack of Exchangeability*

4 INVESTMENT PROPERTIES

		Group		Trust	
	Note	2024 $'000	2023 $'000	2024 $'000	2023 $'000
At 1 April		1,957,409	1,992,582	1,496,898	1,464,250
Capital expenditure capitalised		7,729	2,553	7,729	2,342
Transfer to investment property held for sale		–	(12,153)	–	(12,153)
Remeasurement of right-of-use assets due to revised lease payments and recognition of lease extension option		9,117	9,595	9,117	9,595
Net change in fair value of investment properties recognised in the statement of total return		8,545	30,519	61,671	38,158
Net change in fair value of right-of-use assets	14	(5,378)	(5,294)	(5,378)	(5,294)
Foreign currency translation and other movements		(4,253)	(60,393)	–	–
At 31 March		1,973,169	1,957,409	1,570,037	1,496,898

On 24 April 2023, the Group announced the divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore, at a sale price of $12.88 million (the "Divestment"). The investment property, including the corresponding right-of-use assets, was reclassified to investment property held for sale and the corresponding lease liabilities was reclassified to liabilities directly associated with the investment property held for sale as at 31 March 2023. The Divestment was completed on 12 September 2023.

Details of the properties are shown in the Portfolio Statements.

4 INVESTMENT PROPERTIES (cont'd)

Security

As at the reporting date, certain investment properties, including investment property held for sale, have been pledged as security for loan facilities granted by financial institutions to the Group (see note 12). The aggregate market value of the mortgaged investment properties are as follows:

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Investment properties including investment property held for sale	1,389,082	1,438,211	1,028,200	977,700

Fair value hierarchy

The fair value measurement for investment properties, including the investment property held for sale, has been categorised as Level 3 fair values based on inputs to the valuation techniques used (see note 2.4).

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Fair value of investment properties (based on valuation reports)	1,871,332	1,859,311	1,468,200	1,398,800
Add: carrying amount of lease liabilities	101,837	98,098	101,837	98,098
Investment properties	1,973,169	1,957,409	1,570,037	1,496,898
Fair value of investment property held for sale (based on valuation report)	–	11,900	–	11,900
Add: carrying amount of lease liabilities	–	253	–	253
Investment property held for sale	–	12,153	–	12,153

Level 3 fair value measurements

(i) Reconciliation of movements in Level 3 fair value measurement

The reconciliation of Level 3 fair value measurements for investment properties, including the investment property held for sale, is presented in the table above.

(ii) Valuation techniques

Investment properties, including the investment property held for sale, are stated at fair value as at 31 March 2024 based on valuations performed by independent professional valuers, CBRE Pte. Ltd., Cushman & Wakefield VHS Pte. Ltd., Savills Valuations Pty Ltd or Knight Frank Valuation and Advisory Queensland (2023: Savills Valuation and Professional Services (S) Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd, Knight Frank NSW Valuations & Advisory Pty Ltd or Knight Frank Valuation and Advisory Queensland). The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific condition and characteristics inherent in each of the properties are taken into consideration in arriving at the property valuation. Valuations of the investment properties are carried out at least once a year.

4 INVESTMENT PROPERTIES (cont'd)

Level 3 fair value measurements (cont'd)

(ii) Valuation techniques (cont'd)

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated discount rate, terminal capitalisation rate and capitalisation rate. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow analysis requires the valuers to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted against anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised at an appropriate investment yield. Thereafter, various adjustments including assumed vacancy allowance are made, where appropriate, for the capitalisation method. The direct comparison method provides an indication of value by comparing the investment property with identical or similar properties where reliable sales evidence is available.

(iii) Significant unobservable inputs

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

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows analysis	• Discount rate of 6.75% to 7.75% (2023: 6.25% to 7.75%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 5.75% to 7.50% (2023: 5.50% to 7.00%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 5.50% to 7.00% (2023: 5.25% to 6.50%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
Direct comparison method	• Adjusted price per square meter	The estimated fair value would increase (decrease) if adjusted price per square meter was higher (lower).

5 PLANT AND EQUIPMENT

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Cost				
At 1 April	–	–	–	–
Additions	14,641	–	14,641	–
At 31 March	14,641	–	14,641	–
Accumulated depreciation				
At 1 April	–	–	–	–
Depreciation	(488)	–	(488)	–
At 31 March	(488)	–	(488)	–
Net book value				
At 31 March	14,153	–	14,153	–

The plant and equipment relates to the completed installation of rooftop solar photovoltaic systems ("Systems") at 6 Singapore properties for the generation of electricity.

6 SUBSIDIARIES

	Trust	
	2024 $'000	2023 $'000
Unquoted equity, at cost	360,433	328,681

Details of the subsidiaries are as follows:

Subsidiaries of the Trust	Country of incorporation or constitution/ Principal place of business	Principal activity	Effective equity interest held by the Group 2024 %	2023 %
AACI REIT MTN Pte. Ltd.[1]	Singapore	Provision of treasury services	100.0	100.0
AACI REIT Opera Pte. Ltd.[2]	Singapore	Investment holding	100.0	100.0
AA REIT (Alexandra) Pte. Ltd.[2]	Singapore	Investment holding	100.0	100.0
AA REIT Alexandra Trust [1]	Singapore	Investment in real estate	100.0	100.0
AIMS APAC REIT (Australia) Trust [3]	Australia	Investment in real estate	100.0	100.0

6 SUBSIDIARIES (cont'd)

Subsidiaries of the Trust	Country of incorporation or constitution/ Principal place of business	Principal activity	Effective equity interest held by the Group 2024 %	2023 %
AA REIT Macquarie Park Investment Trust[4]	Australia	Investment in real estate	100.0	100.0
AA REIT Australia Trust (QLD)[3]	Australia	Investment in real estate	100.0	100.0
Burleigh Heads Trust[4]	Australia	Investment in real estate	100.0	100.0
AA REIT Australia Trust (NSW)[3]	Australia	Investment in real estate	100.0	100.0
Bella Vista Trust[4]	Australia	Investment in real estate	100.0	100.0

1 Audited by KPMG LLP Singapore.
2 Dormant and not required to be audited.
3 Not required to be audited by the laws of the country of its constitution.
4 Audited by a member firm of KPMG International.

7 JOINT VENTURE

	Group 2024 $'000	2023 $'000
Investment in joint venture	242,998	289,568
Amounts due from joint venture, at amortised cost:		
– Interest-bearing loan	46,298	39,809
	289,296	329,377

The amounts due from joint venture relates to an unsecured loan extended by the Unitholders of the joint venture (the "parties") based on their proportionate interests in the joint venture. On 30 May 2023, the unsecured loan limit was increased from AUD100 million to AUD126 million.

Details of the unsecured loan:

- Purpose: to fund capital expenditure requirement and other related lease obligations in relation to Optus Centre.
- Tenure: six years from the first utilisation date or such later date as may be agreed between the parties.
- Effective interest rate: based on Bank Bill Swap Bid Rate ("BBSY") + margin, reprices at each interest period as mutually agreed between the parties.

As at 31 March 2024, the Group's share of the capital commitments of the joint venture is $5.1 million (2023: $6.0 million).

7 JOINT VENTURE (cont'd)

Details of the joint venture are as follows:

Name of entity	Country of constitution/Principal place of business	Principal Activity	Effective equity interest held by the Group 2024 %	2023 %
Macquarie Park Trust ("MPT")[1]	Australia	Investment in real estate	49.0	49.0

[1] Audited by PricewaterhouseCoopers Australia. This entity is also audited by a member firm of KPMG International for the purpose of preparing the Group's consolidated financial statements.

MPT is an unlisted joint arrangement in which the Group has joint control via unitholders' agreement with a joint venture partner and 49.0% equity interest. MPT holds Optus Centre, a Grade A business park complex located in Macquarie Park, New South Wales 2113, Australia. MPT is structured as a trust vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in MPT as a joint venture, which is equity-accounted.

The following table summarises the financial information of MPT based on its financial statements for the respective financial years ended 31 March.

	2024 $'000	2023 $'000
Assets and liabilities		
Non-current assets[a]	587,974	671,375
Current assets[b]	5,020	5,440
Total assets	592,994	676,815
Non-current liabilities	94,485	81,243
Current liabilities[c]	2,594	4,616
Total liabilities	97,079	85,859
Results		
Revenue	36,544	37,999
Expenses	(12,322)	(9,770)
Net change in fair value of investment property	(80,744)	837
Total (loss)/return for the year	(56,522)	29,066

[a] Represents the valuation of Optus Centre, Macquarie Park, New South Wales, Australia. The independent valuation of the property was carried out by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2024 (2023: Knight Frank NSW Valuations & Advisory Pty Ltd) and the property was valued at AUD 668.0 million (equivalent to approximately $588.0 million) (2023: AUD753.0 million (equivalent to approximately $671.4 million)).

[b] Includes cash at banks and in hand of $4.2 million (2023: $4.7 million).

[c] Comprises trade and other payables and goods and service tax payable.

	2024 $'000	2023 $'000
Group's interest in net assets and carrying amount of joint venture		
At 1 April	289,568	332,539
Share of (losses)/profits of joint venture (net of tax)	(27,696)	14,242
Distributions received/receivable	(15,258)	(17,345)
Foreign currency translation movements	(3,616)	(39,868)
At 31 March	242,998	289,568

8 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Trade receivables	1,669	1,314	1,669	1,314
Deposits	31	69	31	69
Amount due from subsidiaries	–	–	37	12
Distribution receivable from a subsidiary	–	–	2,729	3,148
Distribution receivable from a joint venture	776	1,340	–	–
Interest receivable from banks	859	672	344	540
Other receivables	2,218	2,002	347	249
	5,553	5,397	5,157	5,332
Prepayments	7,114	5,628	7,114	5,628
	12,667	11,025	12,271	10,960
Non-current	4,742	3,465	4,742	3,465
Current	7,925	7,560	7,529	7,495
	12,667	11,025	12,271	10,960

The amount due from subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand.

Other receivables comprise mainly of the withholding tax refund. Prepayments comprise the unamortised marketing service commission for leases. The non-current receivables relate to the prepaid unamortised marketing commission of leases with tenors of more than one year.

The Group's and the Trust's exposure to credit risk related to trade and other receivables is disclosed in note 27.

Impairment losses

The Manager believes that no provision of impairment losses is necessary in respect of the remaining trade receivables as majority of the balances are not past due and the rest of these balances mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantees or cash security deposits.

9 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Non-current assets				
Interest rate swaps				
– designated as cash flow hedge	9,137	12,064	3,609	8,041
Current assets				
Interest rate swaps				
– at fair value through statement of total return ("FVTPL")	–	–	–	317
– designated as cash flow hedge	338	939	250	622
Currency forward contracts				
– at FVTPL	44	232	44	232
	382	1,171	294	1,171
Current liabilities				
Currency forward contracts				
– at FVTPL	(9)	(–*)	(9)	(–*)

* less than $1,000.

Interest rate swaps

The Group and the Trust use interest rate swaps to manage their exposures to interest rate movements on floating rate interest-bearing term loans by swapping the interest expense on a portion of interest-bearing borrowings from floating rates to fixed rates.

As at 31 March 2024, the Group had interest rate swap contracts with remaining tenors between approximately one and three years with total notional amounts of $122.0 million and AUD336.0 million (equivalent to approximately $295.7 million), in total of $417.7 million (2023: interest rate swap contracts with remaining tenors between approximately one and four years with total notional amounts of $172.0 million and AUD478.5 million (equivalent to approximately $426.6 million), in total of $598.6 million). Under the contracts, the Group pays fixed interest rates of 0.380% to 3.313% (2023: 0.280% to 3.313%) per annum and receives interest at the three-month SORA or BBSY (2023: three-month SORA or BBSY).

As at 31 March 2024, the Group had designated the interest rate swap contracts with notional amounts of $122.0 million and AUD336.0 million (equivalent to approximately $295.7 million), in total of $417.7 million (2023: $172.0 million and AUD478.5 million (equivalent to approximately $426.6 million), in total of $598.6 million), as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the floating rate loans.

Currency forward contracts

The Group and the Trust use currency forward contracts to hedge its foreign currency risk on distributions to Unitholders.

As at 31 March 2024, the Group and the Trust had currency forward contracts with tenor of less than one year with total notional amounts of AUD7.7 million, equivalent to approximately $6.8 million (2023: AUD8.5 million, equivalent to approximately $7.6 million). Under the contracts, the Group and the Trust sell AUD7.7 million in exchange for approximately $6.8 million (2023: AUD8.5 million in exchange for approximately $7.8 million).

9 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Hedge accounting

Cash flow hedges

The following table provides a reconciliation by risk category of components of equity and analysis of hedging reserve, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve	
	Group $'000	Trust $'000
Cash flow hedges		
At 1 April 2022	5,393	2,962
Effective portion of changes in fair value of cash flow hedges	1,969	353
At 31 March 2023	7,362	3,315
Effective portion of changes in fair value of cash flow hedges	1,608	(869)
At 31 March 2024	8,970	2,446

Offsetting financial assets and financial liabilities

The Group entered into International Swaps and Derivatives Association ("ISDA") master netting agreements with various bank counterparties ("ISDA Master Agreement"). In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

10 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Cash at banks and in hand	17,816	11,440	9,170	6,836
Fixed deposits with financial institutions	–	1,783	–	892
	17,816	13,223	9,170	7,728

11 TRADE AND OTHER PAYABLES

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Trade payables and accrued expenses	20,797	17,016	19,241	14,846
Trade amounts due to:				
– the Manager	1,589	1,169	1,589	1,169
– the Property Manager	2,321	1,722	2,321	1,722
– the Trustee	60	59	60	59
– entities controlled by corporate shareholders of the Manager	542	288	–	–
Goods and services tax payable	3,085	2,532	2,921	2,532
Rental received in advance	2,652	2,587	791	2,587
Rental and security deposits	22,091	22,099	22,091	22,099
Interest payable	5,955	5,227	2,492	2,529
Deferred consideration	13,517	–	13,517	–
Provision for income tax	71	–	71	–
	72,680	52,699	65,094	47,543
Non-current	25,991	15,101	25,991	15,101
Current	46,689	37,598	39,103	32,442
	72,680	52,699	65,094	47,543

The Group's and the Trust's deferred consideration of $13,517,000 relates to the present value of all remaining payments payable to the vendor of the Systems, based on minimum output of electricity generated by the Systems at the relevant rates, and over a period of 18 to 20 years (see note 5). The current and non-current portion of the deferred consideration as at 31 March 2024 amounted to $957,000 and $12,560,000 respectively.

12 INTEREST-BEARING BORROWINGS

	Note	Group 2024 $'000	Group 2023 $'000	Trust 2024 $'000	Trust 2023 $'000
Non-current					
Secured					
Bank borrowings	(a),(b)	590,645	695,967	217,538	292,882
Unsecured					
Medium term notes	(c)	–	100,000	–	100,000
		590,645	795,967	217,538	392,882
Less: Unamortised borrowing transaction costs		(3,141)	(4,979)	(1,656)	(2,871)
		587,504	790,988	215,882	390,011
Current					
Unsecured					
Medium term notes	(c)	100,000	–	100,000	–
		100,000	–	100,000	–
Less: Unamortised borrowing transaction costs		(90)	–	(90)	–
		99,910	–	99,910	–
Total		687,414	790,988	315,792	390,011

As at 31 March 2024, the Group had the following borrowings:

(a) Secured credit facilities of the Trust

(i) first legal mortgage over 15 (2023: 16) investment properties with market value totalling $1,028.2 million (2023: $977.7 million) of the Trust (the "Mortgaged Properties"); and

(ii) assignment of rights, benefits, title and interest in the property management agreements, insurances, tenancy agreements, sale agreements, performance guarantees (including sale proceeds and rental proceeds) relating to the Mortgaged Properties and assignment of rights, benefits, title and interest in moneys credited in certain accounts.

(b) Secured term loan facility of a wholly-owned subsidiaries

(i) A secured five-year term loan facility granted to a wholly-owned subsidiary of the Trust which is secured by a mortgage over a property with market value of $360.9 million (2023: $410.1 million) and a general security agreement over all present and after acquired property of the subsidiary; and

(ii) A secured five-year term loan facility granted to a wholly-owned subsidiary of the Trust which is secured by a security interest in all of the present and future assets of the subsidiary, primarily, the units which the subsidiary holds in the Macquarie Park Trust and a security interest in all units of the subsidiary held by immediate holding trust of the subsidiary.

(c) Unsecured medium term notes

As at 31 March 2024, unsecured medium term notes issued comprises $100 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 by the Trust under the $750 million Multicurrency Debt Issuance Programme, established in November 2018.

The medium term notes shall at all times rank *pari passu* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the respective issuers.

12 INTEREST-BEARING BORROWINGS (cont'd)

Terms and debt repayment schedule

Terms and conditions of the interest-bearing borrowings are as follows:

	Nominal interest rate %	Date of maturity	Group Face value $'000	Group Carrying amount $'000	Trust Face value $'000	Trust Carrying amount $'000
2024						
SGD fixed rate medium term notes	3.60	November 2024	100,000	99,910	100,000	99,910
SGD floating rate bank borrowing	SORA[1] + margin	October 2025	37,000	36,460	37,000	36,460
AUD floating rate bank borrowing	BBSY[2] + margin	October 2025	36,528	36,301	36,528	36,301
SGD floating rate bank borrowing	SORA[1] + margin	October 2026	100,000	99,410	100,000	99,410
AUD floating rate bank borrowing	BBSY[2] + margin	October 2026	44,010	43,711	44,010	43,711
AUD floating rate bank borrowing	BBSY[2] + margin	November 2026	231,449	230,712	–	–
AUD floating rate bank borrowing	BBSY[2] + margin	June 2027	141,658	140,910	–	–
			690,645	687,414	317,538	315,792
2023						
SGD fixed rate medium term notes	3.60	November 2024	100,000	99,762	100,000	99,762
SGD floating rate bank borrowing	SORA[1] + margin	July 2024	100,000	99,813	100,000	99,813
AUD floating rate bank borrowing	BBSY[2] + margin	July 2024	18,860	18,778	–	–
SGD floating rate bank borrowing	SORA[1] + margin	October 2025	22,000	21,132	22,000	21,132
AUD floating rate bank borrowing	BBSY[2] + margin	October 2025	26,302	25,936	26,302	25,936
SGD floating rate bank borrowing	SORA[1] + margin	October 2026	100,000	99,195	100,000	99,195
AUD floating rate bank borrowing	BBSY[2] + margin	October 2026	44,580	44,173	44,580	44,173
AUD floating rate bank borrowing	BBSY[2] + margin	November 2026	247,820	246,791	–	–
AUD floating rate bank borrowing	BBSY[2] + margin	June 2027	136,405	135,408	–	–
			795,967	790,988	392,882	390,011

1 Singapore Overnight Rate Average.
2 Bank Bill Swap Bid Rate.

12 INTEREST-BEARING BORROWINGS (cont'd)

Reconciliation of changes in liabilities arising from financing activities

	At 1 April 2023 $'000	Financing cash flows: Proceeds from borrowings $'000	Financing cash flows: Repayment of borrowings/ lease liabilities $'000	Financing cash flows: Borrowing costs paid $'000	Borrowing costs expensed $'000	Foreign exchange, remeasurement of right-of-use assets and other movements $'000	At 31 March 2024 $'000
Group							
Medium term notes	99,762	–	–	–	148	–	99,910
Bank borrowings	691,226	78,672	(177,922)	(166)	1,767	(6,073)	587,504
Interest payable	5,227	–	–	(27,036)	29,324	(1,560)	5,955
Liabilities directly associated with the investment property held for sale	253	–	–	–	–	(253)	–
Lease liabilities	98,098	–	(9,040)	–	3,662	9,117	101,837
	894,566	78,672	(186,962)	(27,202)	34,901	1,231	795,206

	At 1 April 2022 $'000	Financing cash flows: Proceeds from borrowings $'000	Financing cash flows: Repayment of borrowings/ lease liabilities $'000	Financing cash flows: Borrowing costs paid $'000	Borrowing costs expensed $'000	Foreign exchange, remeasurement of right-of-use assets and other movements $'000	At 31 March 2023 $'000
Group							
Medium term notes	99,614	–	–	–	148	–	99,762
Bank borrowings	753,374	220,311	(217,239)	(1,173)	1,979	(66,026)	691,226
Interest payable	3,359	–	–	(26,367)	27,578	657	5,227
Liabilities directly associated with the investment property held for sale	–	–	–	–	–	253	253
Lease liabilities	94,050	–	(8,897)	–	3,604	9,341	98,098
	950,397	220,311	(226,136)	(27,540)	33,309	(55,775)	894,566

13 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year are as follows:

	At 1 April 2022 $'000	Recognised in statement of total return (note 23) $'000	At 31 March 2023 $'000	Recognised in statement of total return (note 23) $'000	At 31 March 2024 $'000
Group					
Deferred tax liabilities					
Investment properties	27,944	(955)	26,989	(6,583)	20,406

14 LEASES

Leases as lessee (FRS 116)

The Group leases land in respect of certain properties from JTC Corporation ("JTC") and CapitaLand Singapore (BP&C) Pte. Ltd. ("CapitaLand"). The leases typically run for a period of 30 years, with an option to renew the lease after that date. The annual land rent payable is based on the market land rent in the relevant period of the lease term. However, the lease agreements limit any increase of the annual land rent from year to year to 5.5% and 7.6% for leases with JTC and CapitaLand respectively, of the annual land rent for the immediate preceding year.

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

(a) Amounts recognised in the statement of financial position

	Note	Group and Trust 2024 $'000	Group and Trust 2023 $'000
Right-of-use assets (included within investment properties)	4	101,837	98,098
Lease liabilities			
– Non-current		96,449	92,747
– Current		5,388	5,351
		101,837	98,098
Right-of-use assets (included within investment property held for sale)	4	–	253
Liabilities directly associated with the investment property held for sale		–	253

(b) Amounts recognised in the statement of total return

	Note	Group and Trust 2024 $'000	Group and Trust 2023 $'000
Leases under FRS 116			
Interest on lease liabilities	20	3,662	3,604
Net change in fair value of right-of-use assets (included within net change in fair value of investment properties)	4	5,378	5,294

14 LEASES (cont'd)

(c) Amounts recognised in the statement of cash flows

	Group	
	2024 $'000	2023 $'000
Repayment of lease liabilities	9,040	8,897

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $48.6 million as at 31 March 2024 (2023: $52.7 million).

Leases as lessor

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

Operating lease

The Group leases out its investment properties. Investment properties are held for use by tenants under operating leases. Generally, the leases contain an initial non-cancellable period of between 3 to 10 years and subsequent renewals are negotiated with the tenants to reflect market rentals. None of the leases contain contingent rental arrangements.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date and excluding prevailing market rent adjustments.

	Group $'000	Trust $'000
2024		
Less than one year	130,684	104,722
One to two years	104,524	77,840
Two to three years	78,997	51,572
Three to four years	68,208	40,020
Four to five years	59,561	30,590
More than five years	121,150	46,130
Total lease receivables	563,124	350,874
2023		
Less than one year	112,623	87,363
One to two years	86,006	60,044
Two to three years	67,056	40,372
Three to four years	54,182	26,757
Four to five years	52,548	24,360
More than five years	155,567	51,576
Total lease receivables	527,982	290,472

15 UNITHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation as well as the foreign exchange gains and losses arising from monetary items that are considered to form part of the Group's net investment in a foreign operation.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected the statement of total return.

Issue expenses

Issue expenses comprised professional, underwriting, selling commission and other costs relating to issuance of Units in the Trust. These expenses are deducted directly against Unitholders' funds.

16 PERPETUAL SECURITIES

As at 31 March 2024, $375.0 million subordinated perpetual securities ("Perpetual Securities") under the $750 million Multicurrency Debt Issuance Programme, established in November 2018 had been issued comprising:

(i) $125.0 million perpetual securities issued on 14 August 2020. The Perpetual Securities will confer a right 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; and

(ii) $250.0 million perpetual securities issued on 1 September 2021. The Perpetual Securities will confer a right to receive distribution payments at a rate of 5.375% per annum with the first distribution rate reset falling on 1 September 2026 and subsequent resets occurring every five years thereafter.

The key terms and conditions of the Perpetual Securities are as follows:

- the Perpetual Securities may be redeemed at the option of the Trust;
- the distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and
- the Perpetual Securities will constitute direct, unsecured and subordinated obligations of the Trust and rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in the terms and conditions) of the Trust.

Accordingly, the Perpetual Securities are classified as equity. The expenses relating to the issue of the Perpetual Securities are deducted against the proceeds from the issue.

As at 31 March 2024, the $373.6 million (2023: $373.5 million) presented in the statements of financial position of the Group and the Trust represent the carrying value of the $375.0 million (2023: $375.0 million) Perpetual Securities issued, net of issue costs and includes the total return attributable to the Perpetual Securities holders from the last distribution date or the issuance date, as the case may be.

17 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2024 '000	2023 '000
Units in issue at beginning of the year	720,344	712,017
Units in issue relating to:		
Manager's management fees	3,764	5,009
Manager's performance fees	3,420	3,318
Private Placement	57,660	–
Preferential Offering	25,376	–
Units in issue at end of the year	810,564	720,344
Units to be issued relating to:		
Manager's management fees	391	1,275
Manager's performance fees	–	3,420
Total Units in issue and to be issued at end of the year	810,955	725,039

2023

During the financial year ended 31 March 2023, there were the following issuances of Units to the Manager:

(i) On 29 April 2022, 1,247,794 new Units at an average price of $1.4007 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2022 to 31 March 2022 and 3,317,930 new Units at an issue price of $1.3922 as payment of the performance component of the Manager's management fees for the year ended 31 March 2022.

(ii) On 28 July 2022, 423,700 new Units at an average price of $1.3752 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 April 2022 to 30 June 2022.

(iii) On 27 October 2022, 1,005,940 new Units at an average price of $1.3140 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2022 to 30 September 2022.

(iv) On 26 January 2023, 2,331,534 new Units at an average price of $1.2175 were issued to the Manager as payment of the base fee element of the Manager's management fees incurred for the period from 1 October 2022 to 31 December 2022.

During the financial year ended 31 March 2023, there were the following Units to be issued to the Manager:

(i) 1,274,492 new Units at an average price of $1.3358 to be issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2023 to 31 March 2023.

(ii) 3,420,035 new Units at an average price of $1.3088 to be issued to the Manager as payment of the performance fee element of the Manager's management fees incurred for the financial year.

17 UNITS IN ISSUE AND TO BE ISSUED (cont'd)

2024

During the financial year ended 31 March 2024, there were the following issuances of Units to the Manager:

(i) On 9 May 2023, 1,274,492 new Units at an average price of $1.3358 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2023 to 31 March 2023 and 3,420,035 new Units at an issue price of $1.3088 as payment of the performance component of the Manager's management fees for the year ended 31 March 2023.

(ii) On 1 August 2023, 1,031,723 new Units at an average price of $1.2484 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 April 2023 to 30 June 2023.

(iii) On 6 November 2023, 1,039,688 new Units at an average price of $1.2540 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2023 to 30 September 2023.

(iv) On 6 February 2024, 417,153 new Units at an average price of $1.2709 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 October 2023 to 31 December 2023.

During the financial year ended 31 March 2024, there were the following issuances of Units:

(i) On 12 June 2023, 57,660,000 new Units were issued at the issue price of $1.2140 in relation to the Private Placement[1].

(ii) On 3 July 2023, 25,376,361 new Units were issued at the issue price of $1.1890 in relation to the Preferential Offering[1].

During the financial year ended 31 March 2024, there were the following Units to be issued to the Manager:

(i) 390,992 new Units at an average price of $1.2819 to be issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2024 to 31 March 2024.

The issue price for management fees paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrue.

[1] Please refer to announcement titled "Launch Of Equity Fund Raising To Raise Gross Proceeds Of Approximately S$100.0 Million" dated 31 May 2023, announcement titled "Issue Of 57,660,000 New Units In AIMS APAC REIT Pursuant To The Private Placement" dated 12 June 2023, and announcement titled "Issue Of 25,376,361 New Units In AIMS APAC REIT Pursuant To The Preferential Offering" dated 3 July 2023.

18 GROSS REVENUE

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Property rental income	131,965	125,526	104,732	96,574
Service charge, land rent and property tax	24,928	23,259	24,928	23,259
Other property expenses recoverable from tenants and other property income	18,850	18,597	18,850	18,577
	175,743	167,382	148,510	138,410
Others				
Sale of electricity and renewable energy certificates	1,538	–	1,538	–
	177,281	167,382	150,048	138,410

19 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Property and lease management fees	3,142	2,897	3,142	2,897
Property tax	10,566	9,772	10,566	9,772
Other operating expenses	32,594	32,203	32,493	32,195
	46,302	44,872	46,201	44,864

20 BORROWING COSTS

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Interest expense on borrowings	28,562	26,659	9,893	12,329
Interest expense on lease liabilities (note 14)	3,662	3,604	3,662	3,604
Interest expense on unwinding of deferred consideration	340	–	340	–
Amortisation of borrowing transaction costs	1,915	2,127	1,275	1,300
Others	762	919	524	604
	35,241	33,309	15,694	17,837

21 MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2024 $'000	2023 $'000
Base fees		
– Paid/payable in cash	7,634	4,887
– Paid/payable in Units	3,623	6,446
	11,257	11,333
Performance fees		
– Payable in Units	–	4,476

22 OTHER TRUST EXPENSES

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Audit fees to:				
– auditors of the Trust	190	198	183	191
– other auditors	65	70	–	–
Non-audit fees to auditors of the Trust	55	68	52	56
Trustees' fees				
– HSBC Institutional Trust Services (Singapore) Limited (the "Trustee")	365	368	365	368
– other trustee	16	16	16	16
Valuation fees	81	163	65	125
Professional fees	238	126	225	75
Transaction costs written-off	–	725	–	554
Investment management fees	3,427	3,676	–	–
Other expenses	1,102	1,030	961	831
	5,539	6,440	1,867	2,216

23 INCOME TAX (CREDIT)/EXPENSE

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Singapore current tax	71	–	71	–
Overseas deferred tax (note 13)	(6,583)	(955)	–	–
Overseas withholding tax credit	–	(792)	–	(792)
Total tax (credit)/expense	(6,512)	(1,747)	71	(792)

Reconciliation of effective tax rate:

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Total return before income tax	56,394	112,114	151,903	131,054
Tax calculated using Singapore tax rate of 17% (2023: 17%)	9,587	19,059	25,824	22,279
Non-tax chargeable items	(11,217)	(6,815)	(11,217)	(6,815)
Non-tax deductible items	1,462	2,454	1,462	2,454
Tax transparency	(13,039)	(11,775)	(13,039)	(11,775)
Foreign-sourced income	13,278	(2,923)	(2,959)	(6,143)
Deferred tax on investment properties (note 13)	(6,583)	(955)	–	–
Overseas withholding tax credit	–	(792)	–	(792)
	(6,512)	(1,747)	71	(792)

24 EARNINGS PER UNIT

	Group 2024	Group 2023
Earnings per Unit (Singapore cents)		
Basic and diluted	5.35	13.01

The earnings per Unit ("EPU") is computed using total return after tax over the weighted average number of Units outstanding as follows:

	Group 2024 $'000	Group 2023 $'000
Total return after income tax attributable to Unitholders of the Trust and Perpetual Securities holders	62,906	113,861
Less: Amount reserved for distribution to Perpetual Securities holders	(20,556)	(20,500)
Total return after income tax attributable to Unitholders of the Trust	42,350	93,361

	Trust Number of Units 2024 '000	Trust Number of Units 2023 '000
Basic EPU		
Units in issue at beginning of the year	720,344	712,017
Effect of Units issued relating to:		
– Manager's management fees	2,311	2,285
– Manager's performance fees	3,065	3,063
– Private Placement	46,317	–
– Preferential Offering	18,928	–
Weighted average number of Units at end of the year	790,965	717,365
Diluted EPU		
Units in issue at beginning of the year	720,344	712,017
Effect of Units issued/to be issued relating to:		
– Manager's management fees	2,345	2,440
– Manager's performance fees	3,065	3,073
– Private Placement	46,317	–
– Preferential Offering	18,928	–
Weighted average number of Units at end of the year	790,999	717,530

25 COMMITMENTS

As at 31 March 2024, the Group had $6.2 million (2023: $3.7 million) of capital expenditure for investment properties that had been authorised and contracted for but not provided for in the financial statements.

The wholly owned subsidiary of the Trust has a sub-lease agreement with the existing tenant that allows the tenant the right to call on an option for the wholly owned subsidiary to complete the construction of a certain building on the site. This option is coterminous with the wholly owned subsidiary's existing sub-lease and expires on 29 September 2031. As at 31 March 2024, the option has not been exercised.

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, significant related party transactions carried out on terms agreed between the parties are as follows:

	Group		Trust	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
The Manager				
Manager's management fees				
– Base fees	11,257	11,333	11,257	11,333
– Performance fees	–	4,476	–	4,476
– Divestment fees	64	–	64	–
Entities controlled by corporate shareholders of the Manager				
Investment management fees	3,427	3,676	–	–
The Property Manager				
Property management fees	2,095	1,931	2,095	1,931
Lease management fees	1,047	966	1,047	966
Marketing services commissions	4,017	3,034	4,017	3,034
Project management fees	533	189	533	189
Property tax services fees	51	167	51	167
Reimbursement of on-site staff costs[1]	979	689	979	689
The Trustee				
Trustee's fees	365	368	365	368
Joint venture				
Interest income	2,930	1,797	–	–

[1] Represents the employment costs and remuneration to the employees of the Property Manager based on-site that are engaged solely and exclusively for management of relevant properties.

27 FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager reviews the Group's capital management and financing policy regularly so as to optimise the Group's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Group is subjected to the aggregate leverage limit as defined in the Appendix 6 of the CIS Code (the "Property Funds Appendix"). The Property Funds Appendix stipulates the aggregate leverage of a property fund should not exceed 50% of the fund's deposited property if the property fund met the minimum adjusted interest coverage ratio of 2.5 times. In the event if the adjusted interest coverage ratio is below 2.5 times, the aggregate leverage of a property fund should not exceed 45% of the fund's deposited property.

As at 31 March 2024, the Group's aggregate leverage[1] was 32.6% (2023: 36.1%) and its interest coverage ratio[2] and adjusted interest coverage ratio[3] were 4.1 times (2023: 3.8 times) and 2.4 times (2023: 2.3 times), respectively. The Group had complied with the aggregate leverage limit during the financial year.

There were no changes in the Group's approach to capital management during the financial year.

Risk management framework

Exposure to credit, interest rate, liquidity and foreign currency risks arises in the normal course of the Group's business. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

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

Trade receivables

Credit evaluations are performed by the Manager before lease agreements are entered into with the tenants. Rental deposits as a multiple of monthly rent are received either in cash or bank guarantees to reduce credit risk. The Manager also monitors the amount owing by the tenants on an ongoing basis.

Based on historical default rates, the Manager believes that no additional impairment allowance is necessary in respect of the remaining trade receivables as these receivables mainly arose from tenants that have good credit standing with the Group and the Group has sufficient security deposits as collateral.

Concentration of credit risk relating to trade receivables is limited due to the Group's varied tenant profile and credit policy of obtaining security deposits, banker's guarantees or other forms of collateral from tenants.

[1] The aggregate leverage includes lease liabilities that are entered into in the ordinary course of the Trust's business on or after 1 April 2019 in accordance with MAS guidelines.

[2] The interest coverage ratio ("ICR") is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, foreign exchange translation and interim insurance compensation for property damage), by the trailing 12 months interest expense and borrowing-related fees. The borrowing-related fees excludes the unwinding of discounting effect on the present value of lease liabilities and the deferred consideration.

[3] The adjusted ICR includes the amount reserved for distribution to Perpetual Securities holders in the interest expense. The adjusted ICR excludes the unwinding of discounting effect on the present value of lease liabilities and deferred consideration.

27 FINANCIAL RISK MANAGEMENT (cont'd)

(a) Credit risk (cont'd)

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The ECL on cash and cash equivalents is negligible.

Derivatives

Transactions involving derivative financial instruments are entered only with bank counterparties that are regulated.

Loan to joint venture

The Group extended loan to a joint venture to fund the capital expenditure requirement in relation to Optus Centre. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, the exposure is considered to be of low credit risk. Therefore, the Manager believes that no impairment allowance is necessary as at 31 March 2024.

Other receivables

The Group assesses on a forward-looking basis the ECLs associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group considers that the credit risk of these counterparties have not increased, and determines that the 12-month ECL on outstanding balances is negligible as at 31 March 2024.

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

The ageing of the trade and other receivables at the reporting date was as follows:

	Gross 2024 $'000	Impairment losses 2024 $'000	Gross 2023 $'000	Impairment losses 2023 $'000
Group				
Not past due	4,946	–	4,901	–
Past due 1 – 30 days	439	–	450	–
Past due 31 – 90 days	131	–	22	–
Past due more than 90 days	37	–	24	–
	5,553	–	5,397	–
Trust				
Not past due	4,550	–	4,836	–
Past due 1 – 30 days	439	–	450	–
Past due 31 – 90 days	131	–	22	–
Past due more than 90 days	37	–	24	–
	5,157	–	5,332	–

27 FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Trust will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations and to mitigate the effect of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

As at 31 March 2024, the Group has unutilised committed credit facilities amounting to $135.7 million (2023: $169.1 million) to fulfil the Group's liabilities as and when they fall due.

The Group also monitors and observes the Property Funds Appendix issued by the MAS concerning limits on total borrowings.

The Group has bank loans which contain certain covenants. Any breach of covenants may require the Group to repay the loans earlier than indicated in note 12.

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

		Contractual cash flows			
	Carrying amount $'000	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2024					
Non-derivative financial liabilities					
Medium term notes	(99,910)	(102,219)	(102,219)	–	–
Bank borrowings	(587,504)	(667,475)	(26,681)	(640,794)	–
Trade and other payables[1]	(66,872)	(71,853)	(41,392)	(15,272)	(15,189)
Lease liabilities	(101,837)	(146,328)	(8,966)	(29,688)	(107,674)
	(856,123)	(987,875)	(179,258)	(685,754)	(122,863)
Derivative financial instruments					
Non-current assets					
Interest rate swaps (net-settled)					
– designated as cash flow hedge	9,137	9,295	5,368	3,927	–
Current assets					
Interest rate swaps (net-settled)					
– designated as cash flow hedge	338	337	337	–	–
Currency forward contracts (gross-settled)					
– at FVTPL	44				
• Outflow		(4,489)	(4,489)	–	–
• Inflow		4,486	4,486	–	–
Current liabilities					
Currency forward contracts (gross-settled)					
– at FVTPL	(9)				
• Outflow		(2,289)	(2,289)	–	–
• Inflow		2,272	2,272	–	–
	9,510	9,612	5,685	3,927	–

[1] Excluding rental received in advance, goods and services tax payable and provision for income tax.

27 FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2023					
Non-derivative financial liabilities					
Medium term notes	(99,762)	(107,210)	(3,600)	(103,610)	–
Bank borrowings	(691,226)	(804,146)	(33,472)	(770,674)	–
Trade and other payables[1]	(47,580)	(47,580)	(32,479)	(12,316)	(2,785)
Liabilities directly associated with the investment property held for sale	(253)	(259)	(259)	–	–
Lease liabilities	(98,098)	(140,485)	(8,794)	(29,515)	(102,176)
	(936,919)	(1,099,680)	(78,604)	(916,115)	(104,961)
Derivative financial instruments					
Non-current assets					
Interest rate swaps (net-settled)					
– designated as cash flow hedge	12,064	11,578	6,160	5,418	–
Current assets					
Interest rate swaps (net-settled)					
– designated as cash flow hedge	939	1,151	1,151	–	–
Currency forward contracts (gross-settled)					
– at FVTPL	232				
• Outflow		(6,866)	(6,866)	–	–
• Inflow		7,083	7,083	–	–
Current liabilities					
Currency forward contracts (gross-settled)					
– at FVTPL	(–*)				
• Outflow		(713)	(713)	–	–
• Inflow		712	712	–	–
	13,235	12,945	7,527	5,418	–

1 Excluding rental received in advance and goods and services tax payable.
* less than $1,000.

27 FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2024					
Non-derivative financial liabilities					
Medium term notes	(99,910)	(102,219)	(102,219)	–	–
Bank borrowings	(215,882)	(240,406)	(9,695)	(230,711)	–
Trade and other payables[1]	(61,311)	(66,292)	(35,831)	(15,272)	(15,189)
Lease liabilities	(101,837)	(146,328)	(8,966)	(29,688)	(107,674)
	(478,940)	(555,245)	(156,711)	(275,671)	(122,863)
Derivative financial instruments					
Non-current assets					
Interest rate swaps (net-settled)					
– designated as cash flow hedge	3,609	3,802	2,241	1,561	–
Current assets					
Interest rate swaps (net-settled)					
– designated as cash flow hedge	250	249	249	–	–
Currency forward contracts (gross-settled)					
– at FVTPL	44				
• Outflow		(4,489)	(4,489)	–	–
• Inflow		4,486	4,486	–	–
Current liabilities					
Currency forward contracts (gross-settled)					
– at FVTPL	(9)				
• Outflow		(2,289)	(2,289)	–	–
• Inflow		2,272	2,272	–	–
	3,894	4,031	2,470	1,561	–

[1] Excluding rental received in advance, goods and services tax payable and provision for income tax.

27 FINANCIAL RISK MANAGEMENT (cont'd)

(b) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2023					
Non-derivative financial liabilities					
Medium term notes	(99,762)	(107,210)	(3,600)	(103,610)	–
Bank borrowings	(290,249)	(329,100)	(14,050)	(315,050)	–
Trade and other payables[1]	(42,424)	(42,424)	(27,323)	(12,316)	(2,785)
Liabilities directly associated with the investment property held for sale	(253)	(259)	(259)	–	–
Lease liabilities	(98,098)	(140,485)	(8,794)	(29,515)	(102,176)
	(530,786)	(619,478)	(54,026)	(460,491)	(104,961)
Derivative financial instruments					
Non-current assets					
Interest rate swaps (net-settled)					
– designated as cash flow hedge	8,041	8,257	4,669	3,588	–
Current assets					
Interest rate swaps (net-settled)					
– at FVTPL	317	435	435	–	–
– designated as cash flow hedge	622	716	716	–	–
Currency forward contracts (gross-settled)					
– at FVTPL	232				
• Outflow		(6,866)	(6,866)	–	–
• Inflow		7,083	7,083	–	–
Current liabilities					
Currency forward contracts (gross-settled)					
– at FVTPL	(–*)				
• Outflow		(713)	(713)	–	–
• Inflow		712	712	–	–
	9,212	9,624	6,036	3,588	–

[1] Excluding rental received in advance and goods and services tax payable.
* less than $1,000.

27 FINANCIAL RISK MANAGEMENT (cont'd)

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(i) Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with adverse movement in interest rates on the loan facilities while also seeking to ensure that the Group's cost of debt remains competitive. The policy aims to protect the Group's earnings from the volatility in interest rates and provide stability to Unitholders' returns.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group's and Trust's exposure to cash flow interest rate risks arise mainly from variable rate financial liabilities. The Manager manages the cash flow interest rate risks of these variable rate financial liabilities using floating-to-fixed interest rate swaps or via issuance of fixed rate borrowings.

As at 31 March 2024, the Group had interest rate swap contracts with total notional amounts of $122.0 million and AUD336.0 million (equivalent to approximately $295.7 million), in total of $417.7 million (2023: $172.0 million and AUD478.5 million (equivalent to approximately $426.6 million), in total of $598.6 million). For the interest rate swap contracts, the Group had agreed with counterparties to exchange at specified intervals, the difference between the floating rates pegged to the SORA or BBSY (2023: SORA or BBSY) and fixed rate interest amounts calculated by reference to the agreed notional amounts.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Trust's interest-bearing financial instruments was as follows:

	Group Nominal amount		Trust Nominal amount	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Fixed rate instruments				
Financial liabilities	(100,000)	(100,000)	(100,000)	(100,000)
Interest rate swaps[1]	(417,747)	(598,631)	(166,010)	(343,633)
	(517,747)	(698,631)	(266,010)	(443,633)
Variable rate instruments				
Financial liabilities	(590,645)	(695,967)	(217,538)	(292,882)
Interest rate swaps[1]	417,747	598,631	166,010	343,633
	(172,898)	(97,336)	(51,528)	50,751

[1] Including forward interest rate swaps.

27 FINANCIAL RISK MANAGEMENT (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return		Unitholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
31 March 2024				
Variable rate instruments	(1,869)	1,869	6,472	(6,629)
31 March 2023				
Variable rate instruments	(2,311)	2,311	7,019	(7,240)
Trust				
31 March 2024				
Variable rate instruments	(655)	655	1,975	(2,022)
31 March 2023				
Variable rate instruments	626	(627)	3,658	(3,761)

(ii) Foreign currency risk

Risk management policy

The Group has exposure to foreign currency risks arising from its interest in a joint venture and investments in Australia. Transactions in relation to these investments are mainly denominated in the Australian dollar.

The Manager's strategy is to achieve a natural hedge, wherever possible through the use of Australian dollar denominated borrowings to match the Group's interests in its Australian joint venture and investment properties to mitigate the currency risk. As at 31 March 2024, the Group's investment in its Australian assets was hedged as approximately 65.6% (2023: 60.0%) of the carrying value of the Trust's investments in Australia was funded with Australian dollar denominated borrowings.

27 FINANCIAL RISK MANAGEMENT (cont'd)

(c) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

Exposure to currency risk

The Group's and Trust's exposures to foreign currencies were as follows:

	Group		Trust	
	Australian dollar 2024 $'000	Australian dollar 2023 $'000	Australian dollar 2024 $'000	Australian dollar 2023 $'000
Amounts due from joint venture	46,298	39,809	–	–
Cash and cash equivalents	9,007	6,875	378	1,396
Trade and other receivables	3,340	3,226	2,907	3,148
Derivative financial instruments	6,990	6,579	1,374	2,557
Trade and other payables	(8,234)	(5,321)	(660)	(189)
Interest-bearing borrowings	(453,645)	(473,967)	(80,538)	(70,882)
	(396,244)	(422,799)	(76,539)	(63,970)
Less: Currency forward contracts	(6,778)	(7,579)	(6,778)	(7,579)
Net currency exposure on financial liabilities	(403,022)	(430,378)	(83,317)	(71,549)
Add: Non-financial assets				
Investment in joint venture	242,998	289,568	–	–
Investment properties	403,132	460,511	–	–
Net currency exposure including non-financial assets	243,108	319,701	(83,317)	(71,549)

27 FINANCIAL RISK MANAGEMENT (cont'd)

(c) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

Sensitivity analysis

A strengthening/weakening of the Australian dollar, as indicated below, against the Singapore dollar at the reporting date would have increased/(decreased) total return and Unitholders' funds by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Statements of total return $'000	Unitholders' funds $'000
Group		
2024		
Australian dollar (5% strengthening)	(14)	12,170
Australian dollar (5% weakening)	14	(12,170)
2023		
Australian dollar (5% strengthening)	60	15,925
Australian dollar (5% weakening)	(60)	(15,925)
Trust		
2024		
Australian dollar (5% strengthening)	(4,235)	69
Australian dollar (5% weakening)	4,235	(69)
2023		
Australian dollar (5% strengthening)	(3,689)	112
Australian dollar (5% weakening)	3,689	(112)

27 FINANCIAL RISK MANAGEMENT (cont'd)

Classification and fair value of financial instruments

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

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2024										
Financial assets not measured at fair value										
Amounts due from joint venture	7	46,298	–	–	–	46,298				
Trade and other receivables[1]	8	5,553	–	–	–	5,553				
Cash and cash equivalents	10	17,816	–	–	–	17,816				
		69,667	–	–	–	69,667				
Financial assets measured at fair value										
Derivative financial assets	9	–	44	9,475	–	9,519	–	9,519	–	9,519
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(9)	–	–	(9)	–	(9)	–	(9)
Financial liabilities not measured at fair value										
Trade and other payables[2]	11	–	–	–	(66,872)	(66,872)				
Interest-bearing borrowings	12	–	–	–	(687,414)	(687,414)	–	(686,964)	–	(686,964)
Lease liabilities	14	–	–	–	(101,837)	(101,837)				
		–	–	–	(856,123)	(856,123)				

[1] Excluding prepayments.
[2] Excluding rental received in advance, goods and services tax payable and provision for income tax.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

27 FINANCIAL RISK MANAGEMENT (cont'd)

Classification and fair value of financial instruments (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2023										
Financial assets not measured at fair value										
Amounts due from joint venture	7	39,809	–	–	–	39,809				
Trade and other receivables[1]	8	5,397	–	–	–	5,397				
Cash and cash equivalents	10	13,223	–	–	–	13,223				
		58,429	–	–	–	58,429				
Financial assets measured at fair value										
Derivative financial assets	9	–	232	13,003	–	13,235	–	13,235	–	13,235
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(–*)	–	–	(–*)	–	(–*)	–	(–*)
Financial liabilities not measured at fair value										
Trade and other payables[2]	11	–	–	–	(47,580)	(47,580)				
Interest-bearing borrowings	12	–	–	–	(790,988)	(790,988)	–	(789,314)	–	(789,314)
Liabilities directly associated with the investment property held for sale	14	–	–	–	(253)	(253)				
Lease liabilities	14	–	–	–	(98,098)	(98,098)				
		–	–	–	(936,919)	(936,919)				

[1] Excluding prepayments.
[2] Excluding rental received in advance and goods and services tax payable.
* less than $1,000.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Classification and fair value of financial instruments (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2024										
Financial assets not measured at fair value										
Trade and other receivables[1]	8	5,157	–	–	–	5,157				
Cash and cash equivalents	10	9,170	–	–	–	9,170				
		14,327	–	–	–	14,327				
Financial assets measured at fair value										
Derivative financial assets	9	–	44	3,859	–	3,903	–	3,903	–	3,903
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(9)	–	–	(9)	–	(9)	–	(9)
Financial liabilities not measured at fair value										
Trade and other payables[2]	11	–	–	–	(61,311)	(61,311)				
Interest-bearing borrowings	12	–	–	–	(315,792)	(315,792)	–	(315,343)	–	(315,343)
Lease liabilities	14	–	–	–	(101,837)	(101,837)				
		–	–	–	(478,940)	(478,940)				

[1] Excluding prepayments.
[2] Excluding rental received in advance, goods and services tax payable and provision for income tax.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2024

27 FINANCIAL RISK MANAGEMENT (cont'd)

Classification and fair value of financial instruments (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2023										
Financial assets not measured at fair value										
Trade and other receivables[1]	8	5,332	–	–	–	5,332				
Cash and cash equivalents	10	7,728	–	–	–	7,728				
		13,060	–	–	–	13,060				
Financial assets measured at fair value										
Derivative financial assets	9	–	549	8,663	–	9,212	–	9,212	–	9,212
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(–*)	–	–	(–*)	–	(–*)	–	(–*)
Financial liabilities not measured at fair value										
Trade and other payables[2]	11	–	–	–	(42,424)	(42,424)				
Interest-bearing borrowings	12	–	–	–	(390,011)	(390,011)	–	(388,337)	–	(388,337)
Liabilities directly associated with the investment property held for sale	14	–	–	–	(253)	(253)				
Lease liabilities	14	–	–	–	(98,098)	(98,098)				
		–	–	–	(530,786)	(530,786)				

1 Excluding prepayments.
2 Excluding rental received in advance and goods and services tax payable.
* less than $1,000.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Estimation of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Derivatives

The fair values of interest rate swaps and currency forward contracts (Level 2 fair values) are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(ii) Other non-derivative financial assets and liabilities

Other non-derivative financial assets and liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date.

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amounts of non-derivative financial liabilities with maturity of more than one year (including trade and other payables) are assumed to approximate their fair values because the effect of discounting is immaterial. The carrying amounts of borrowings and amounts due from joint venture which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing. The fair values of the fixed rate notes are based on banks' quotes. The fair value disclosure of lease liabilities is not required.

The Group's policy is to recognise transfers between levels as of the end of the reporting period during which the transfer has occurred. There had been no transfers between the levels during the year.

28 SEGMENT REPORTING

The Manager considers the business from a geographical segment perspective. Geographically, the Manager manages and monitors the business by two countries: Singapore and Australia. For each of the reporting segments, the Manager reviews internal management reports on a monthly basis. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

28 SEGMENT REPORTING (cont'd)

Information about reportable segments

	Singapore $'000	Australia $'000	Total $'000
2024			
Revenue and expenses			
Gross revenue	150,048	27,233	177,281
Property operating expenses	(46,201)	(101)	(46,302)
Net property income	103,847	27,132	130,979
Share of losses of joint venture (net of tax)[1]	–	(24,766)	(24,766)
Net change in fair value of investment properties	61,671	(53,126)	8,545
Net change in fair value of right-of-use assets	(5,378)	–	(5,378)
Net change in fair value of derivative financial instruments	(1,130)	(2,310)	(3,440)
Gain on divestment of investment property	637	–	637
	159,647	(53,070)	106,577
Interest income	271	172	443
Other non-operating income: interim insurance proceeds	1,111	–	1,111
Borrowing costs	(13,327)	(21,914)	(35,241)
Trust and other expenses	(13,134)	(3,662)	(16,796)
	134,568	(78,474)	56,094
Unallocated item:			
Net foreign exchange gain			300
Total return before income tax			56,394
Income tax credit			6,512
Total return after income tax			62,906
Total assets	1,605,411	711,209	2,316,620
Other segment items:			
Joint venture	–	289,296	289,296
Capital expenditure[2]	7,729	–	7,729
Additions to plant and equipment[3]	14,641	–	14,641
Total liabilities	(402,731)	(479,615)	(882,346)
2023			
Revenue and expenses			
Gross revenue	138,410	28,972	167,382
Property operating expenses	(44,864)	(8)	(44,872)
Net property income	93,546	28,964	122,510
Share of profits of joint venture (net of tax)[1]	–	16,039	16,039
Net change in fair value of investment properties	38,158	(7,639)	30,519
Net change in fair value of right-of-use assets	(5,294)	–	(5,294)
Net change in fair value of derivative financial instruments	1,475	2,795	4,270
	127,885	40,159	168,044
Interest income	224	67	291
Borrowing costs	(14,230)	(19,079)	(33,309)
Trust and other expenses	(18,054)	(4,195)	(22,249)
	95,825	16,952	112,777
Unallocated item:			
Net foreign exchange loss			(663)
Total return before income tax			112,114
Income tax credit			1,747
Total return after income tax			113,861
Total assets	1,531,249	805,173	2,336,422
Other segment items:			
Joint venture	–	329,377	329,377
Capital expenditure[2]	2,342	211	2,553
Total liabilities	(465,821)	(503,206)	(969,027)

1 Included in the share of (losses)/profits of joint venture (net of tax) is the share of revaluation loss recognised on the revaluation of Optus Centre of $39.6 million (2023: revaluation gain of $0.4 million).

2 Capital expenditure consists of additions to investment properties.

3 During financial year ended 31 March 2024, the Manager completed the installation of the Systems across 6 of the Trust's properties in Singapore and are recognised as plant and equipment (refer to note 5)

28 SEGMENT REPORTING (cont'd)

No business segment information has been prepared as all 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 Group's CODMs are of the view that the Group has only one reportable segment, which is the leasing of investment properties. Accordingly, no operating segment information has been prepared. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Major tenants

Rental income from one major tenant of the Group's reportable segment represents approximately $24.1 million (2023: $25.6 million) of the Group's rental income.

29 FINANCIAL RATIOS

	Group	
	2024 %	2023 %
Expenses to weighted average net assets[1]		
– Expense ratio excluding performance-related fee	1.16	1.24
– Expense ratio including performance-related fee	1.16	1.56
Portfolio turnover rate[2]	–	–

[1] The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs, changes in fair value of financial derivatives, investment properties and foreign exchange gains/(losses).

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

30 SUBSEQUENT EVENT

On 7 May 2024, the Manager approved a distribution of 2.370 Singapore cents per Unit in respect of the period from 1 January 2024 to 31 March 2024 to be paid on 24 June 2024.

STATISTICS OF UNITHOLDINGS

As at 28 May 2024

ISSUED AND FULLY PAID UNITS

810,954,811 Units (voting rights: 1 vote per Unit)

There is only one class of Units in AIMS APAC REIT.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 – 99	516	4.87	18,491	0.00
100 – 1,000	1,257	11.86	702,354	0.09
1,001 – 10,000	4,924	46.46	25,373,872	3.13
10,001 – 1,000,000	3,870	36.52	166,205,550	20.49
1,000,001 and above	31	0.29	618,654,544	76.29
Total	**10,598**	**100.00**	**810,954,811**	**100.00**

TOP 20 UNITHOLDERS

As listed in the Register of Unitholders

No.	Name	Number of Units	%
1	Raffles Nominees (Pte.) Limited	148,359,356	18.29
2	Citibank Nominees Singapore Pte Ltd	101,958,062	12.57
3	RHB Bank Nominees Pte Ltd	78,089,130	9.63
4	DBS Nominees (Private) Limited	67,634,151	8.34
5	HSBC (Singapore) Nominees Pte Ltd	57,730,624	7.12
6	DBSN Services Pte. Ltd.	35,667,164	4.40
7	Phillip Securities Pte Ltd	31,388,372	3.87
8	AIMS APAC REIT Management Limited	22,979,571	2.83
9	OCBC Securities Private Limited	11,182,790	1.38
10	Maybank Securities Pte. Ltd.	7,471,127	0.92
11	United Overseas Bank Nominees (Private) Limited	6,873,878	0.85
12	OCBC Nominees Singapore Private Limited	6,113,012	0.75
13	ABN AMRO Clearing Bank N.V.	5,003,230	0.62
14	IFAST Financial Pte. Ltd.	4,766,796	0.59
15	Morgan Stanley Asia (S) Sec Pte Ltd	3,486,879	0.43
16	AIMS Fund Management (Cayman) Limited	3,033,566	0.37
17	DB Nominees (Singapore) Pte Ltd	3,023,325	0.37
18	UOB Kay Kian Private Limited	2,756,864	0.34
19	CGS Intl Securities Singapore PL	2,643,256	0.33
20	BPSS Nominees Singapore (Pte.) Ltd.	2,564,198	0.32
	Total	**602,725,351**	**74.32**

STATISTICS OF UNITHOLDINGS

As at 28 May 2024

SUBSTANTIAL UNITHOLDERS AS AT 28 MAY 2024

As listed in the Register of Substantial Unitholders maintained by the Manager.

Name	Direct interest	Number of Units Deemed interest	Total interest	% of total issued Units
AIMS APAC Capital Holdings Limited[1]	41,730,711	22,979,571	64,710,282	7.98
AIMS Financial Holding Limited[2]	8,731,476	64,710,282	73,441,758	9.06
Great World Financial Group Pty Ltd[3]	–	89,590,757	89,590,757	11.05
Great World Financial Group Holdings Pty Ltd[3]	–	89,590,757	89,590,757	11.05
Mr George Wang[3]	–	89,590,757	89,590,757	11.05
ESR HK Management Limited	57,599,655	–	57,599,655	7.10
ESR Group Limited[4]	9,420,525	93,958,074	103,378,599	12.75
Mr Chan Wai Kheong[5]	12,823,976	32,250,269	45,074,245	5.56

1 AIMS APAC Capital Holdings Limited ("AACHL") holds an interest in AIMS APAC REIT Management Limited (the "Manager") and is deemed to have an interest in 22,979,571 Units held by the Manager.

2 Deemed to have an interest in Units held by AACHL and Units which AACHL has interests in as AACHL is a wholly-owned subsidiary of AIMS Financial Holding Limited ("AFHL").

3 Deemed to have an interest in:
(i) Units which AFHL has interests in;
(ii) 5,573,127 Units held by a fund managed by AIMS Fund Management Limited ("AFML");
(iii) 10,229,369 Units held by AIMS Fund Management (Cayman) Limited ("AFMCL"); and
(iv) 346,503 Units held by a fund managed by AIMS Asset Management Limited ("AAML").

4 Deemed to have an interest in:
(i) 57,599,655 Units held by ESR HK Management Limited, a wholly-owned subsidiary of ESR Group Limited ("ESR"); and
(ii) 36,358,419 Units held by e-Shang Infinity Cayman Limited, a wholly-owned subsidiary of ESR.

5 Deemed to have an interest in Units held by Splendid Asia Macro Fund.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 APRIL 2024

Based on the Register of Directors' Unitholdings, save as disclosed below, none of the Directors holds any interest in Units issued by AIMS APAC REIT.

Name	Direct interest	Number of Units Deemed interest	Total interest	% of total issued Units
Mr George Wang[6]	–	89,199,765	89,199,765	11.00

6 Deemed to have an interest in (i) Units which AFHL has interests in; (ii) Units held by a fund managed by AFML; (iii) Units held by AFMCL and (iv) Units held by a fund managed by AAML.

FREE FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10.0% of its listed securities are at all times held by the public. Based on the information made available to the Manager as at 28 May 2024, approximately 70.65% of the Units in AIMS APAC REIT were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix under the Code on Collective Investment Schemes are:

Name of entity	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all interested person transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
AIMS APAC REIT Management Limited			
– Manager's base management fees	REIT Manager	11,257	–
AIMS APAC Property Management Pte. Ltd.			
– Property management fees	Subsidiaries of the controlling shareholder of the REIT Manager	2,095	–
– Lease management fees		1,047	–
– Marketing services commissions		4,017	–
– Project management fees		533	–
– Reimbursement of on-site staff costs[1]		979	–
AA REIT Management Australia Pty Limited			
– Investment management fees		3,427	–
– Reimbursement of property management fees[2]		102	–
HSBC Institutional Trust Services (Singapore) Limited			
– Trustee's fees	REIT Trustee	365	–

The Trust has not obtained a Unitholders' mandate pursuant to Rule 920 of the Listing Manual for interested person transactions.

Please also refer to note 26 "Significant Related Party Transactions" in the Notes to the Financial Statements. Except as disclosed above,

(a) there are no other material contracts entered into by AA REIT and/or its subsidiaries involving the interests of the Chief Executive Officer, any director or controlling Unitholder, either still subsisting at the end of the year or entered into since the end of the previous financial year; and

(b) there were no additional interested person transactions (excluding transactions of less than S$100,000 each) entered into up to and including 31 March 2024.

1 Represents the employment costs and remuneration to the employees of the Property Manager based on-site that are engaged solely and exclusively for management of the relevant properties.

2 During the financial year ended 31 March 2024, property management fees was collected by Macquarie Park Trust ("MPT") from Optus Administration Pty Limited, the master lessee of Optus Centre (the "Tenant") in relation to the property management services provided by AA REIT Management Australia Pty Limited to Optus Centre. The property management fee is not considered to be a property expense for the Group as it is fully recoverable by MPT from the Tenant. In the event the property management fee is not directly recoverable from the Tenant, no property management fee will be paid to AA REIT Management Australia Pty Limited by MPT.

ADDITIONAL INFORMATION

OPERATING EXPENSES AND TAXATION

In accordance with the disclosure requirements under paragraph 11.1 item (l) of the Property Funds Appendix under the Code on Collective Investment Schemes, the total operating expenses of AA REIT (comprising property expenses, trust expenses and all fees paid to the Manager and interested person) was S$63.1 million, which is approximately 5.9% of its net asset value attributable to Unitholders as at 31 March 2024. The income tax credit for the year ended 31 March 2024 of S$6.5 million relates to the changes on deferred tax liability for the Trust's investment in Australia.

This page has been intentionally left blank.

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

1 Raffles Place #39-03
One Raffles Place
Singapore 048616

Telephone: (65) 6309 1050
Website: www.aimsapacreit.com

For the online version of AA REIT FY2024 Annual Report,
please refer to https://investor.aimsapacreit.com/ar.html

MIX
Paper from responsible sources
FSC™ C158351
FSC
www.fsc.org