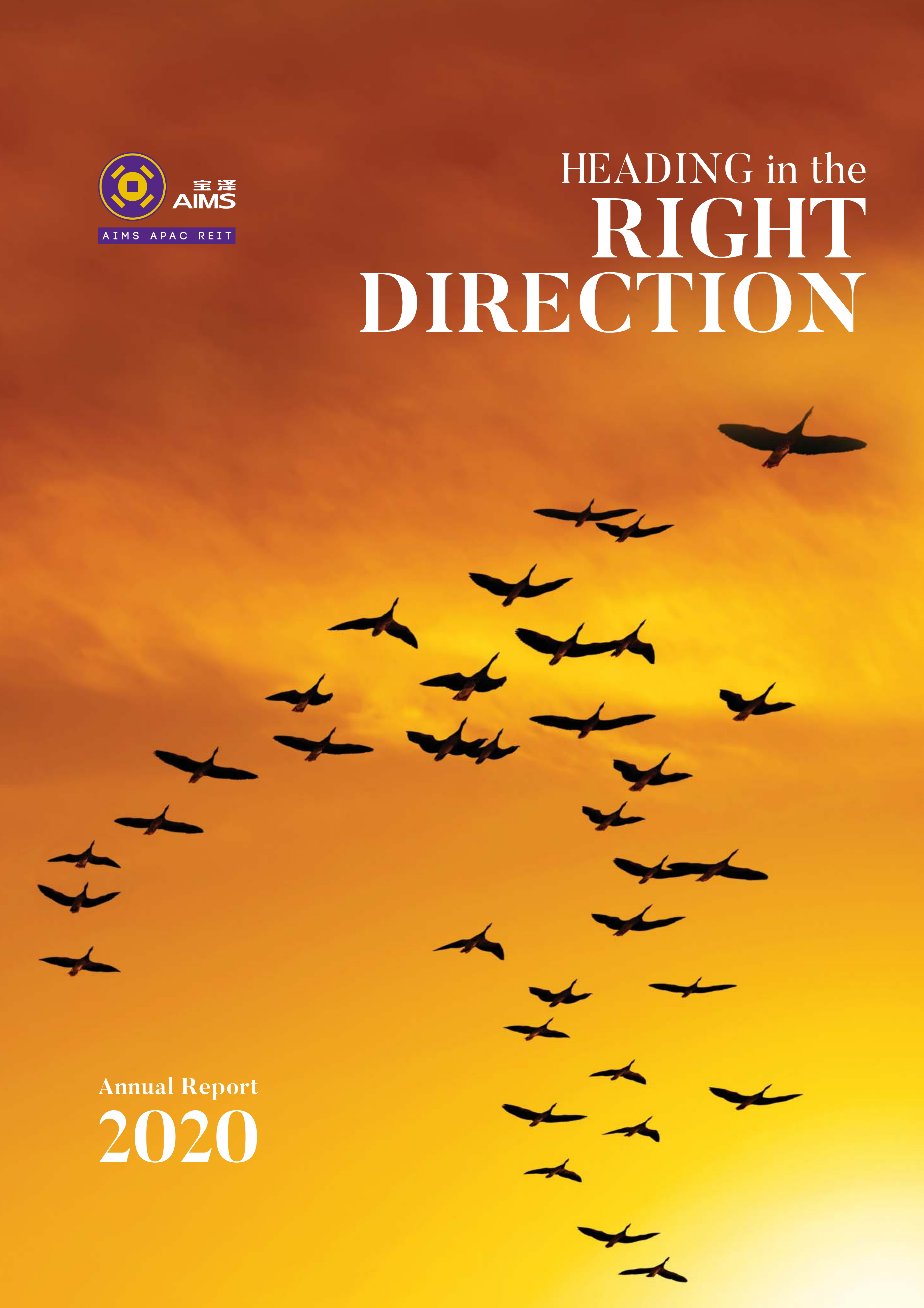


AIMS APAC REIT

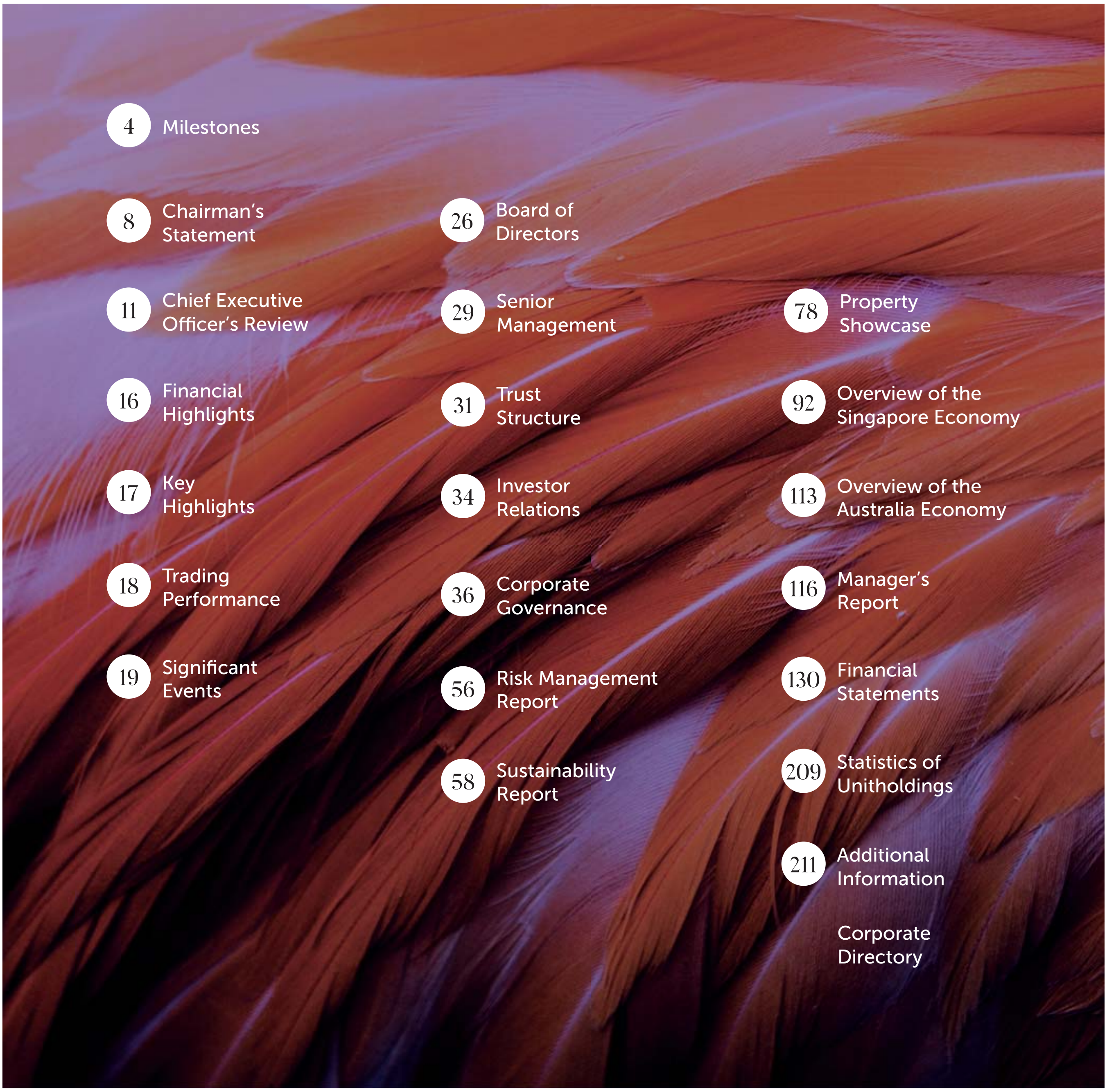
HEADING in the RIGHT DIRECTION

Annual Report 2020

On the Cover

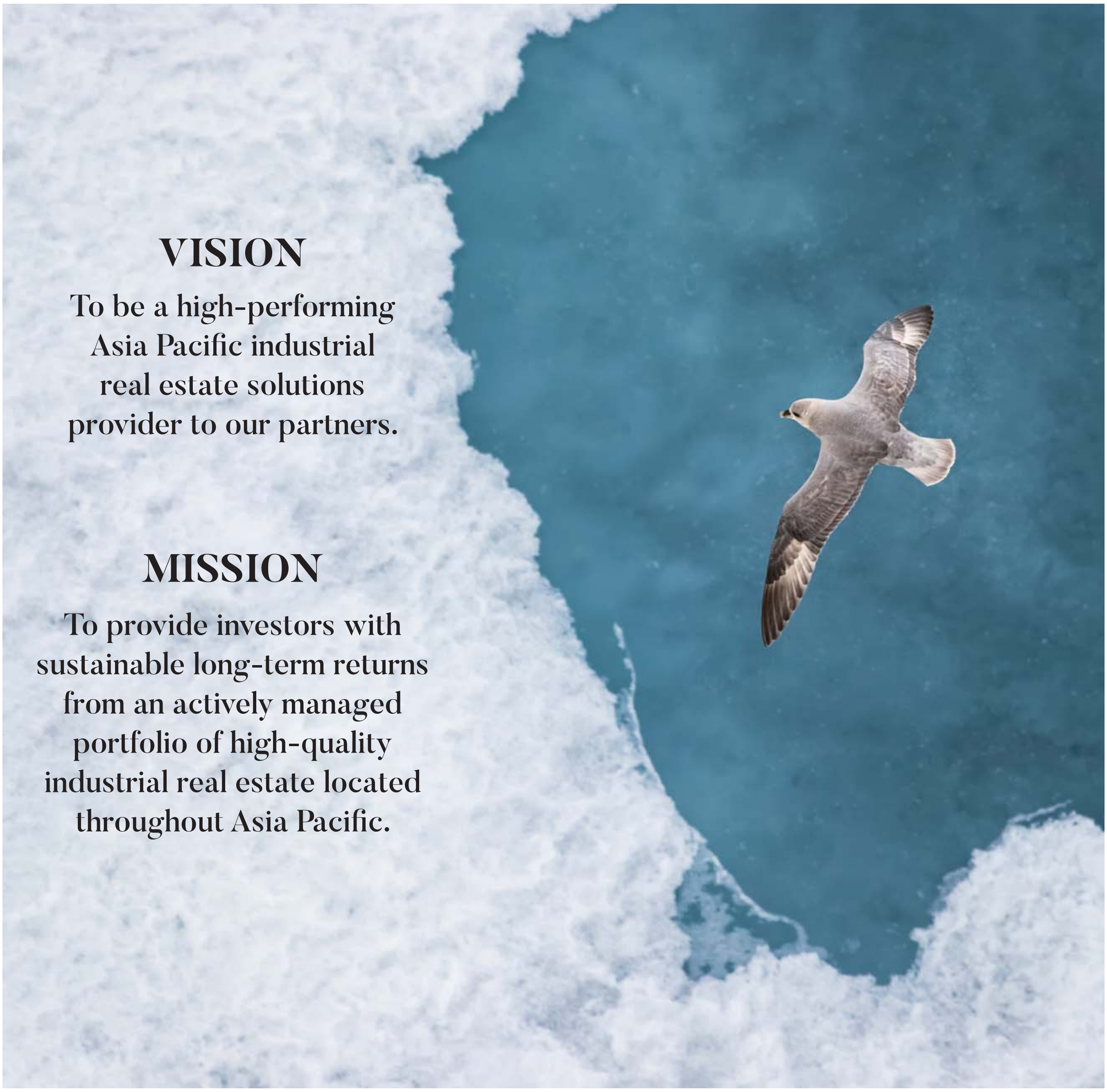
As the Manager of AIMS APAC REIT, we believe in the power of people and building strong partnerships that enable us to constantly chart the way forward in our growth journey. Working as one empowers us to stay the course, especially during a time when the global economy is experiencing the impact of the COVID-19 pandemic. Just like a flock of birds working in unison to create an optimal flight path, we will continue to navigate challenges and move in the right direction to deliver stable returns to our Unitholders.

CONTENTS



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 income-producing industrial, logistics and business park real estate, located throughout the Asia Pacific region. The real estate assets are utilised for a variety of purposes, including but not limited to warehousing and distribution activities, business park activities and manufacturing activities. AA REIT's portfolio consists of 27 properties, of which 25 properties are located throughout Singapore, a property located in Gold Coast, Queensland, Australia and a 49.0% interest in one business park property, Optus Centre, which is located in Macquarie Park, New South Wales, Australia.



VISION

To be a high-performing Asia Pacific industrial real estate solutions provider to our partners.

MISSION

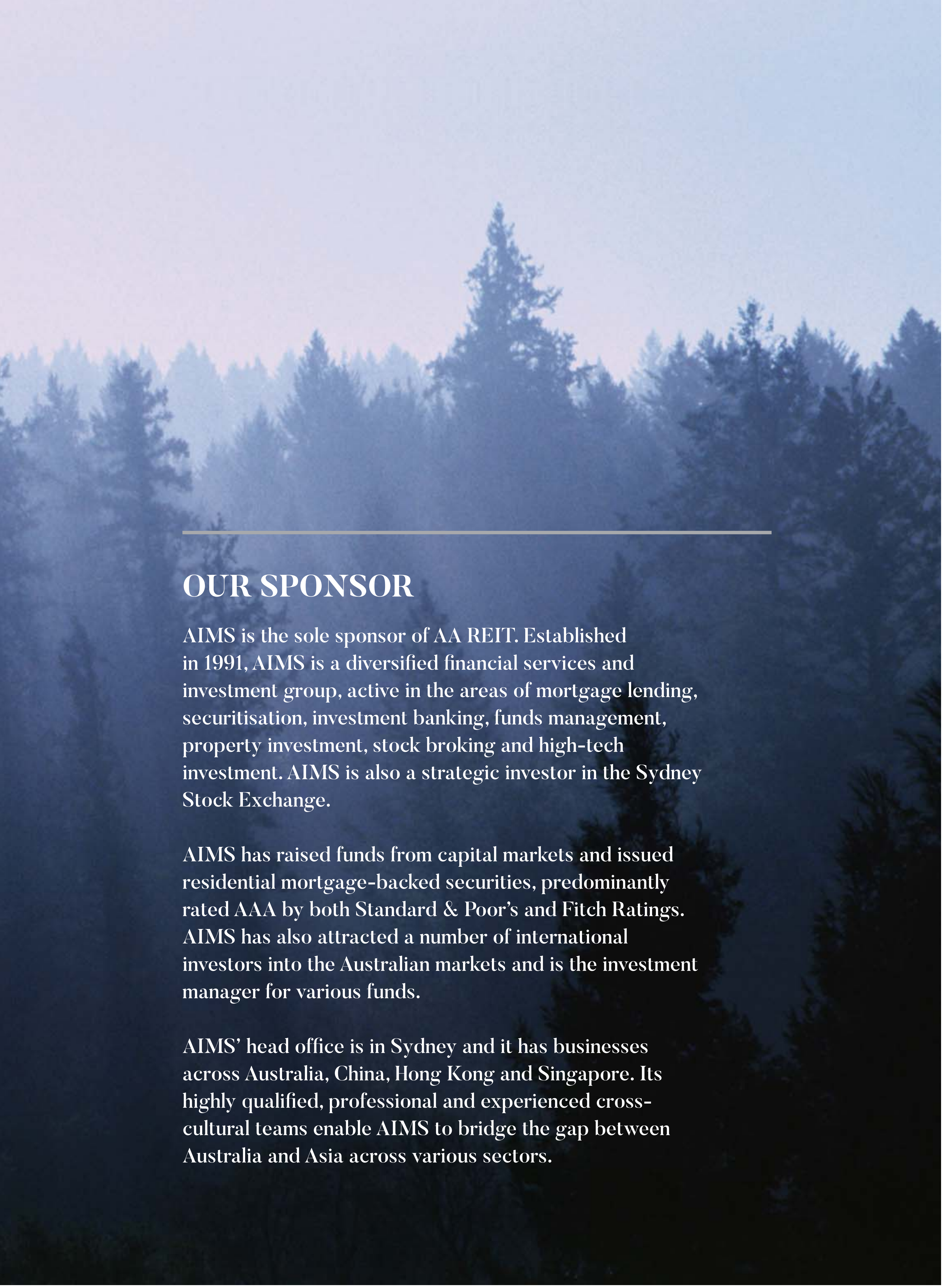
To provide investors with sustainable long-term returns from an actively managed portfolio of high-quality industrial real estate located throughout Asia Pacific.

THE TRUST

AIMS APAC REIT ("AA REIT") is a real estate investment trust listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") with the investment mandate to invest in high quality income-producing industrial real estate throughout Asia Pacific.

THE MANAGER

AA REIT is managed by AIMS APAC REIT Management Limited (the "Manager"), wholly-owned by AIMS Financial Group (the "Sponsor" or "AIMS").



OUR SPONSOR

AIMS is the sole sponsor of AA REIT. Established in 1991, AIMS is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, stock broking and high-tech investment. AIMS is also a strategic investor in the Sydney Stock Exchange.

AIMS has raised funds from capital markets and issued residential mortgage-backed securities, predominantly rated AAA by both Standard & Poor's and Fitch Ratings. AIMS has also attracted a number of international investors into the Australian markets and is the investment manager for various funds.

AIMS' head office is in Sydney and it has businesses across Australia, 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.

MILESTONES

A SUCCESSFUL TURN-AROUND STORY

2007

2009

2013

19 April

MI-REIT (now: AA REIT) listed on SGX Mainboard with an initial market capitalisation of approx. S$313 million (IPO unit price of S$1.20).

March

MI-REIT was in severe financial distress during the Global Financial Crisis (GFC). As at 31 March 2009, market capitalisation was approx. S$60 million, total assets were approx. S$544 million, with huge debt refinancing obligations of S$220.8 million, JPY1.5 billion fixed rate term loan due in December 2009, and unfunded purchase of a S$90.2 million asset. As a result, unit price fell from a high of $1.47 since listing to as low as $0.20.

April

AIMS became the largest shareholder (15.8%) of the ASX listed fund manager, MacarthurCook Limited (MCK), who 100% owned management entities of MI-REIT.

July

AIMS acquired MacathurCook Limited (MCK).

September

AIMS privatised MacarthurCook Limited which was delisted from the ASX on 4 September 2009.

November

Under AIMS' guidance as Sponsor, AA REIT was successfully recapitalised by securing adequate finance. AIMS sold 50% stakes in MI-REIT management entities to AMP Capital ("AMP") and then renamed MI-REIT to AIMS AMP Capital Industrial REIT ("AA REIT").

Since July 2009, through the execution of AIMS' prudent and conservative investment strategy, AA REIT substantially grew its AUM from S$658 million as at end of FY2010 to S$1.1 billion as at end of FY2013.

Since 26 July 2011, AIMS has implemented our value-add strategy, which has seen us redevelop six assets into high quality properties and attracting premium tenants to our portfolio, for the benefit of all our Unitholders. In July 2011, AA REIT commenced the redevelopment of a old asset, 20 Gul Way, Singapore, and built it to suit for a master tenant. This increased value from S$41.8 million to S$306.4 million upon completion in September 2014.

Unit Price (S$)

Source: Bloomberg data as of 10 June 2020.
Note:
(A) Total Return, assuming distributions reinvested, with adjustments to reflect for Historical Equity Transactions.

AND SUSTAINABLE GROWTH UNDER AIMS MANAGEMENT

2014

7 February

AIMS opportunistically timed the property cycle when AA REIT made its first acquisition in Australia. On 7 February 2014, AA REIT successfully acquired a 49% stake in the Optus Centre (Macquarie Park, Australia) at a purchase price of AUD184 million. This was a pioneering entrance into the Australian market among Singaporean REITs. AA REIT's share of Optus Centre is now worth AUD286 million (as at 31 March 2020).

2019

28 March

AIMS successfully acquired AMP's 50% stake in the management entities of AA REIT and became the 100% Sponsor. The Trust was then renamed to AIMS APAC REIT.

A few months later, AA REIT's market capitalisation surpassed S$1 billion.

15 July

AA REIT acquired its second Australian asset in Burleigh Heads, Queensland, for AUD38.46 million (7.8% p.a. triple net yield for an initial 12-year lease term), which further enhanced AA REIT's portfolio.

25 November

AA REIT secured a new 12-year master lease with its largest tenant, Optus, achieving a 17% IRR on investment since acquisition.

2020

14 February

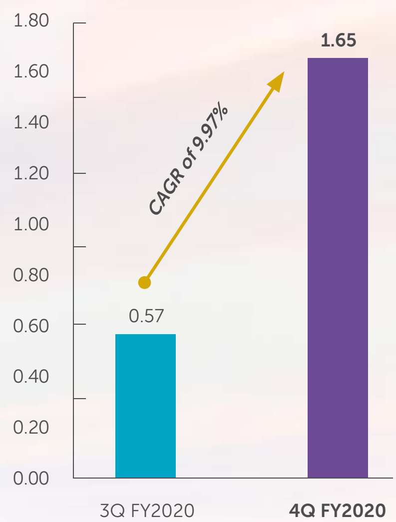
AA REIT has grown significantly since managed by AIMS, having a market capitalisation of S$1.03 billion (as at 14 Feb 2020) and S$1.6 billion total assets, with a low aggregate leverage of 34.8% (as at 31 March 2020).

29 May

AA REIT was included in the MSCI Singapore Small Cap Index.

DPU (Cents)

Total Assets (S$ billion)



1 The number of Units used to calculate the Distribution per Unit has been adjusted for the effect of the Unit Consolidation to allow for comparison.

ALIGNING OUR STRATEGIES

Optimising opportunities to develop a higher quality portfolio

The great blue heron is a symbol of determination and progress, key qualities that we strive to uphold at AA REIT. This is evident in the face of challenges, where we remain steadfast while adapting to changes and aligning our strategies to ensure that the portfolio continues to be resilient and is able to stand the test of time.

GREAT BLUE HERON

CHAIRMAN'S STATEMENT

> While this period presents new obstacles to overcome, it also creates many opportunities for a well-prepared organisation.... We believe the quality of our assets and their location, along with our professional and prudent management team will be key factors in driving AA REIT's long-term sustained performance.

Dear Unitholders,

In July 2009, AIMS Financial Group (AIMS) acquired the distressed ASX-listed fund manager, MacarthurCook Limited (MCK) and two months later privatised the company, becoming the 100% owner. MacarthurCook Limited was the 100% owner of the manager of MacarthurCook Industrial REIT (MI-REIT). At the time of the AIMS' acquisition of MacarthurCook in 2009, MI-REIT, now known as AIMS APAC REIT (AA REIT), was a vehicle in distress.

As at 31 March 2009, MI-REIT's market capitalisation was approximately S$60 million and total assets were S$544.0 million. Upon acquisition by AIMS in August 2009, the distressed MI-REIT, at the peak of the Global Financial Crisis (GFC), had an obligation to refinance S$220.8 million of debt and purchase a S$90.2 million property, which the previous management had entered into two years prior without first securing finance. This placed MI-REIT in an exposed position, with no lenders willing to provide finance at that time.

Under AIMS Financial Group's guidance as Sponsor, and AIMS APAC REIT Management Limited as the new Manager, AA REIT was recapitalised with the securing of finance and its performance was turned around. Since that time AA REIT has grown significantly, to a market capitalisation of S$1.03 billion (as at 14 February 2020) and S$1.65 billion of total assets (as at 31 March 2020).

Many lessons were learnt during the 2008 GFC, and since that time AIMS has diligently executed a careful and prudent strategy which generated outstanding results for our Unitholders. AA REIT's strategy has encompassed:

1. **Yield Accretive Investments:**
   a. Focus on successful delivery of build-to-suit and development projects on time and within budget.
   b. Continued execution and evaluation of yield accretive investment opportunities in Singapore and Australia.

2. **Active Asset Management & Leasing Management:**
   a. Continual focus on prudent asset and lease management.
   b. Unlocking value of selected assets within the portfolio through asset enhancement initiatives.
   c. Ensure high occupancy is maintained.

3. **Prudent Capital & Risk Management:**
   a. Prudent capital management through staggering of debt maturities.
   b. Conservative gearing ratios.
   c. Focus on maintaining and growing distributions per unit.

We know that real estate is a cyclical business. Between 2009 and 2014, when we were the manager of AA REIT, the industrial and logistic asset class grew strongly in Singapore. During this time AA REIT bought many assets and we substantially grew our portfolio. In 2014, we took the view that the cycle of industrial and logistic assets had peaked and halted further acquisitions in the market. Since then, we have implemented our value-add strategy, which has seen us redevelop six assets into high quality properties and attracting premium tenants to our portfolio, for the benefit of all our Unitholders.

CHAIRMAN'S STATEMENT

In February 2014, AA REIT bought a 49% stake (AUD184.4 million) in the Optus Centre (Australia), which is now valued at AUD286.2 million (as at 31 March 2020). This was a pioneering entrance to the Australian market for Singaporean real estate investment trusts (REITs). The success of this investment has proven that the acquisition in Australia, which was a new and attractive market, was the right decision for AA REIT.


Optus Centre, Australia

We learnt many lessons from the GFC and carefully executed a prudent management strategy, which produced great results for Unitholders. However, we recognise with the benefit of hindsight that we could have optimised the value of the portfolio if we sold some assets, whose value had peaked in Singapore and recycled the capital to buy more assets in Australia during 2014 to 2017, which was at a different stage in its property cycle to Singapore.

The new threat posed by the global COVID-19 pandemic has caused widespread economic uncertainty and is deeply affecting the global business environment. AA REIT, along with the investment community at large, is also affected by these unprecedented circumstances, with no clear light at the end of the tunnel.

The way business will be conducted following this pandemic is likely to be very different from what we have known in the past. As such, we will evolve our innovative and professional team, to enable AA REIT to weather the storm and position it well to take advantage of the opportunities arising from the changing market in the future.

While AIMS was able to guide AA REIT through the GFC over a decade ago, the present crisis presents a new set of circumstances that we must navigate. Pleasingly, AA REIT is in a far superior position to overcome the challenges, having built a solid portfolio and sound financial position:

- Gearing of 34.8% (as at 31 March 2020), well below the Monetary Authority of Singapore's (MAS) maximum gearing level of 50% with effect from 16 April 2020;
- Lenders committed to refinancing a S$128 million facility due in FY2021, with a S$181.1 million (as at 31 March 2020) committed bank facility remaining undrawn;
- Interest coverage ratio is a healthy 4.0x and weighted average debt maturity of 3.3 years post-refinancing (on a pro forma basis);
- The successful bond issuance in late 2019 which secured S$100 million;
- A portfolio composed of high-quality industrial and logistic assets, with numerous blue chip tenants; and
- Secured a 12-year lease to Optus Administration Pty Limited (100% owned by Singapore Telecommunications Limited), the tenant in our largest Australian asset, which contributed to an increased weighted average lease expiry of AA REIT with forward leases from 2.55 years in FY2019 to 3.79 years in FY2020.

While this period presents new obstacles to overcome, it also creates many opportunities for a well-prepared organisation. Our focus is on retaining occupancy by engaging with our existing tenants, managing the assets in the portfolio so they provide continued performance, and regularly communicating with our Unitholders to keep them updated on progress. We believe the quality of our assets and their location, along with our professional and prudent management team will be key factors in driving AA REIT's long-term sustained performance.

The Board of Directors of the Manager of AA REIT, is committed to ensuring that the property portfolio remains resilient. I would like to take this opportunity to thank all our staff for their tireless efforts in looking after our portfolio and our Unitholders, for their continued trust in our strategy.

Yours faithfully,

George Wang
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

Koh Wee Lih
Chief Executive Officer

Dear Unitholders,

As we enter into another year, we are faced with a fundamentally altered business environment brought about by the global COVID-19 pandemic. While the unexpected circumstances have led to unchartered economic and operational headwinds, Management is committed to ensure that the property portfolio remains resilient and we support the well-being of our staff, tenants and various stakeholders. Together with AIMS APAC REIT Management Limited's (the Manager) planning, prudence and proactive management approach, we will see through this challenging period together with our stakeholders.

The outlook on the current situation is not only shaped by our track record of navigating periods of uncertainty, but also by the very productive year that FY2020 was for AIMS APAC REIT (AA REIT or the Trust). The positive momentum and strengthened portfolio from the year's numerous milestones have positioned the Trust well to weather this crisis.

We remain confident in the strength of the Trust's portfolio and its business strategy to navigate through these unprecedented times. We remain vigilant in monitoring the situation and will continue to proactively manage the portfolio to protect its long-term value for Unitholders.

STABLE PERFORMANCE ENHANCING SOLID FOUNDATIONS

During the financial year ended 31 March 2020 (FY2020), we focused on delivering on our established strategy to build a high-quality, resilient portfolio to future-proof the Trust for the long term.

Gross revenue achieved in FY2020 was S$118.9 million, up 0.7% from the prior year. This was mainly due to maiden rental contributions from the acquired Boardriders Asia Pacific HQ, which commenced in July 2019, and the newly completed redevelopment at 3 Tuas Avenue 2 from March 2020, as well as full year rental contribution from 51 Marsiling Road. AA REIT also achieved higher revenue contributions from NorthTech and the properties at 8 Tuas Avenue 20 and 1 Bukit Batok Street 22. These increases were partially offset by lower rental and recoveries for 27 Penjuru Lane and 15 Tai Seng Drive, as well as the conversion from master leases to multi-tenancy leases for 1A International Business Park in November 2019 and two phases at 30 Tuas West Road.

CHIEF EXECUTIVE OFFICER'S REVIEW

> The outlook on the current situation is not only shaped by our track record of navigating periods of uncertainty, but also by the very productive year that FY2020 was for AA REIT. The positive momentum and strengthened portfolio from the year's numerous milestones have positioned the Trust well to weather this crisis.

Distributions to Unitholders for FY2020 was S$66.5 million, reflecting a total distribution per Unit (DPU) of 9.50 cents. The DPU was lower compared to the previous year, mainly due to the partial retention of the distributable income of AA REIT's investment in Australia to conserve capital for working capital purposes including rental deferments and/or rebates required to support tenants during COVID-19, as well as a higher proportion of management fees paid fully in cash for the year.

During the year AA REIT successfully executed 86 new and renewed leases representing 190,909 square metres and 28.4% of the portfolio's total net lettable area. Portfolio occupancy was maintained at a healthy rate of 89.4%, above JTC Corporation's overall industry average of 89.2% for the first quarter of 2020.

BUILDING MOMENTUM THROUGH PROACTIVE MANAGEMENT

Throughout the year, the Manager continued to proactively evaluate growth opportunities, evaluating assets to strengthen AA REIT's portfolio and broaden its footprint across the region. Importantly, while the Trust assessed and evaluated numerous opportunities, its patient and disciplined investment approach saw the Manager pursue attractive, strategically suitable properties.

In July 2019, we completed the acquisition of Boardriders Asia Pacific HQ, a light industrial property located in Gold Coast, Queensland, Australia for AUD38.46 million with a headline yield of 7.8%. The strategic, yield-accretive acquisition further bolstered our portfolio with a strong tenant profile in Boardriders Inc., a leading action sports and lifestyle company, and income stability. During FY2020, the property contributed a maiden rental contribution of S$2.6 million.

Boardriders Asia Pacific HQ, Australia

In Singapore, the industrial market is changing rapidly as the government's focus on the country becoming a key industrial and logistics hub for the Southeast Asia region has seen the accelerated development of logistics infrastructure, industrial property and transport links.

Riding on the favourable demand dynamics for logistics space, and in line with our vision to be a trusted provider of industrial real estate solutions, AA REIT continues to successfully identify opportunities to unlock value and optimise the existing portfolio.

During the year, we completed the asset enhancement initiative (AEI) at our NorthTech property within budget, providing our tenant with a high-technology, light industrial building for a contemporary experience, while at the same time being energy efficient. This AEI not only enabled us to meet our tenants' operational requirements, it also saw an increase to the property's value to S$116.5 million, unlocking value and delivering positive investment returns for Unitholders. In addition, this AEI also included sustainability initiatives to reduce AA REIT's carbon footprint.

We also completed the design-and-build redevelopment of 3 Tuas Avenue 2 within budget and on schedule, transforming the asset into a versatile ramp-up industrial facility suitable for production and storage. The property's facilities align with the Singapore Government's master plan to develop and upgrade the Tuas region into a high performing industrial district and enabling AA REIT to capture growth in demand for industrial space.

While being cognisant of the shifting macroeconomic environment, the Manager will continue to look for ways to optimise and strengthen the portfolio to ensure it can evolve to meet the changing industry and tenant needs.

NURTURING LONG-TERM TENANT PARTNERSHIPS

Underpinning the active asset management strategy is the Trust's focus on fostering strong partnerships with its tenants. This commitment to building relationships to engage and retain quality tenants resulted in several milestone lease agreements secured during FY2020.

AA REIT secured a new 12-year agreement for lease at Optus Centre in Macquarie Park, New South Wales, Australia, with our largest tenant Optus Administration Pty Limited (Optus). This significant milestone was the culmination of three years of negotiations and was one of Australia's largest recorded lease deals. The new lease will commence from 1 July 2021 following the completion of an AEI to cater to Optus' evolving operational requirements.

In addition, a 10-year master lease agreement was secured for 3 Tuas Avenue 2 prior to completion of the redevelopment with a global medical device design and development, storage and distribution company. The agreement involved additional enhancements for the tenant's operational needs, highlighting the value that tenants place in tailored and modified facilities.

UNDERPINNED BY PRUDENT CAPITAL AND RISK MANAGEMENT

AA REIT's strong track record of prudent and disciplined capital and risk management will underpin the Trust's ability to weather the challenges to come in the current environment. It is this strong focus on financial management that provides us with good foundations and flexibility while heading into this uncertain period.

During the year, the Trust issued S$100 million 3.60% fixed rate notes (Series 001 Notes) as part of the S$750 million multicurrency debt issuance programme to provide further balance sheet flexibility. The net proceeds from the issuance were used for general corporate purposes, including to finance working capital, capital expenditure and investments, and the partial or full refinancing of existing borrowings.

As at 31 March 2020, AA REIT's aggregate leverage was 34.8%. Furthermore, the Trust retained its financial flexibility with sufficient undrawn committed facilities to meet its well-staggered debt maturity profile, with approximately 81.1% of AA REIT's borrowings on fixed-rates, taking into account interest rate swaps and fixed rate notes. The overall blended funding cost reduced from 3.6% in FY2019 to 3.5% in FY2020.

In May 2020, AA REIT received commitments from several financial institutions to refinance its debt facilities due in 2020 with a new four-year term loan facility of S$100.0 million and a three-year loan facility of AUD32.5 million. These loan commitments, together with the total undrawn committed facilities of S$181.1 million as at 31 March 2020, will enable AA REIT to fulfil its liabilities as and when they fall due. The additional financial flexibility will result in weighted average debt maturity as at 31 March 2020 (on a pro forma basis) to increase to 3.3 years.

CHIEF EXECUTIVE OFFICER'S REVIEW

> Management recognises that ultimately the work that we do now on this front will not only ensure long-term value for Unitholders, but also build a portfolio of high-quality properties.

SUPPORTING ALL STAKEHOLDERS THROUGH COVID-19

The uncertainties surrounding COVID-19 and the challenges for businesses and economies globally have significantly affected overall economic activity and created unprecedented circumstances for the industrial real estate industry. We believe that the challenges faced can be overcome by taking collective responsibility to ensure that all can remain resilient and endure through this unprecedented period.

To date, the government guidelines for the industry and our effective business continuity plan has meant that AA REIT has seen minimal impact to its operations, enabling the Manager to continue operating critical functions of asset and facility management while supporting safe practices and wellbeing of tenants.

The nurtured relationships built with tenants over a long history underpins our commitment to help them see through this period. In addition to passing on the rebate and concessions to qualifying tenants in Singapore and Australia under the respective governments' measures, we continue to actively engage with our tenants affected by the COVID-19 situation to help address their circumstances.

In order to help manage its financial obligations and maintain resilience in the long term, we welcomed the Singapore Government's policies related to Singapore REITs (S-REITs) which allow greater flexibility to manage cash flows and raise capital amid the challenging operating environment. To provide greater headroom and flexibility to manage capital structures, on 16 April 2020, the Singapore Government announced the raising of leverage limits from 45% to 50% for S-REITs. As AA REIT's current aggregate leverage sits well below this threshold, the Manager will continue to monitor AA REIT's cash flows with a focus on conserving cash by prioritising critical asset enhancement and capital expenditure initiatives, and where possible implementing cost savings on operating expenses in line with its long held prudent capital management strategy.

We remain confident in the strength of AA REIT's portfolio and business strategy to navigate through these unprecedented and uncertain times. In addition to the interests of Unitholders, the wellbeing of our tenants and staff are also our top priorities and we will continue to make careful decisions with these priorities in mind.

SUSTAINABLE PRACTICES TO DRIVE FUTURE GROWTH

Even through periods of adversity we must remain focused on the flight path forward. In order to drive long-term operational excellence beyond this period, we require an ability to conduct business sustainably and efficiently, while upholding best practices in our corporate governance standards. In today's globalised world, we are committed to focusing on our triple bottom line and holding our social and environmental contributions together with our economic contributions.

AA REIT's fourth annual sustainability report is included in this Annual Report in accordance with the Global Reporting Initiative (GRI) Standards. Following a stakeholder engagement survey and peer benchmarking exercise, we established a clear understanding of the expectations held by stakeholders of the Trust, and we have aligned our sustainability targets and performance for the years ahead with five United Nations Sustainable Development Goals (UN SDGs) – decent work and economic growth; sustainable cities and communities; industry, innovation and infrastructure; good health and well-being; and affordable and clean energy. Going forward, we will report on our performance and against these UN SDGs to share our progress with stakeholders.

Having already started our sustainability journey many years ago, and in line with our commitment to integrate sustainable practices across operations, approximately half of AA REIT's Singapore portfolio by net lettable area is also BCA Green Mark compliant.

Management recognises that ultimately the work that we do now on this front will not only ensure long-term value for Unitholders, but also build a portfolio of high-quality properties.

3 Tuas Avenue 2, Singapore

LOOKING AHEAD

The global COVID-19 outbreak has continued to escalate since January 2020, which has brought about significant deterioration to the operating environment and has negatively impacted the economic situation in many countries, including Singapore and Australia. There remains a significant degree of uncertainty over the severity and duration of the outbreak. In this context, the Manager is focused on balancing its obligations towards both its Unitholders and tenants.

While Management is confident in the strength of the Trust's portfolio and its business strategy to navigate through these unprecedented and uncertain times, we remain vigilant and nimble in order to anticipate and adapt to the market conditions. We are focused on managing risks while ensuring we continue to take steps to strengthen the portfolio for the long-term to provide Unitholders with sustainable returns into the future.

IN APPRECIATION

On behalf of Management, I would like to thank our Board of Directors, Unitholders, business partners, financiers and valued tenants for their ongoing trust and support in our management and strategy. We look forward to working together with our stakeholders to build our collective strength and resilience as we face these unprecedented and uncertain times.

Special acknowledgement goes to our staff, facility manager and service providers for their hard work and dedication in contributing to the success of AA REIT throughout the year. Not only have they continued to perform their roles dedicatedly during the ongoing uncertainty, they have also shown their tireless commitment to the Trust by helping to put in place the required precautionary measures to ensure the health and safety of their fellow team members and our tenants. AA REIT's success is a testament to their commitment to the Trust and our stakeholders, and it is what will continue to propel us forward on our journey.

Yours faithfully,

Koh Wee Lih
Chief Executive Officer

FINANCIAL HIGHLIGHTS

(S$'million unless otherwise stated)

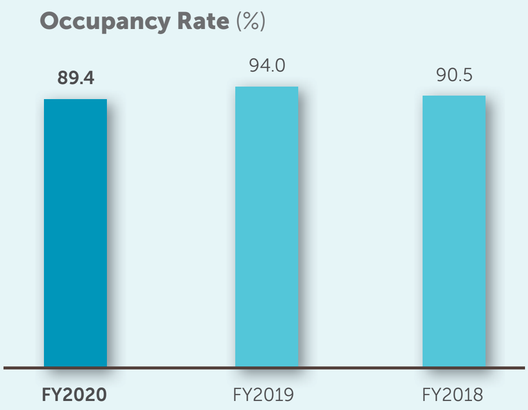
For the Financial Year ended 31 March	2020	2019	2018
Gross revenue	**118.9**	118.1	116.9
Net property income	**89.1**[1]	78.5	76.4
Distributions to Unitholders	**66.5**[2]	70.5	67.4
Distribution per Unit ("DPU") (cents)	**9.50**[2]	10.25	10.30

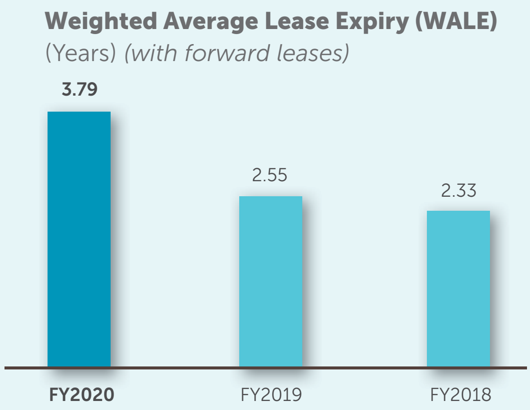
Balance Sheet as at 31 March	2020	2019	2018
Total assets	**1,648.9**[3]	1,484.8	1,477.6
Total liabilities	**693.9**[3]	556.3	538.6
Total borrowings	**541.9**	499.7	494.9
Unitholders' funds	**955.0**	928.5	939.0
Total Units in issue[4] (million)	**706.7**	691.5	684.1

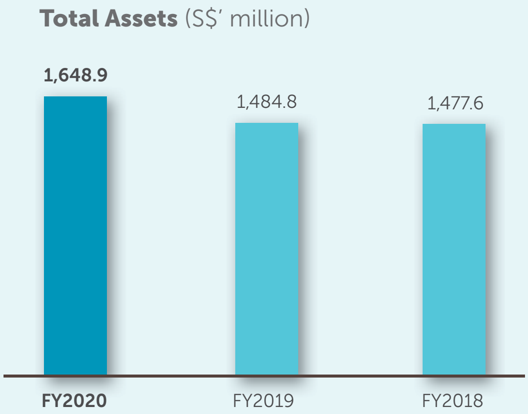
Key financial ratios as at 31 March	2020	2019	2018
Net asset value per Unit (S$)	**1.35**	1.34	1.37
Aggregate leverage ratio[5] (%)	**34.8**	33.7	33.5
Interest coverage ratio[6] (times)	**4.0**	4.4	4.1
All-in-cost of financing (%)	**3.5**	3.6	3.6

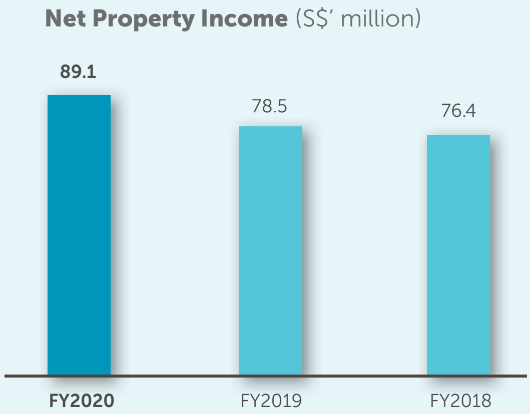
1 Pursuant to the adoption of FRS 116 *Leases* on 1 April 2019, land rent payments for certain properties in AA REIT's portfolio were excluded from property operating expenses and net property income from 1 April 2019.
2 Lower distributions to Unitholders and DPU in FY2020 were mainly due to the retention of S$2.9 million of Australian distributable income to conserve cash for the Group's working capital purposes in view of the COVID-19 situation. The DPU for FY2020 would have been 9.90 cents had the distributable income of S$2.9 million been distributed.
3 Pursuant to the adoption of FRS 116 *Leases* on 1 April 2019, AA REIT recognised right-of-use assets ("ROU assets") and lease liabilities of S$89.9 million in its balance sheet as at 31 March 2020.
4 Based on units in issue and to be issued at the end of each financial year.
5 Aggregate leverage ratio is computed as total borrowings as a percentage of total assets. ROU assets and lease liabilities were excluded from the computation of aggregate leverage.
6 Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes (last revised on 16 April 2020). For purpose of the computation, interest expense included borrowing costs on lease liabilities.

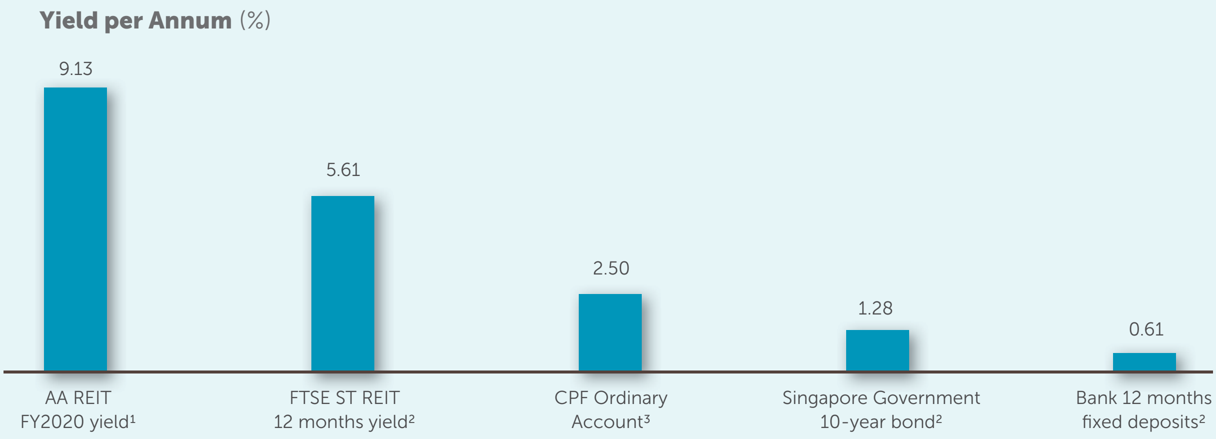
KEY HIGHLIGHTS









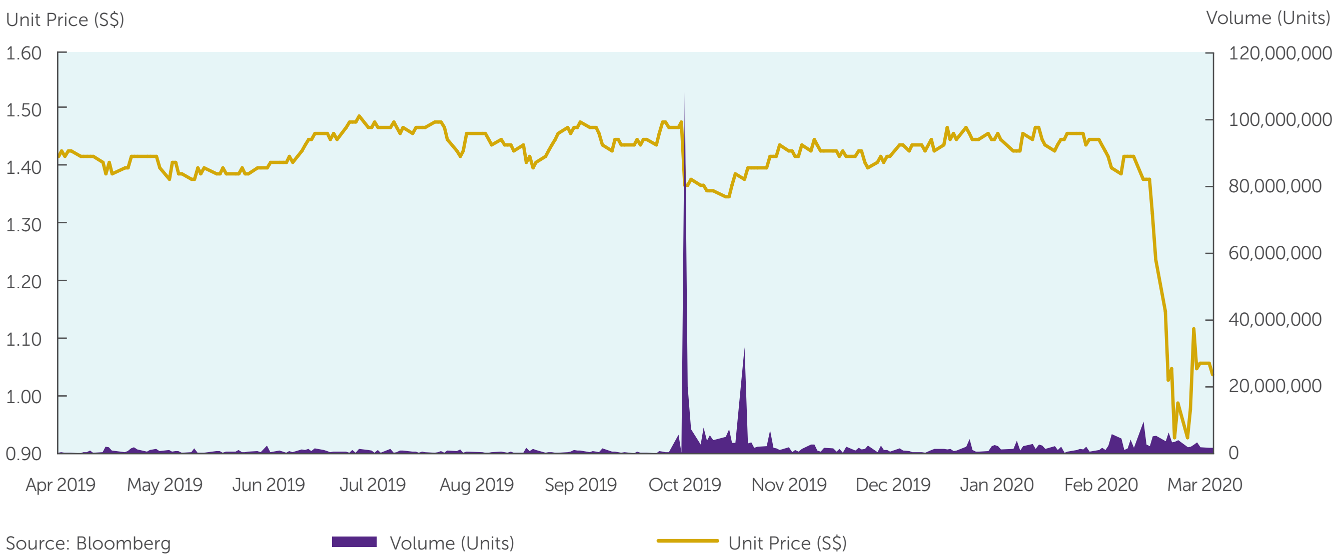


1 Based on closing price of S$1.04 on 31 March 2020 and actual FY2020 DPU of 9.50 cents.
2 Source: Bloomberg data as at March 2020.
3 Prevailing CPF Ordinary Account interest rate.

TRADING PERFORMANCE

	31 March 2020	31 March 2019	31 March 2018
Net asset value per unit (S$)	**1.35**	1.34	1.37
Closing price (S$)	**1.04**	1.42	1.360
Highest price during financial year (S$)	**1.49**	1.43	1.495
Lowest price during financial year (S$)	**0.93**	1.29	1.320
Total volume traded during financial year (Units 'million)	**458.1**	168.4	150.3
Average daily volume traded during financial year (Units 'million)	**1.818**	0.673	0.606
Market capitalisation (based on closing price) (S$'million)	**734.9**	981.1	929.5

Unit Price and Volume



Source: Bloomberg

Total Returns

	%
Since listing on 19 April 2007 to 31 March 2020	3.44
From 1 April 2019 to 31 March 2020 (one-year)	-21.18
From 1 April 2017 to 31 March 2020 (three-year)	-2.17

Total returns are calculated based on the following assumptions:
(a) Investor fully subscribed for his/her rights entitlements.
(b) Gross distributions, before deducting any withholding tax which may be applicable.
(c) Distributions are reinvested into the Trust
- (i) at the closing price on the ex-distribution date; and
- (ii) on the day the distributions were paid out.

SIGNIFICANT EVENTS 2019

11 Apr

Name change to AIMS APAC REIT
Following the completion of the acquisition by AIMS Financial Group of all of AMP Capital's shares in the management entities of AA REIT on 28 March 2019, the name of the Trust was changed to "AIMS APAC REIT" and its website address to www.aimsapacreit.com.

24 Apr

4Q FY2019 and FY2019 financial results
Announced financial results for the financial year ended 31 March 2019, with a 10.0% quarter-on-quarter increase in DPU to 2.75 cents for the quarter. This brought the total DPU for FY2019 to 10.25 cents, with a 4.6% increase in total distributions to Unitholders to S$70.5 million as compared to FY2018.

15 May

Acquisition of Boardriders Asia Pacific HQ property in Gold Coast, Queensland, Australia
Announced contract of sale to acquire Boardriders Asia Pacific HQ, a light industrial development located in the southern Gold Coast suburb of Burleigh Heads, Queensland, Australia for AUD38.46 million. Boardriders, Inc., a global leading action sports and lifestyle company, will lease back the entire NLA of 14,833 sq m for an initial term of 12 years with a headline yield of 7.8%.

21 May

Redemption of S$50.0 million 3.80% fixed rate notes
AACI REIT MTN Pte. Ltd., the issuer of the notes, had redeemed in full the S$50.0 million 3.80% fixed rate notes due on 21 May 2019 issued under the S$500 million Multicurrency Medium Term Note Programme.

15 Jul

Completion of Acquisition of Boardriders Asia Pacific HQ
Announced completion of acquisition of Boardriders Asia Pacific HQ. Following the completion of the acquisition, AA REIT owns a total of 27 industrial properties, of which 25 properties are located throughout Singapore, a property located in Gold Coast, Queensland, Australia and a 49.0% interest in a property located in Macquarie Park, New South Wales, Australia.

SIGNIFICANT EVENTS 2019

18 Jul

Secured 10-year Master Lease for ongoing 3 Tuas Avenue 2 redevelopment
Secured a master tenant, a global medical device company with headquarters in USA, which will occupy the entire premises of approximately 268,000 sq ft upon completion. The master tenant's 10-year master lease is on a triple net lease basis with rental escalations every two years during the initial term, and options to renew the lease for up to a further 20 years after the expiry of the initial 10-year term.

2 Aug

Governance Index for Trusts ("GIFT") 2019
AA REIT was ranked joint fourth in the third edition of Governance Index for Trusts 2019 for its good governance and low business risk. GIFT assesses governance and business risk of 46 out of the 50 real estate investment trusts and business trusts listed on SGX. Areas of governance such as board matters, remuneration of directors and key management, alignment of incentives and interests, internal and external audit, and communication with unitholders were taken into account.

GIFT GOVERNANCE INDEX FOR TRUSTS 2019

25 Jul

1Q FY2020 financial results
Announced financial results for the first quarter ended 30 June 2019, with a DPU of 2.50 cents and total distributions to Unitholders of S$17.4 million for the quarter.

10th Annual General Meeting ("AGM")
All resolutions were duly passed at the 10th AGM.

25 Oct

Standard & Poor's ("S&P") reaffirmed BBB- investment grade rating
S&P reaffirmed AA REIT's investment grade rating of "BBB-" with a stable outlook. The stable rating reflected S&P's expectations that AA REIT will continue to generate steady cash flows and successfully execute its asset enhancement initiatives ("AEIs") over the next 24 months.

5 Nov

2Q FY2020 and 1H FY2020 financial results
Announced financial results for the second quarter ended 30 September 2019, with a stable DPU of 2.50 cents and total distributions to Unitholders of S$17.4 million for the quarter.

11 Nov

The Asset Corporate Awards 2019
AA REIT was awarded The Asset Corporate Awards 2019: Gold Awards in Corporate Governance, Social Responsibility and Investor Relations for the third consecutive year. This further reaffirms AA REIT's commitment to upholding the highest standards of corporate governance, social responsibility, and investor relations.

12 Nov

Issue of S$100.0 million 3.60% fixed rate notes due 2024
Maiden issuance of S$100.0 million 3.60% fixed rate notes due 2024 under the S$750 million Multicurrency Debt Issuance Programme established on 30 November 2018. The net proceeds were used for general corporate purposes, including to finance general working capital, capital expenditure and investments, and the partial or full refinancing of existing borrowings.

25 Nov

Secures 12-year Master Lease for Optus Centre
Announced that AA REIT and its joint venture partner, Stockland, have successfully executed a new agreement for lease with the existing master tenant Optus Administration Pty Limited, AA REIT's largest tenant, for a further 12-year term commencing on 1 July 2021 at the Optus Centre property in Macquarie Park, New South Wales, Australia. It was one of Australia's largest recorded lease deals.

5 Dec

Redemption of S$30.0 million 4.35% fixed rate notes
AACI REIT MTN Pte. Ltd., the issuer of the notes, had redeemed in full the S$30.0 million 4.35% fixed rate notes due on 5 December 2019.

SIGNIFICANT EVENTS 2020

2 Jan

NorthTech AEI completed
Announced the completion of the base contract for the AEI at 29 Woodlands Industrial Park E1, NorthTech. The AEI, which commenced in July 2018, did not affect the property's rental income as it remained operational while the upgrades were being carried out.

13 Jan

Temporary Occupation Permit ("TOP") for 3 Tuas Avenue 2 redevelopment
Received TOP for its redevelopment of 3 Tuas Avenue 2 on 10 January 2020 which was on schedule and within budget. AA REIT had earlier secured the master lease agreement for the entire premises. It is expected to provide S$3.8 million in rental income in the first year with an approximate initial net property income yield of 8.3% based on the estimated development cost.

23 Jan

Achieved BCA Green Mark Award (Gold) for 3 Tuas Avenue 2
3 Tuas Avenue 2 received the Building and Construction Authority ("BCA") Green Mark Award (Gold) to recognise its best practices in environmental friendly and sustainability standards. This is in line with AA REIT's commitment to integrate sustainable practices across its projects.

BCA GREEN MARK

31 Jan

3Q FY2020 financial results
Announced financial results for the third quarter ended 31 December 2019, with a stable DPU of 2.50 cents and total distributions to Unitholders of S$17.6 million for the quarter.

12 Feb

S&P corporate credit rating
Announced that AA REIT would no longer engage S&P to maintain a corporate credit rating. This decision follows AA REIT's established track record of maintaining a corporate investment grade rating of "BBB-". This rating was first assigned by S&P on 16 April 2012 and has since been reaffirmed annually.

31 Mar

Achieved BCA Green Mark Award (Certified) for NorthTech
NorthTech received the BCA Green Mark Award (Certified) to recognise its adoption of green building technologies such as energy efficient mechanical systems and water-efficient fittings.

12 May

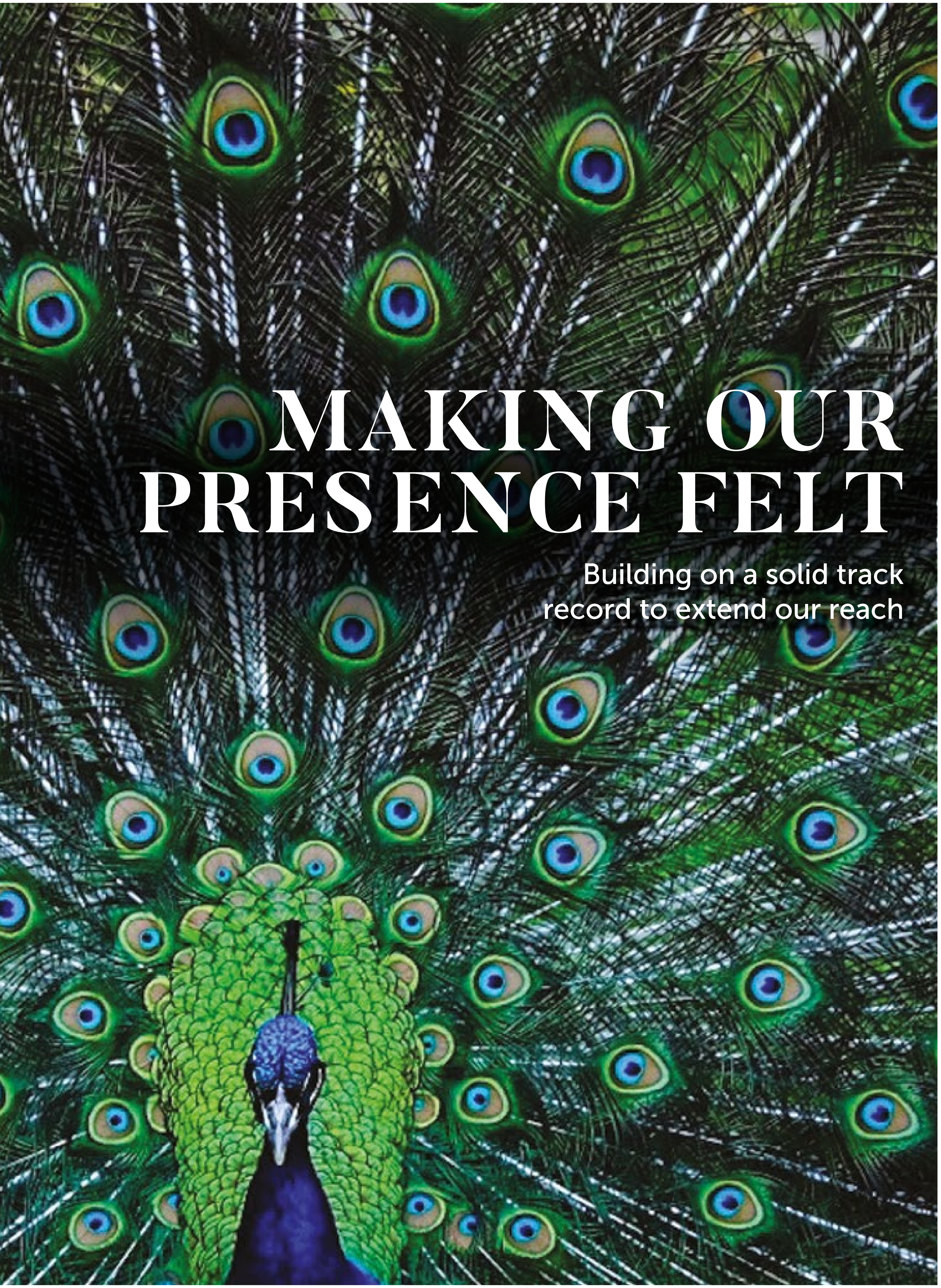
4Q FY2020 and FY2020 financial results
Announced financial results for the financial year ended 31 March 2020, with a 20.0% quarter-on-quarter decrease in DPU to 2.00 cents for the quarter. This brought the total DPU for FY2020 to 9.50 cents, with a 5.6% decrease in total distributions to Unitholders to S$66.5 million mainly due to the partial retention of the distributable income of S$2.9 million from the Group's investment in Australia to conserve cash for the Group's working capital purposes in view of the COVID-19 situation as well as a higher proportion of management fees paid in cash for FY2020.

29 May

Included in the MSCI Singapore Small Cap Index
AA REIT included in the MSCI Singapore Small Cap Index. This index is designed to measure the performance of the small cap segment of the Singapore market. With 51 constituents as at 30 April 2020, the index represents approximately 14% of the free float-adjusted market capitalisation of the Singapore equity universe.

Just as the peacock unfurls its magnificent tail plumes to impress, AA REIT's solid track record of prudent capital management positions it as an investment of choice, empowering the Trust to extend its Asia-Pacific reach.

PEACOCK



MAKING OUR PRESENCE FELT

Building on a solid track record to extend our reach

BOARD OF DIRECTORS OF THE MANAGER

GEORGE WANG

KO KHENG HWA

CHONG TECK SIN

PETER MICHAEL HENG

KOH WEE LIH

GEORGE WANG

Chairman, Non-Executive Non-Independent Director and Member of the Nominating and Remuneration Committee

Mr Wang was first appointed as Chairman on 7 August 2009. Mr Wang is the founding Executive Chairman of AIMS Financial Group and an active participant in Asia Pacific financial services industries. 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, private equity, venture capital and high-tech investment. AIMS Financial Group is also a strategic investor in the Sydney Stock Exchange (SSX). Mr Wang is also the Executive Chairman of AIMS Fund Management Limited, the responsible entity for AIMS Property Securities Fund, a diversified real estate securities fund, which is listed on the Australian Securities Exchange and the Singapore Stock Exchange.

Mr Wang is the President of the AustChina Finance & Investment Council. As the President of AustChina Finance & Investment Council, Mr Wang has been laying the foundations for the financial bridge between Australia and Asia for many years, closely following the development of the Asia Pacific financial sector, at the same time building a professional team.
Mr Wang is also a patron of the Taronga Foundation which is affiliated with the Taronga Zoo based in Sydney, Australia which operates wildlife conservation programs.

Mr Wang holds a Bachelor of Environmental Engineering from Donghua University, China.

KO KHENG HWA

Non-Executive Lead Independent Director, Chairman of the Nominating and Remuneration Committee and Member of the Audit, Risk and Compliance Committee

Mr Ko was appointed as a Director on 21 January 2019 and was appointed as the Chairman of the Nominating and Remuneration Committee on 20 February 2019. He was appointed subsequently as the Non-Executive Lead Independent Director on 29 March 2019.

Mr Ko is currently Chairman of Envision Digital International Pte Ltd and Senior Advisor to Envision Digital Group. Founded in China, the group provides Internet-of-Things digital platform for smart energy and smart cities globally. He is an Independent Director at Ho Bee Land Limited which is listed on the Singapore Stock Exchange. He also serves as Senior or Expert Advisor to several companies including Boston Consulting Group International, Inc.

Public sector leadership positions held previously by Mr Ko included Managing Director of Economic Development Board, CEO of JTC Corporation and CEO of National Computer Board. Business sector leadership appointments held included CEO of Singbridge International Singapore Pte Ltd (a Temasek-linked company), CEO Sustainable Development & Living Business Division of Keppel Corporation Ltd, Chairman of Arcasia (now Ascendas) Land Singapore Pte Ltd, Director of China-incorporated joint venture companies which master-developed the Sino-Singapore Guangzhou Knowledge City and Sino-Singapore Tianjin Eco-City, and Chairman of former NASDAQ-listed Pacific Internet Ltd.

Mr Ko's academic background includes Advanced Management Program, Harvard Business School; Masters in Management, MIT; and BA (Honours) in Civil Engineering, Cambridge University. A President Scholar, he was also conferred the Public Administration Gold Medal by the Singapore Government.

BOARD OF DIRECTORS OF THE MANAGER

PETER MICHAEL HENG

Non-Executive Independent Director, Member of the Audit, Risk and Compliance Committee and Member of the Nominating and Remuneration Committee

Mr Heng was appointed as a Director on 31 March 2017.

Mr Heng has over 31 years of investment management experience. Before this appointment, Mr Heng held the position of Senior Vice President and Chief Investment Officer at NTUC Income Co-operative from 2009 until his retirement in 2015. Prior to that, Mr Heng served as the Chief Investment Officer of Manulife Asset Management (Singapore) Pte. Ltd. and Straits Lion Asset Management Ltd.

Mr Heng is currently a member of the Finance and Investment Committee of Duke-NUS Medical School and Investment Committee of The National Kidney Foundation Singapore.

Mr Heng holds a Bachelor of Science (Economics) from the London School of Economics and Political Science.

CHONG TECK SIN

Non-Executive Independent Director, Chairman of the Audit, Risk and Compliance Committee and Member of the Nominating and Remuneration Committee

Mr Chong was appointed as a Director on 1 October 2018 and the Chairman of the Audit, Risk and Compliance Committee on 29 March 2019.

Mr Chong 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 21 years of experience as an independent director of various companies listed on the Singapore, Hong Kong and Australia stock exchanges. He is currently an independent director and Audit Committee Chairman of Civmec Limited, InnoTek Limited, and Accordia Golf Trust Management Pte. Ltd. He was an independent director of AVIC International Maritime Holdings Limited from 2011 to 2017. He is also an 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.

Mr Chong holds a Bachelor of Engineering from the University of Tokyo, Japan, and a Master of Business Administration from the National University of Singapore.

KOH WEE LIH

Executive Director and Chief Executive Officer

Mr Koh joined the Manager in December 2008 and was appointed the Chief Executive Officer of the Manager on 1 January 2014. He was subsequently appointed as a Director on 29 January 2014. Prior to this appointment, Mr Koh was the Head of Real Estate for the Manager since October 2011 and its Senior Investment Manager before that.

As the Chief Executive Officer of the Manager, Mr Koh is responsible for the overall planning, management and operation of the Trust. He works closely with the Board of Directors to determine business strategies for the strategic development of the Trust.

Mr Koh has over 24 years of experience in investment, corporate finance and asset management, of which more than 16 years are in direct real estate, covering investments, developments, asset management and real estate private equity in the Asia Pacific region.

Mr Koh holds a Master of Business Administration, a Master of Science in Industrial and Operations Engineering and a Bachelor of Science (Summa Cum Laude) in Aerospace Engineering from the University of Michigan.

SENIOR MANAGEMENT OF THE MANAGER

TERENCE LIM

TOH LAY GAN

KOH WEE LIH

STELLA YEAK

HENG KHIAM YEONG

SENIOR MANAGEMENT OF THE MANAGER

KOH WEE LIH
Chief Executive Officer

Mr Koh Wee Lih is also an Executive Director of the Manager. Please refer to his profile under the Board of Directors.

STELLA YEAK
Head, Finance and Company Secretary

Ms Yeak has been with the Manager since February 2013 and has over 21 years of experience in group financial and management reporting, budget and forecasting, financial controls, audit, taxation and compliance with regional exposure in South East Asia, North Asia and Australia, of which more than 16 years are in the real estate industry.

Ms Yeak is responsible for the financial accounting and reporting, capital management, taxation, compliance as well as corporate secretarial matters of AA REIT.

Ms Yeak holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University of Singapore. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Certified Practising Accountant with CPA Australia.

TOH LAY GAN
Head, Asset Management

Ms Toh has been with the Manager since March 2015 and has over 24 years of experience in the real estate industry and expertise in asset and lease management.

As the Head, Asset Management of the Manager, Ms Toh is responsible for the asset and lease management of AA REIT's portfolio.

Prior to joining the Manager, she was the Head of Portfolio and Asset Management with Ascendas Land (S) Pte Ltd, now known as CapitaLand Singapore (BP&C) Pte. Ltd. She also held various roles in the Ascendas Group heading the asset management/leasing teams of different property clusters. Ms Toh was credited particularly for her involvement in the successful launch of Ascendas REIT in 2002. Prior to joining Ascendas, she was with DTZ Leung and Far East Organisation where she specialised in valuation and marketing of industrial properties respectively.

Ms Toh holds a Bachelor of Science (Honours) in Estate Management from National University of Singapore.

HENG KHIAM YEONG
Head, Development & Facility Management

Mr Heng joined the Manager in January 2018 and has over 21 years of experience in real estate development spanning across architectural consultancy, project management, migration management and contract administration for green and brown field projects. His experience spans across a variety of sectors such as industrial, banking, theme parks, institutions and residential.

As the Head, Development & Facility Management of the Manager, Mr Heng is responsible for the facility management of AA REIT's portfolio and oversees all development and/or asset enhancement initiatives.

Prior to joining the Manager, he was the Senior Associate Director at Davis Langdon KPK, an AECOM Company. He was responsible for the project management consultancy services in Singapore and reported directly to the Executive Director of Construction Services. He was also AECOM's local and regional point of contact for several key clients.

Mr Heng holds a Bachelor of Arts (Architectural Studies) from National University of Singapore and a Bachelor of Architecture from Deakin University, Australia.

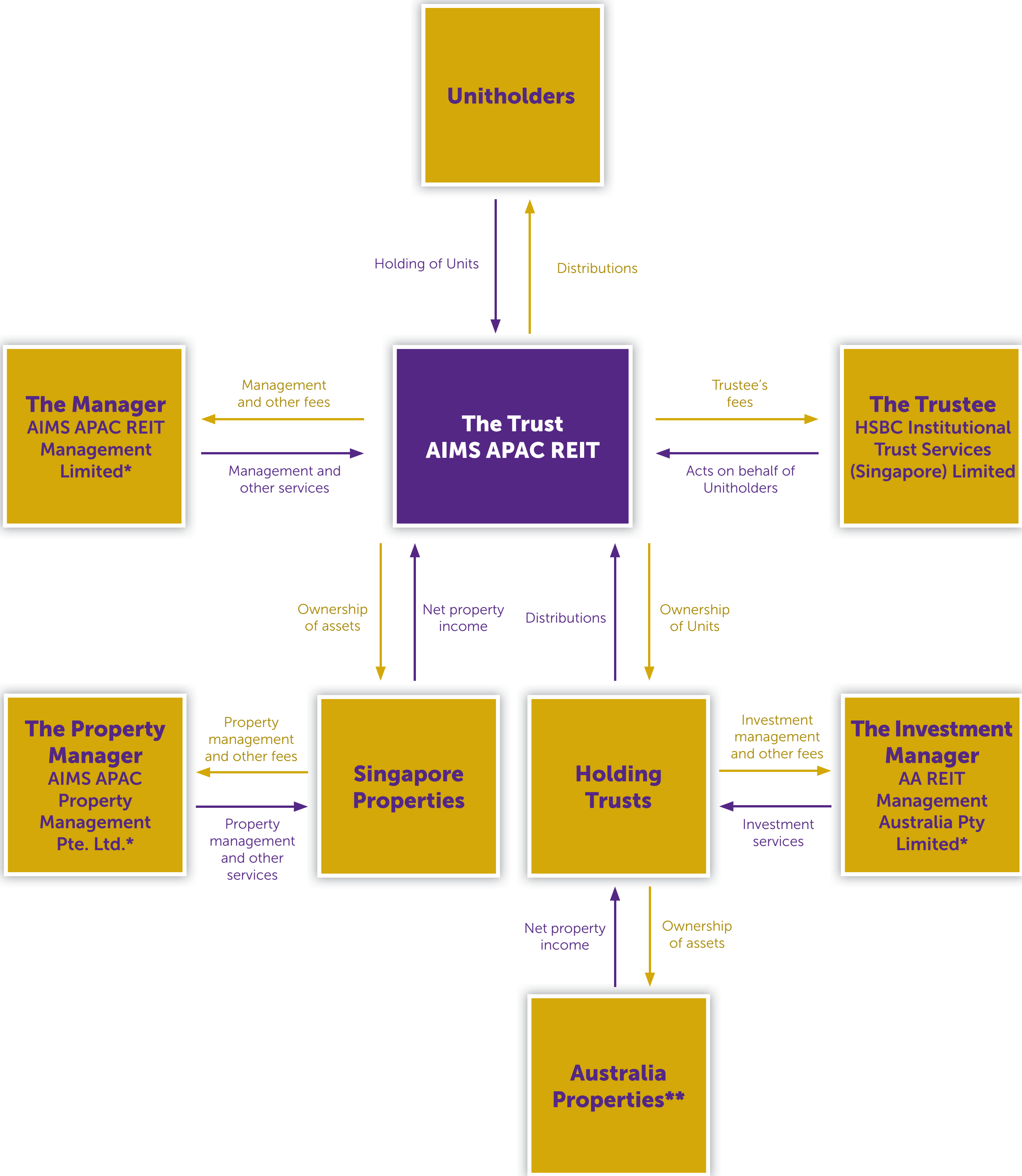
TERENCE LIM
Head, Investment & Investor Relations

Mr Lim joined the Manager in July 2018 and has over 23 years of advisory experience with various financial institutions, with an emphasis on capital markets and corporate finance advisory activities such as equity fund-raising activities, corporate finance advisory services, mergers and acquisitions and various corporate exercises for SGX-listed entities.

As Head, Investment & Investor Relations, Mr Lim is responsible for developing and executing AA REIT's investment strategies to enhance the portfolio returns, as well as managing the investor relations function. He also supports the capital markets activities of AA REIT.

Mr Lim holds a Bachelor of Business Administration from the National University of Singapore. He is a Chartered Valuer and Appraiser with the Institute of Valuers and Appraisers, Singapore and a member of the Singapore Institute of Directors.

TRUST STRUCTURE

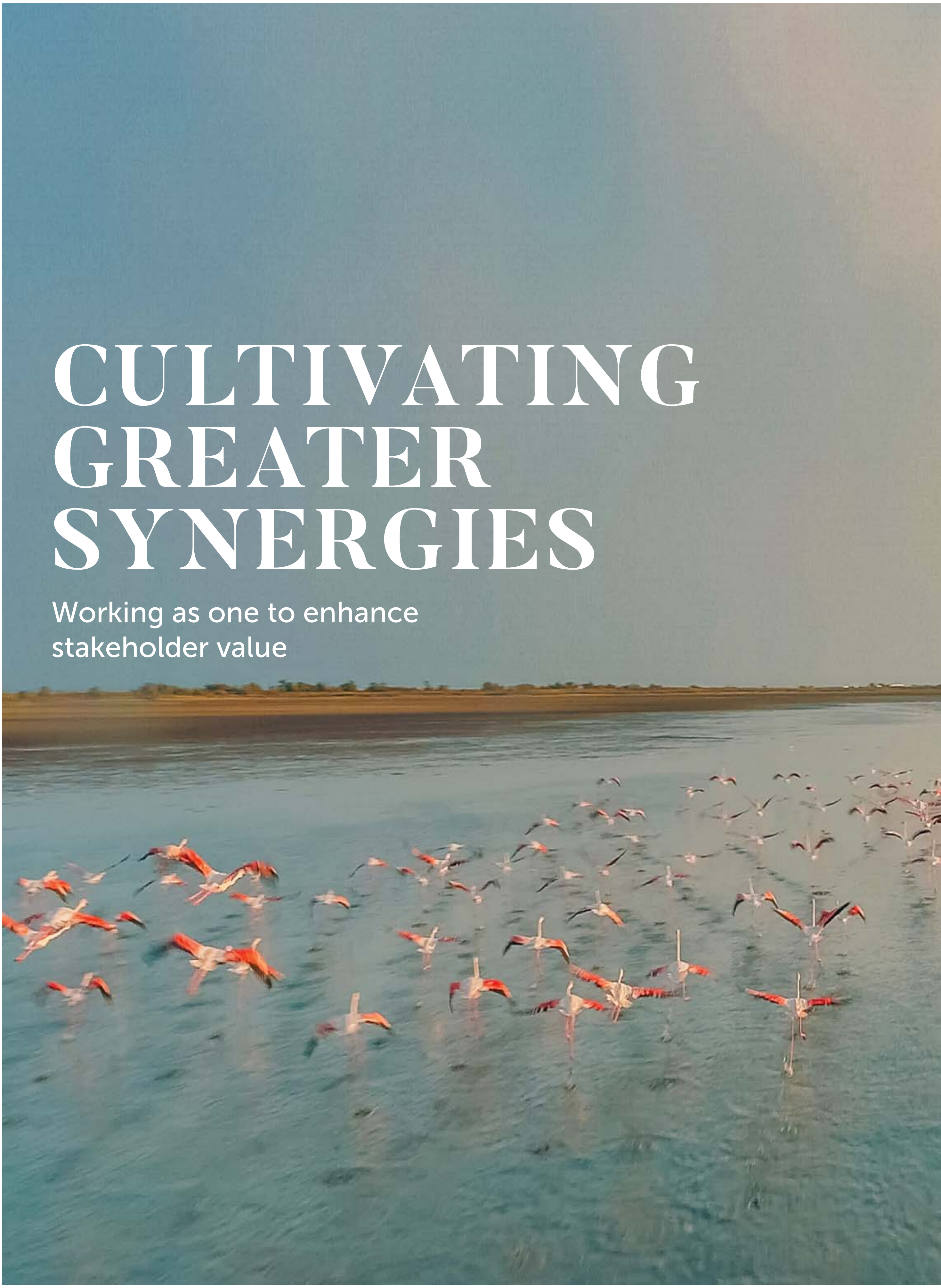


* Indirectly owned by AIMS Financial Group.

** The Australian properties are 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.

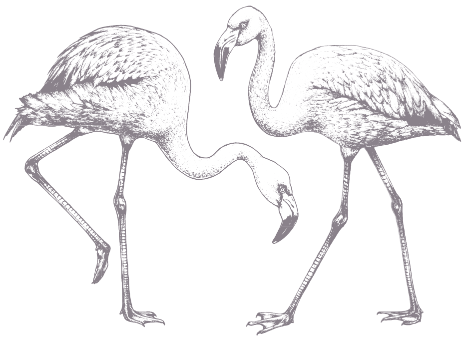
CULTIVATING GREATER SYNERGIES

Working as one to enhance stakeholder value



Flamingos represent the art of balance. At AA REIT, we are committed to focusing on our triple bottom line by striking the right balance between People, Profit and the Planet. To achieve synergies, we work closely with our tenants, investors, business partners and staff to deliver long-term value and build a sustainable future for all stakeholders.

FLAMINGOS



INVESTOR RELATIONS

The Manager views Investor Relations as a strategic management responsibility that enables effective two-way communication between AA REIT and its stakeholders - comprising Unitholders, existing and potential investors, staff, the investment community and the media.

PROACTIVE AND TRANSPARENT COMMUNICATIONS

The Manager of AA REIT is committed to a high standard by delivering timely, transparent and open communication to all stakeholders. Its Investor Relations team strives to release important and material information on AA REIT's financial and operational performance, strategic direction and corporate developments in a clear, concise and consistent manner, in accordance with the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Securities and Futures Act (Chapter 289). The Manager has a non-discriminatory and coordinated practice of disclosing such information through multiple channels to Unitholders, the investment community and the media simultaneously. Consistent with its commitment to a high standard of corporate disclosure, disclosures are also disseminated through the SGX-ST via SGXNet and on AA REIT's corporate website at www.aimsapacreit.com. Members of the public can also subscribe to the email alert service through the website. This ensures that investors have access to information on AA REIT so that they can make clear, concise and accurate investment decisions.

STAYING CONNECTED WITH STAKEHOLDERS

The Investor Relations team maintains regular two-way communication with investors through various touch points including one-on-one meetings, group meetings, local and overseas investor conferences, results briefings, teleconferences and non-deal roadshows to engage the investment community. During FY2020, we held four property tours with investors, media and analysts, which provided greater insights into AA REIT's quality portfolio and operations. The CEO, Head of Finance, and together with the Head of Investment & Investor Relations devote time to engage both existing and prospective investors as such active dialogue on AA REIT's financial and operational performance, industry trends and prospects, allow investors a better understanding of AA REIT.

In FY2020, the Manager continued to actively engage the investment community, holding numerous investor and analyst meetings, both locally and in the region, to keep the market and investors apprised of AA REIT's financial performance and corporate developments. The Manager continues to nurture and maintain its links with sell-side research analysts based in Singapore who issue regular reports and updates. Such interactions not only allow AA REIT to increase its profile and provide the investment community access to the management, they also enable the Manager to obtain feedback on the markets' expectations and perceptions of AA REIT.

Retail investors are an important stakeholder group, and one of the key channels to maintain direct communications with the Manager is through the Annual General Meeting. Held on 25 July 2019, the 10th AGM was well-attended by approximately 200 Unitholders. It served as an essential platform for AA REIT to communicate long-term plans and strategies, update Unitholders on its financial health and allow questions to be raised by Unitholders to the Board and the Management face-to-face. Retail investors can also contact the Investor Relations team through email or telephone with their queries.

IMPACT OF COVID-19

In accordance to the Singapore Government's guidelines pertaining to COVID-19, majority of staff of the Manager have been working remotely from home since March 2020. Nonetheless, AA REIT has continued to maintain its open communications policy with its stakeholders, where timely information can maintain their confidence in AA REIT during such uncertain times. The Manager reviewed its practices to keep the lines of communication open with stakeholders by leveraging technology, and will continue to do so in this period of uncertainty. With conferences and non-deal roadshows being cancelled, they are replaced with conference calls, webcasts and video conferencing to interact with existing and potential shareholders.

INVESTOR RELATIONS RESOURCES

AA REIT's corporate website is a key resource to keep its stakeholders up-to-date on pertinent information such as corporate and Unit price information, financial information, annual reports and announcements. All new announcements are made available on the corporate website immediately after they are released on the SGXNet to ensure equal and prompt dissemination of information.

RECOGNISED FOR CORPORATE GOVERNANCE

As recognition of the Manager's continued efforts to uphold high standards of corporate governance, corporate social responsibility, environmental responsibility and investor relations, AA REIT was awarded the Gold Awards for Excellence in Corporate Governance, Social Responsibility and Investor Relations for the third consecutive year at The Asset Corporate Awards 2019. In addition, AA REIT was included in the initial SGX Fast Track programme in April 2018 which recognises AA REIT for its high corporate governance standards and good compliance track record.

CONSTITUENT OF INDICES

MSCI Singapore Small Cap Index (29 May 2020)

Investor and Media Relations Activities in FY2020

1Q

- 4Q FY2019 and FY2019 results announcement and analyst briefing, and investor luncheon presentation
- REIT Symposium 2019, Singapore
- Property tours for media and investors, Singapore
- Various investor meetings, Singapore

2Q

- 1Q FY2020 results announcement and analyst briefing, and investor luncheon presentation
- 10th AGM
- SGX-MKE Corporate Day, Malaysia
- Citi-REITAS-SGX C-Suite Singapore REITs & Sponsors Forum, Singapore
- Macquarie ASEAN Conference 2019, Singapore
- SGX-DBSV-REITAS Corporate Day, Thailand
- SGX-REITAS Quarterly Education Series, Singapore
- Property tour for investors, Singapore
- Various investor meetings, Singapore/Japan

3Q

- 2Q FY2020 results announcement and analyst briefing, and investor luncheon presentation
- SGX Daily Securities Market Open Ceremony, Singapore
- Various investor meetings, Singapore/ Hong Kong

4Q

- 3Q FY2020 results announcement and analyst briefing, and investor luncheon presentation
- Property tour for investors, Singapore
- Various investor meetings, Singapore

UNITHOLDERS, INVESTORS AND MEDIA CONTACT

Mr Terence Lim
Head, Investment & Investor Relations
Telephone : +65 6309 1050
Email : investorrelations@aimsapac.com

CORPORATE GOVERNANCE

OUR ROLE

AIMS APAC REIT ("AA REIT" or the "Trust") is a real estate investment trust constituted pursuant to 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 the Singapore Exchange Securities Trading Limited ("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 the 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, including the Listing Manual issued by the SGX-ST ("Listing Manual"), the applicable provisions of the Securities and Futures Act (Chapter 289) ("SFA"), the Code on Collective Investment Schemes (including Appendix 6 thereto on property funds ("Property Funds Appendix")), written directions, notices, codes and other guidelines that may be issued by MAS from time to time, the Trust Deed and the 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 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 section of this Annual 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.

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 Code of Corporate Governance 2018 ("CG Code") when discharging our responsibilities as the Manager.

This corporate governance report describes the corporate governance policies and practices that were in place during the financial year ended 31 March 2020 ("FY2020") with specific reference to the principles and provisions of the CG Code, and where applicable, the Listing Manual and the Companies Act (Chapter 50 of Singapore) ("Companies Act"). For FY2020, 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.

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.

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 performance. Where any Director has 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 interest and recuse himself 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 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 in identifying key stakeholder groups and recognises that their perceptions affect AA REIT's reputation.

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 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 quarterly 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.

CORPORATE GOVERNANCE

In the discharge of its functions, the Board is supported by special board committees ("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 the NRC are both chaired by Non-Executive Independent Directors. The Board comprises members with a breadth of expertise in real estate, accounting, finance, investments, public sector, business and management. 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 Ko Kheng Hwa	Non-Executive Lead Independent Director	Member	Chairman
Mr Chong Teck Sin	Non-Executive Independent Director	Chairman	Member
Mr Peter Michael Heng	Non-Executive Independent Director	Member	Member
Mr Koh Wee Lih	Executive Director and Chief Executive Officer	-	-

The profiles of the Directors and other relevant information are set out on pages 26 to 28 of this 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 this Annual Report. Information on the NRC can be found in the "Board membership", "Board performance" and "Remuneration matters" sections of this 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 during FY2020 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 FY2020	5	4	2	1
Board members				
Mr George Wang	5	n/a	2	1
Mr Ko Kheng Hwa	5	4	2	1
Mr Chong Teck Sin	5	4	2	1
Mr Peter Michael Heng	5	4	2	1
Mr Koh Wee Lih[1]	5	4	2	1

n/a Not applicable as Director is not a member of the ARCC.

1. Mr Koh Wee Lih, being the Chief Executive Officer, attends all the ARCC and the NRC meetings by invitation although he is not a member of either Board Committee.

The Manager's Constitution permits Board meetings to be held by way of telephone conference or any other electronic means of communication by which all persons participating in the meeting are able contemporaneously, to hear and be heard by all other participants. If a Director is unable to attend a Board meeting or Board Committee meeting, he 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 or Board Committee if he has any views and comments on the matters to be discussed so that they can be conveyed and tabled at the meeting for discussion.

The Manager issues formal letters to new Directors 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 facilitate a more complete 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 Company Director ("LCD") Programme conducted by the Singapore Institute of Directors in order to acquire relevant knowledge of what is expected of a listed company director. The LCD 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. The Manager allocates each Director with an annual training budget and recommends relevant and/or necessary training courses and programmes for the Directors' participation.

The Board is regularly updated either during Board Meetings or at specially convened meetings involving 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 ("Secretary") works with the Chairman and the Chief Executive Officer 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 so as to be at hand 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 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 his or their duties effectively.

CORPORATE GOVERNANCE

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.

The Board considers and assesses the independence of each Director in accordance with 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 of AA REIT do not appoint the directors of the Manager. In addition, Provision 2.2 of the CG Code recommends that independent directors make up a majority of the Board where the Chairman is not an independent director and Provision 2.3 of the CG Code recommends 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 AIMS Financial Group and is not an Independent Director. The current composition of the Board is in keeping with prevailing guidelines and regulations, consisting of five members, of whom majority are Independent Directors. The majority of the Board members are also Non-Executive Directors with the Chief Executive Officer as the only Executive Director.

Under the CG Code, an independent director is one who is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its substantial shareholder 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 imposes additional independence requirements on the Manager. Under the SF(LCB) Regulations, a director is considered to be an independent director 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.

An independent director who did 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, taking into consideration independence requirements set out in the CG Code as well as the SF(LCB) Regulations, annually. The NRC assesses whether each of the Independent Directors has any relationships or circumstances which could affect his 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.

The following paragraphs set out the outcome of the assessment carried out by the NRC on the independence of the Independent Directors for FY2020:

(a) Mr Peter Michael Heng

Mr Peter Michael Heng is a director of the Property Manager, which is a related corporation of the Manager and AIMS Financial Holdings Limited, a substantial shareholder of the Manager and a substantial unitholder of AA REIT. Mr Heng's role in the Property Manager is to provide oversight as an independent director of the Property Manager since the Property Manager provides significant services to AA REIT. As such, his role is non-executive in nature and he is not involved in the day-to-day conduct of the business of the Property Manager. He serves on the Property Manager in his personal capacity as an independent director and not as a representative or nominee of AIMS Financial Holdings Limited. In addition, he is not in any obligation to act in accordance with the directions, instructions or wishes of AIMS Financial Holding Limited. The NRC has considered the conduct of Mr Heng in the discharge of his duties and responsibilities as a Director, and is of the view that the aforementioned relationship did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. Save for the aforementioned relationship, Mr Heng does not have any other relationships and is 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 his independent judgement. The NRC is therefore of the view that Mr Heng has exercised independent judgement in the discharge of his duties and responsibilities, and is able to act in the interests of all Unitholders of AA REIT as a whole. Based on the above, the NRC arrived at the determination that Mr Heng is an Independent Director.

(b) Mr Ko Kheng Hwa and Mr Chong Teck Sin
Mr Ko Kheng Hwa and Mr Chong Teck Sin do not have any relationships and are not faced with any of the circumstances identified in the CG Code, SFR(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 responsibilities as a Director and concluded that each of them has acted with independent judgement. The NRC is therefore of the view that each of Mr Ko and Mr Chong has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the NRC arrived at the determination that each of Mr Ko and Mr Chong is an Independent Director.

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

(a) Mr Ko Kheng Hwa and Mr Chong Teck Sin (i) are independent from the management of the Manager and AA REIT during FY2020; (ii) are independent from any business relationship with the Manager and AA REIT during FY2020; (iii) are independent from every substantial shareholder of the Manager and every substantial unitholder of AA REIT during FY2020; (iv) are not a substantial shareholder of the Manager or a substantial unitholder of AA REIT during FY2020; 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 FY2020; and

(b) Mr Peter Michael Heng (i) is independent from the management of the Manager and AA REIT during FY2020; (ii) is not a substantial shareholder of the Manager or a substantial unitholder of AA REIT during FY2020; (iii) has not served as a director of the Manager for a continuous period of nine years of longer as at the last day of FY2020, and notwithstanding that Mr Heng is not independent from business relationship with the Manager and AA REIT as well as from the substantial shareholder of the Manager and substantial unitholder of AA REIT during FY2020, the Board is satisfied that such relationship did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director and Mr Heng was able to act in the best interests of all Unitholders of AA REIT as a whole, as at 31 March 2020, and concurred with the NRC's determination that Mr Heng is an Independent Director. As at 31 March 2020, Mr Heng was able to act in the best interests of all Unitholders of AA REIT as a whole.

Mr George Wang is the founder and Chief Executive Officer of AIMS Financial Group, which owns the Manager, the Property Manager and such other Sponsor-related entities as set out on page 211 of this Annual Report and is a substantial unitholder of AA REIT. Therefore, Mr Wang is deemed to have a management relationship with a related corporation of the Manager and a business relationship with AA REIT as well as deemed to be a substantial shareholder of the Manager and a substantial unitholder of AA REIT. Mr Koh Wee Lih is currently the Executive Director and Chief Executive Officer of the Manager. As such, he has a management relationship with the Manager and is deemed to be connected to a substantial shareholder of the Manager and a substantial unitholder of AA REIT. The Board of the Manager is satisfied that, as at 31 March 2020, each of them was able to act in the best interests of all Unitholders of AA REIT as a whole. For the purposes of Regulation 13E(b)(ii) of the SF(LCB) Regulations, as at 31 March 2020, each of Mr George Wang and Mr Koh Wee Lih was able to act in the best interests of all Unitholders of AA REIT as a whole.

Non-Executive 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 Independent and Non-Executive Directors on issues that are brought before the Board. It also enables the Board to interact and work with Management through a robust exchange of ideas and views to help shape the strategic process. The Non-Executive 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.

The size and composition of the Board is reviewed from time to time to ensure that the Board is of an appropriate size and the composition reflects a strong independent element as well as balance and diversity of thought and background to facilitate effective decision-making. During FY2020, the Board has adopted a Board Diversity Policy. The NRC will, in its process of searching for qualified persons to serve on the Board, strive for the inclusion of diverse groups and viewpoints. 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. During FY2020, the Board has reviewed its size and composition and is of the view that the current Board comprises of members with diverse business experiences with a breadth of expertise in real estate, accounting, finance, investments, public sector, business and management to enable it to make decisions in the best interests of AA REIT, and accordingly, the Board composition is in line with spirit

CORPORATE GOVERNANCE

of Principle 2 of the CG Code. Taking into account the nature, scope and requirements of AA REIT's operations, the Board is satisfied that the present Board size and composition is appropriate and enables constructive debate as well as effective decision-making in the best interests of the Unitholders of AA REIT.

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. 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 Non-Executive Directors, encourages constructive relations between the Executive Director, Non-Executive 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 recommends appointing an independent director to be the lead independent director in certain circumstances, including where the Chairman is not independent. Mr Ko Kheng Hwa is the current Lead Independent Director in accordance with Provision 3.3 of the CG Code. Mr Ko as 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 Head, Finance, 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.

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.

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:

- 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;
- conducting annual assessment of the Board and its performance and provide a report of its findings to the Board;
- review and confirmation of the independence of each Director annually;
- reviewing of training and professional development programmes for the Board and the Directors; and
- the appointment of Directors (including the alternate directors, if any).

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 comprises four Directors, the majority of whom, including NRC Chairman, are independent directors. The current members of the NRC are as follows:

Mr Ko Kheng Hwa (Lead Independent Director)	NRC Chairman
Mr Chong Teck Sin	NRC Member
Mr Peter Michael Heng	NRC Member
Mr George Wang	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 funds management, the property industry and financial management;

- 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 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 FY2020, none of the Directors has appointed an alternate director.

The NRC considers whether each Director is able to and has been adequately carrying out his duties as a Director, taking into consideration, *inter alia*, the Director's other public 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 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 FY2020, 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.

CORPORATE GOVERNANCE

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.

In FY2020, 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 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 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 FY2020, 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; and

- reviewing the Manager's obligations arising in the event of the termination of a Director's or key management personnel's contract of service and 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 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 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 FY2020.

The compensation structure for the variable component is comprehensive and structured, and directly linked to corporate and individual performance, both in terms of financial, non-financial 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. Some of the KPIs of the Manager include distribution growth of AA REIT, occupancy rate of AA REIT's property portfolio and the unit price performance of AA REIT compared to its peers. This will allow alignment of the Manager's employees' interests with those of AA REIT's Unitholders. During FY2020, the NRC has reviewed the performance of the Manager and is satisfied that all KPIs have largely been achieved.

The Chief Executive Officer and Non-Executive Non-Independent Directors are not paid directors' fees by the Manager. 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 Directors, and they are not overcompensated to the point that their independence may be compromised. 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 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.

CORPORATE GOVERNANCE

Directors' fees are paid by the Manager. As at 31 March 2020, the directors' fees paid in cash were as follows:

Directors' fees	FY2020	FY2019
Board Members		
Mr George Wang	-	-
Mr Ko Kheng Hwa	S$70,000	S$13,306[1]
Mr Chong Teck Sin	S$72,500[3]	S$32,540[2]
Mr Peter Michael Heng	S$65,000	S$67,500[4]
Mr Norman Ip Ka Cheung	-	S$74,597[5]
Mr Eugene Paul Lai Chin Look	-	S$62,500
Mr Koh Wee Lih	-	-

1 Mr Ko Kheng Hwa was appointed as Non-Executive Independent Director, member of the ARCC and member of the NRC on 21 January 2019. Following the retirement of Mr Eugene Paul Lai Chin Look on 20 February 2019, Mr Ko succeeded Mr Lai as Chairman of the NRC with effect from 20 February 2019. Following the retirement of Mr Norman Ip Ka Cheung on 29 March 2019, Mr Ko succeeded Mr Ip as Non-Executive Lead Independent Director. For avoidance of doubt, with effect from 29 March 2019, Mr Ko is the Non-Executive Lead Independent Director, Chairman of the NRC and member of the ARCC of the Manager.
2 Mr Chong Teck Sin was appointed as Non-Executive Independent Director, member of the ARCC and member of the NRC on 1 October 2018. Following the retirement of Mr Norman Ip Ka Cheung on 29 March 2019, Mr Chong succeeded Mr Ip as the Chairman of the ARCC. For avoidance of doubt, with effect from 29 March 2019, Mr Chong is the Non-Executive Independent Director, Chairman of the ARCC and member of the NRC of the Manager.
3 Includes a S$2,500 fee for chairing the FY2019 Annual General Meeting ("AGM") in July 2019.
4 Includes a S$2,500 fee for chairing the FY2018 AGM in July 2018.
5 Mr Norman Ip Ka Cheung retired as Non-Executive Lead Independent Director, Chairman of the ARCC and member of the NRC on 29 March 2019.
6 Mr Eugene Paul Lai Chin Look retired as Non-Executive Independent Director, Chairman of the NRC and member of the ARCC on 20 February 2019.

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.

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

- the spirit of Principle 8 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 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 FY2020 have been fully disclosed under the "Interested person/interested party transactions" section of the 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 majority of the current management team has been serving the Manager and AA REIT for a considerable period of time and it is a stable and effective team. 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.

In FY2020, 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.

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 Legal and Compliance Manager has been appointed to provide oversight and co-ordination of risk management to the Manager and AA REIT. Periodic updates will be provided by the Legal and Compliance Manager to the ARCC on AA REIT's and the Manager's risk profile. Such updates would include an assessment of AA REIT's 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. 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 and effectiveness of internal controls policies and procedures to ensure that a robust risk management framework and internal control system is maintained.

Information on risk management can be found in the section "Risk Management Report" on pages 56 to 57 of this Annual Report.

The Board has received assurance from the Chief Executive Officer and Head, Finance of the Manager that: (a) the financial records have been properly maintained; (b) the financial statements of AA REIT and its wholly-owned subsidiaries ("Group") and the Trust 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 2020, 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 Unit Trusts" issued by the Institute of Singapore Chartered Accountants 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 2020.

CORPORATE GOVERNANCE

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 (including financial, operational, compliance and information technology 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 2020. 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 FY2020.

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.

Audit Committee

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

Audit, Risk and Compliance Committee

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 Chairman
Mr Ko Kheng Hwa	ARCC Member
Mr Peter Michael Heng	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 38 of this 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.

The duties of the ARCC include:

- 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 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 Head, Finance on the financial record 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.

During FY2020, the ARCC's activities included the following:

- The ARCC performed independent reviews of AA REIT's quarterly 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 the financial year ended 31 March 2020, 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 COVID-19 pandemic which was declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020 continues to pose challenges to businesses and the economy globally, including in Singapore and Australia where AA REIT's investment properties are located. 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 which included the effect of the COVID-19 pandemic situation, 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 approach, discounted cash flow analysis and direct comparison method were consistent with generally accepted market practices. The external auditors also determined that the key assumptions used in the valuations, including the market rental growth, capitalisation rates, discount rates and terminal capitalisation rates, were generally within the range of market data available as at 31 March 2020. 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 reflective of current market conditions (e.g. rental rates and occupancy rates) as at 31 March 2020 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 133 to 134 of this Annual Report for the key audit matter as reported by the external auditors in the audit report for the financial year ended 31 March 2020.

CORPORATE GOVERNANCE

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 FY2020 was approximately S$305,000, of which audit fees amounted to approximately S$227,000 and non-audit fees amounted to approximately S$78,000. The non-audit fees paid/payable to the external auditors mainly related to general tax and advisory services in relation to asset acquisition.

  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 AGM.

  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 has been put in place to provide a channel through which employees, being a 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, all employees can notify in writing of any reportable conduct to the Whistleblower Protection Officer or the Chairman of the ARCC. The email address of the Whistleblower Protection Officer is compliance@aimsapac.com.

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 FY2020, the Whistleblower Protection Officer or the Chairman of the ARCC did not receive any report of reportable conduct.

Internal Audit

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 2017, Ernst & Young Advisory Pte Ltd ("EY") 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. EY has unfettered access to all the Manager's documents, records, properties and personnel, including unrestricted access to the ARCC. 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.

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

In FY2020, EY 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, EY reported their audit findings and recommendations to Management who responded on the actions to be taken. EY 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 FY2020 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.

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.

CORPORATE GOVERNANCE

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 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.

Conduct of general meetings

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. 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 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 AGM. During the AGM for FY2019, all Directors (including the chairpersons of the respective Board Committees), Chairman of the Board, Chief Executive Officer, senior management of the Manager were in attendance and the external auditors of AA REIT were also 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 38 of this 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 Code requires the issuer's 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 as Unitholders have adequate opportunities to communicate their views on matters affecting AA REIT even when they are not attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, 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 displayed 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 with stakeholders to engage and facilitate communications. The investor relations function is headed by the Head, Investment & Investor Relations. In order to provide regular, effective and fair communication of accurate and timely information to the investment community, the Manager conducts regular briefings and conference calls for 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 to address their concerns. Unitholders' views are also solicited during general meetings as the Unitholders are given opportunity to raise questions and clarify on any issues.

Investors may also subscribe to email alerts on AA REIT's corporate website for all announcements and SGXNET filings issued by AA REIT. They are also able to direct their enquiries to the Investor Relations team of the Manager and receive responses in a timely manner. Please refer to the "Investor Relations" section of this 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.

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 this Annual Report.

The Manager maintains AA REIT's corporate website at 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, a quarterly memorandum is issued to the Directors, officers and employees of the Manager on restrictions on dealings in the Units in AA REIT:

(a) during the period one month before the public announcement of the Group's annual results and two weeks before the public announcement of the Group's quarterly results, and ending on the date of announcement of the relevant 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 notice to the Manager of his acquisition of Units or changes in the number of Units which he holds or in which he has an interest within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest.

CORPORATE GOVERNANCE

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. The Manager has also undertaken that it will not deal in the Units one month before the public announcement of the Group's annual results and two weeks before the public announcement of the Group's quarterly results and ending on the date of announcement of the relevant results.

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 associate has an interest, direct or indirect, such interested Director is required to disclose his interest and will abstain from voting on resolutions approving the said matter.

Interested party transactions

The Manager has established an internal control system to ensure that all transactions with Interested Parties (as defined in the Property Funds Appendix) ("Interested Party Transactions") are undertaken on 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 one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The Manager maintains a register to record all 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) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the Group's net tangible assets will be subject to review by 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 party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the Group's net tangible assets will be subject to the review and prior approval of the ARCC;

(c) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested 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

(d) the ARCC's approval shall only be given if the transactions are on arm's length and on normal commercial terms and consistent with similar types of transactions with third parties which are not 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 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 Party. If the Trustee is to sign any contract with an 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/interested party transactions (equal to or exceeding S$100,000 each in value) entered into by AA REIT during the financial year are disclosed on page 211 of this Annual Report.

Fees payable to the Manager

Pursuant to the Trust Deed, the Manager is entitled to receive fees payable out of the deposited property of AA REIT.

The methodology for the computation of the fees is disclosed on page 150 under the "Notes to the Financial Statements" section of this Annual Report.

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:

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.

Performance fee
The performance fee is only payable when the Manager has achieved certain levels of growth in the Distribution per Unit ("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.

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.

RISK MANAGEMENT REPORT

ENTERPRISE RISK MANAGEMENT ("ERM") FRAMEWORK

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

The Board of Directors is responsible for the governance of risk. It is assisted by the ARCC to provide an overview of risk management at the Board level. The ARCC meets on a quarterly basis or more frequently, if required and these meetings are attended by the Chief Executive Officer as well as other key management staff. The ARCC is assisted by the Legal and Compliance Manager and a team of risk leaders on risk management issues.

The Management has adopted an ERM framework to create a robust and rigorous corporate governance structure. This approach systematically identifies major risks that confront AA REIT, estimates the significance of those risks in business processes and addresses the risks in a consistent and structured manner. Key risks, mitigating measures and Management actions are continually identified, reviewed and monitored by Management as part of the ERM framework.

A robust internal control system and an effective independent audit review process make up the ERM framework, which addresses financial, operational, compliance and information technology risks to safeguard Unitholders' interests and AA REIT's assets and also to manage risks. The Manager is responsible for the design and implementation of effective internal controls. The internal auditor carries out independent reviews to test the design and implementation to provide reasonable assurance to the ARCC on the adequacy and effectiveness of the internal control system.

Key Risks in FY2020

AA REIT reviews and updates risk management systems and methodology yearly so as to manage risks in accordance with its current business conditions, preserve capital and enhance Unitholders' value. The key risks that were identified in FY2020 include but are not limited to the following:

Market risk
All investment proposals (such as redevelopment or asset enhancement initiatives of existing properties or acquisitions of new properties/investments) are subject to rigorous and disciplined assessment by Management. In addition, the investment proposals are further robustly reviewed and discussed in the BRC. The BRC will then consider the appropriateness of the potential transaction before making a recommendation to the Board. The role of the BRC is set out on page 38 of this Annual Report. Risk assessment is an important aspect of the evaluation process. Each investment proposal submitted to the Board for approval is accompanied by an assessment of risk factors and risk mitigation strategies.

AA REIT faces real estate market risks such as the volatility in rental rates and occupancy rates due to strong competition and soft demand for industrial premises which have an adverse effect on property yields. In order to mitigate such risks, the Manager has established a diversified tenant base, reduced its tenant concentration risk and has in place proactive tenant management strategies. Regular feedback is also obtained from tenants to foster close landlord-tenant relationships. Where the opportunity arises, the Manager also embarks on asset enhancement activities to improve the value, performance and competitiveness of the properties in AA REIT's portfolio.

Regulatory and compliance risk
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, including the SFA, Listing Manual, Property Funds Appendix, Trust Deed, conditions of the capital markets services licence for real estate investment trust management issued by MAS as well as tax rulings issued by Inland Revenue of Authority of Singapore on taxation of AA REIT and its Unitholders. 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 attending talks and briefings. Various internal procedures have been put in place to facilitate staff awareness and ensure compliance to the applicable laws and regulations.

Credit risk
Tenant credit evaluations are performed by the Manager at the investment stage prior to the acquisition of an asset. For new leases, credit risk assessments are performed by the Property Manager prior to signing lease agreements. The finance and asset management teams monitor the amounts owed by tenants on an ongoing basis. Credit risk is further mitigated by security deposits either in the form of cash or bankers' guarantees issued by financial institutions with sound credit ratings.

Cash and fixed deposits are placed with financial institutions which are regulated by MAS. Transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

Liquidity risk
The Manager maintains an efficient use of cash and debt facilities in order to balance the costs of borrowing and ensuring 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 2020, the current interest-bearing borrowings relate to term loans of S$100.0 million and AUD65.0 million which are due to mature in August 2020 and November 2020 respectively. In May 2020, the Group received commitments from its lenders to refinance the facilities with a new four-year term loan facility of S$100.0 million and a new three-year term loan facility of AUD32.5 million. In addition, the Group and the Trust have total undrawn committed facilities of S$181.1 million to fulfil their liabilities as and when they fall due.

Foreign exchange risk
AA REIT is exposed to fluctuation of the Australian dollar against the Singapore dollar. The Manager's strategy is to achieve a natural hedge through the use of Australian dollar denominated borrowings to fund the Group's interest in the Australian investments, thereby mitigating the foreign exchange risk. As at 31 March 2020, the foreign currency borrowings hedge approximately 68% of the book value of AA REIT's investments in Australia. The level of foreign currency denominated borrowings also effectively hedges approximately half of the foreign currency income from Australia.

Interest rate risk
The Manager adopts a proactive interest rate management approach in managing the risk associated with adverse movement in interest rates on interest bearing borrowings which carry floating interest rates. The Manager also monitors interest rate risk regularly to limit AA REIT's net interest exposure to adverse movements in interest rate. As part of risk management, the Manager enters into hedging transactions to partially mitigate the risk of such interest rate fluctuations through the use of interest rate swaps and/or fixed rate borrowings. As at 31 March 2020, 81.1% of AA REIT's total debt was on fixed rates taking into account interest rate swaps entered into and fixed rates medium term notes issued.

Operational risk
All operations are aligned to AA REIT's focus on generating rental income to deliver secure and stable distributions and provide long-term capital growth to Unitholders. Measures include prompt lease renewals to reduce vacancies, prudent control of property expenses and an annual maintenance 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 latest legislations and regulations.

A Business Continuity Plan has been approved by the Board, to minimise the potential impact from disruptions to critical businesses in the event of emergencies such as terrorism, haze and pandemics. The Manager practises risk transfer by procuring relevant insurance policies to mitigate certain financial losses.

Project management risk
The construction and redevelopment of investment properties usually take two to three years to complete, depending on the project size and complexity of the development. There is potential risk that such redevelopment and construction projects may not be completed within the anticipated time frame and budget. A Project Control Group is formed for each construction or redevelopment project. This group meets regularly to monitor and ensure that the project is progressing within the timeline and budget.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

GRI 102-1 | 102-46 | 102-50 | 102-52 | 102-53 | 102-54 | 102-56

AIMS APAC REIT Management Limited (hereafter referred to as the "Manager"), manager of AIMS APAC REIT ("AA REIT"), is proud to present our fourth annual Sustainability Report. This report outlines our environmental, social, and governance ("ESG") management approach, initiatives and performance for the financial period from 1 April 2019 to 31 March 2020 ("FY2020").

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core Option and Rule 711B of the Listing Manual issued by the Singapore Exchange Securities Trading Limited ("SGX-ST Listing Manual"). The GRI Sustainability Reporting Standards are the first, most trusted, and widely used global standards framework for sustainability reporting on ESG impacts. GRI Content Index can be found on pages 74 to 77.

The report content is aligned to the four GRI Reporting Principles: Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness, and the scope covers all properties owned by AA REIT in Singapore, where the Manager and AA REIT are headquartered. This report focuses on the key ESG factors that are material to AA REIT's business based on them being affected by our business or their potential to affect our operations.

We have not sought external independent assurance for this annual sustainability report. All questions, comments and feedback related to the FY2020 Sustainability Report are highly valued for our continuous improvement. We encourage you to please reach out to us at: **investorrelations@aimsapac.com**

This report is issued yearly to Unitholders and is made publicly available on our website as part of the Annual Report for FY2020. To view our previous sustainability reports, please visit our corporate website at: **www.aimsapacreit.com**

SUSTAINABILITY BOARD STATEMENT

GRI 102-14

The Board of the Manager recognises the importance of incorporating sustainable business practices into our business strategy to achieve long-term growth, value creation, and business objectives such as maintaining resiliency, increasing resource efficiency and serving stakeholders' best interests.

In 2017, we established a Sustainability Council ("SC") to oversee and manage our efforts to incorporate sustainable practices into our business operations and activities. The SC is led by principal executives across various business functions and operates under the guidance of the Board. The SC implements and monitors our sustainability efforts and performs assessments to evaluate the outcomes against our set goals and targets.

The SC is responsible for the ongoing review and assessment of relevant and material ESG topics related to daily operations, as well as the selection of key performance indicators and targets. The Manager ensures effective sustainability management through periodic reviews and performance measures. In FY2020, the Manager conducted a materiality review in which the Board re-validated existing ESG topics that are of significant importance to AA REIT's business and are of concern to stakeholders. This was done through a stakeholder engagement survey and a peer benchmarking exercise.

We have been a participant in the annual Global Real Estate Sustainability Benchmark ("GRESB") assessment since 2014 to maintain our standard of engagement with our stakeholders, particularly with the important group of institutional global investment funds. We hold the view that participating in GRESB benchmarking will add value in measuring sustainability performance. Increasingly, we also note that ESG factors have become one of the key investment criteria by institutional investors, and an independent GRESB scoring benchmark provides a consistent and effective way of communicating our sustainability track record and performance.

ENVIRONMENTAL

In FY2020, we continued to optimise resource management and reduce environmental impacts. This included exploring energy-efficient practices in all our asset enhancement initiatives and new developments to optimise energy consumption. We are continually looking to identify opportunities to further improve and minimise our environmental impact while yielding significant cost-savings, creating long-term value and serving stakeholders' best interests.

SOCIAL

Our employees are our most valuable assets as their commitment and hard work are what drives our business forward. We believe that investing in their growth is imperative for the continued success of our business over the long term, as it helps build strong employee morale and improves productivity, and in turn, has seen us become an employer of choice that attracts and retains talent. As our employees are the backbone of AA REIT's expansion and continuity, we are committed to supporting them by providing adequate resources for them to continue to grow their knowledge and excel in their areas of expertise. We will strive to continue nurturing and maximising engagement with our employees to further improve their productivity, well-being and satisfaction.

GOVERNANCE

Corporate governance principles and best practices form solid foundations for the business to continue to operate ethically and transparently. To safeguard our assets and Unitholders' interests as well as maintain our licence to operate, internal frameworks and policies have been implemented to assure our compliance with relevant laws and regulations. AA REIT's long-term success is underpinned by our business values of integrity, transparency, accountability, and discipline which are upheld by our robust governance and risk management framework.

We strive to expand our future Reporting Boundaries and stakeholder engagement efforts beyond the scope of these official initiatives disclosed in this Sustainability Report. With the continued support we have fostered from our stakeholders, we will continue to work jointly towards addressing our impact on the material issues identified in this report.

SUSTAINABILITY REPORT

SUSTAINABILITY MANAGEMENT AT AA REIT

GRI 102-9 | 102-11 | 102-18 | 103-2

As a leading listed real estate organisation, we have the responsibility to contribute and support Singapore's national sustainable development framework through our management approach. We recognise the importance of safeguarding the environment and its natural resources for future generations. To fulfil our duty as a responsible corporate citizen and ensure business continuity, we have set long-term goals in our sustainability journey to create a positive economic and social impact.

Sustainability is an essential part of our strategy to achieve our business objective of delivering long-term value for stakeholders, while it also helps to maintain business resiliency and continuity, and manage risks. We are committed to having a positive social and environmental impact on the communities we operate in through investments and philanthropic engagements that aim to give back and reduce the adverse environmental effects of our operations. To achieve our goal and meet our commitments, we have embedded several approaches in our sustainability policy:

- observe and comply with all relevant legislation, regulations, and codes of practice;
- consider sustainability issues in key impact areas and integrate these considerations into business decisions;
- ensure all the Manager's employees are aware of its sustainability initiatives and are committed to implementing, supporting, and measuring these activities; and
- review, report and continuously strive to improve sustainability performance.

The Manager's sustainability strategy consists of risk management and ambitious long-term value creation. It involves regularly reviewing policies, reporting compliance levels, preventing breaches, and identifying opportunities for continual improvement. The integration of sustainability best practices into our overall business strategy and daily operations is required to achieve sustainability goals. Our progress and success are measured using performance indicators such as measuring the energy and water consumption at our properties, and from the identification of future opportunities and initiatives.

Our sustainability risk management approach considers the Precautionary Principle introduced by the United Nations in Principle 15 of 'The Rio Declaration on Environment and Development'. This strategy is founded on taking preemptive actions when the impacts are uncertain, as preventative measures are often more effective and less costly than reparative efforts.

We have developed and implemented relevant policies, programmes, and procedures to manage sustainability issues efficiently across different facets of our business operations. To demonstrate our commitment, in FY2020 we have identified the top five UN Sustainable Development Goals ("UN SDGs") which are most applicable to our business. This can be seen in the summary of the selected UN SDGs on page 61.

SUSTAINABILITY GOVERNANCE

In consultation with the Board, the SC leads the organisation's ESG agenda and drives sustainability initiatives by establishing a sustainability policy that encompasses strategies aligned to specific goals, and by reviewing performance against these periodically.

The Sustainability Steering Committee ("SSC") and the Occupational Health and Safety ("OHS") Committee are the subcomponents that support functions of the SC. The role of the OHS Committee is to address and support health and safety concerns in the workplace while the SSC's responsibility is to incorporate, implement and execute sustainable practices at the operational level. This cohesive working relationship among the committees has continued to provide us with a consistent sustainability approach and execution of our initiatives.

SUSTAINABILITY ACROSS THE SUPPLY CHAIN

Our commitment to promoting sustainability extends across our supply chain, which includes managing risks in outsourcing, procurement of goods and services, and ensuring that appropriate measures are implemented.

AA REIT has a supply chain of approximately 290 active suppliers, including facility managers, maintenance service providers, contractors, professional consultants, and financial institutions based mainly in Singapore. Our suppliers are strictly reviewed and selected based on criteria such as reputation, professional expertise, track record, pricing, financial standing, and compliance with legal requirements. Our procurement process involves obtaining a minimum of three quotes from approved suppliers, where feasible and applicable. When the contract sum is of a substantial amount, a pre-qualification and tender process is conducted to award the tender to the best suitable supplier that has met all the necessary criteria.

We are committed to sustainability and will continue to explore opportunities to incorporate green features and energy-conservation initiatives in our properties.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet. At the heart of the agenda are 17 SDGs, which are an urgent call for action by all countries in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. AA REIT supports and promotes the principles of the UN SDGs. Through a stakeholder engagement survey and peer benchmarking exercise, we have identified five SDGs that are most applicable to our business and the impact we create for our stakeholders. The table below documents these UN SDGs in the order of priority from highest to lowest.

	Description	GRI Indicators
8 DECENT WORK AND ECONOMIC GROWTH	Decent work and economic growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	201-1 and 419-1
11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable cities and communities: Make cities and human settlements inclusive, safe, resilient and sustainable	302-1 and 303-1
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Industry, innovation and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	302-1 and 303-1
3 GOOD HEALTH AND WELL-BEING	Good health and well-being: Ensure healthy lives and promote well-being for all at all ages	403-1
7 AFFORDABLE AND CLEAN ENERGY	Affordable and clean energy: Ensure access to affordable, reliable, sustainable and modern energy for all	302-1

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

GRI 102-40 | 102-42 | 102-43 | 102-44

The Manager's stakeholder engagement process proves valuable in identifying issues and keeping the best interests of stakeholders front-of-mind during business planning. Through regular two-way communications, we are able to cultivate relationships and understand their perspectives on the impacts and value that arise from our business operations and initiatives, and integrate their concerns into our sustainability strategy and this report. The stakeholders we engage directly with are identified based on importance, representation, responsibility, dependency and proximity to AA REIT's business.

The insights gained from the survey help us assess material issues, identify gaps in our sustainability performance and areas for improvement in our sustainability disclosures. To meet our stakeholders' expectations, we have decided to align our performance targets to the UN SDGs in FY2020 onwards.

We are committed to continuously improving our communication channels to strengthen and improve relations with stakeholders. Their feedback is immensely valuable to help advance our sustainability agenda.

Stakeholder	Concerns raised	Modes of engagement	Frequency of engagement
Unitholders/ Investors	• Economic performance • Anti-corruption • Occupational health and safety	• Engagement through a formal survey	Biennially
		• Dedicated investor relations team	Periodically
		• Dedicated investor relations section on AA REIT website	Periodically
		• Quarterly announcement of financial results	Quarterly
		• Quarterly results briefing for analysts	Quarterly
		• Regular financial and non-financial performance updates on the SGX	Periodically
		• Annual General Meeting	Annually
		• Regular investor meetings via investor conferences, face-to-face meetings and non-deal roadshows	Periodically
Banks	• Economic performance • Energy • Environmental compliance	• Engagement through a formal survey	Biennially
		• Email updates and regular informal communication through phone or face-to-face meetings	Periodically
Tenants	• Economic performance • Environmental compliance • Market presence	• Engagement through a formal survey	Biennially
		• Regular site visits, face-to-face meetings, and phone calls	Periodically
		• Routine notices/email updates	Periodically
		• Targeted sponsorship to support tenants' corporate events	Periodically
Property Managers	• Energy • Training and education • Anti-corruption	• Engagement through a formal survey	Biennially
		• Regular meetings	Bi-monthly
		• Email updates and phone calls	Periodically
Bond Holders	• Occupational health and safety • Energy • Anti-corruption	• Engagement through a formal survey	Biennially
		• Face-to-face meetings	Periodically
Board of Directors	• Economic performance • Anti-corruption • Environmental compliance	• Engagement through a formal survey	Biennially
		• Board meetings	Quarterly
		• Email updates and regular informal phone communication	Periodically
		• New Directors' orientation and training	Periodically
Senior Management and Team Members	• Economic performance • Employment • Training and education	• Engagement through a formal survey	Biennially
		• Training and team building activities	Periodically
		• Department meetings	Monthly
		• Performance review	Annually

MATERIALITY ASSESSMENT

GRI 102-46 | 102-47 | 103-1

The scope and content of this Sustainability Report and the materiality assessment process have been conducted in alignment with the four GRI Reporting Principles, namely Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness. The Manager incorporates the principle of stakeholder inclusiveness during the process of identifying material aspects. The outcomes of the stakeholder engagement process and business sustainability performance assessment have allowed us to analyse relevant data to identify and manage the most important issues. A comprehensive set of material ESG indicators assessed and disclosed in this report highlights the priorities identified in specific issues.

In FY2020, the Manager and its external consultant have engaged directly with key stakeholders in a comprehensive materiality assessment process. The feedback from stakeholders was consolidated and analysed by the SC, the Manager, and the external consultant to identify and prioritise the management of ESG issues.

We build on previous assessments by continually updating our materiality assessment on a biennial basis. We have performed a peer benchmarking analysis with selected comparable listed industrial REITs and supplemented it with a stakeholder engagement survey to refresh top materiality trends and issues. In addition, we have mapped the selected materiality issues to our top five UN SDGs on page 61 of this report.

Material Aspects and Indicators Identified

Categories	Material Aspects	List of GRI Indicators	Aspect Boundary
Economic	**Economic Performance**	201-1 Direct economic value generated and distributed	Within organisation
	Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	
Environment	**Energy**	302-1 Energy consumption within the organisation	Common areas of properties with operational control
	Water	303-1 Water withdrawal by source	
Social	**Occupational Health and Safety**	403-1 Workers' representation in formal joint management–worker health and safety committees	Within organisation and tenants
	Training and Education	404-1 Average hours of training per year per employee	Within organisation
	Socio-economic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Within organisation

SUSTAINABILITY REPORT

ECONOMIC

Anti-corruption

GRI 103-1 | 103-2 | 103-3 | 205-3

The Manager upholds ethical values in conducting business practices by adopting a zero-tolerance policy against bribery, corruption, fraud, embezzlement, and other forms of unethical corporate actions. We are committed to upholding sound corporate governance as it is critical to AA REIT's ongoing journey towards attaining business excellence. This commitment helps ensure that our reputation is upheld, and stakeholders' trust in us is maintained.

OUR APPROACH

Our Code of Conduct defines the anti-corruption policies and guidelines applicable to all our employees, including procedures relating to business dealings with tenants, suppliers, and employees. This includes guidelines on gifts and entertainment, conflicts of interest, compliance with applicable laws, dealing in securities, and misuse of confidential information. Additionally, we have in place a whistleblowing policy to facilitate reporting of unethical workplace practices, such as alleged corruption, unethical behaviour, conflicts of interest and other improprieties, by providing a safe channel for our stakeholders.

We are committed to promoting a strong ethical and transparent culture that informs and motivates all employees to uphold AA REIT's foundational principles and core corporate values which underpin the management of the business. To ensure the effectiveness of preventing and detecting corruption, all new employees have to familiarise themselves with the Code of Conduct, and complete anti-corruption compliance and awareness training during orientation. In-house anti-corruption awareness training is also conducted to ensure all employees understand and are reminded of the ethical standards expected of them.

FY2020 PERFORMANCE

The success of our anti-corruption efforts is reflected in AA REIT achieving its target of zero instances of corrupt activities in FY2020.

FY2021 TARGET

Managing and operating the business ethically is one of our core values and we have a target of zero instances of corruption. Going forward, the Manager will continue to work to maintain its track record of zero corruption incidences, in accordance with the highest standards of ethics and integrity in our business dealings, through ongoing anti-corruption awareness training for employees.

29 Woodlands Industrial Park E1, Singapore

ENVIRONMENT

In fulfilling our duty as a responsible corporate citizen, the Manager understands that sustainable management of the business operations is essential for creating long-term value, promoting resource efficiency, and ensuring business continuity. Our sustainability policy integrates the material ESG issues of our business activities to ensure the maximisation of resources and minimisation of negative environmental impact.

In taking the lead on pursuing sustainable practices we obtained approval from our Unitholders for electronic communications which has seen the hard copies of the Annual Reports for FY2019 and FY2020 not distributed to Unitholders, unless otherwise requested. In line with the expectations of our Unitholders, the FY2020 Annual Report was again printed with FSC paper, in support of the practice of sustainable forestry worldwide. On our corporate website we also continue to provide a digital archive of our past Annual Reports published since AA REIT's Initial Public Offering in 2007.

In addition, our commitment to sustainability is clearly demonstrated in our property portfolio. Nearly half of AA REIT's Singapore portfolio by net lettable area is BCA Green Mark compliant as of 31 March 2020. AA REIT's Optus Centre, Macquarie Park, New South Wales, Australia has also achieved a **NABERS Energy Base Building Rating of 5 stars** and **NABERS Water Rating of 3.5 stars** this year.

In May 2019, as part of our ESG engagement activity, our team took time off from work to clean up the staggering amount of offshore debris that was washed ashore on the beach of East Coast Park. Our aim was to encourage every employee to be environmentally responsible – something the Manager firmly believes in fostering. During the clean-up, we collected more than 20 bags of debris. The Manager is proud to have been able to do our part and help keep the environment clean for everyone.

Energy

GRI 103-1 | 103-2 | 103-3 | 302-1

Climate change is one of the most significant and urgent issues faced globally and corporates and individuals alike have a role to play in reducing their impact. In December 2015, Singapore made a pledge under the Paris Agreement to become a greener economy and reduce emissions by 36% from 2005 levels by 2030. The Manager supports Singapore's journey in fulfilling its commitment by incorporating energy-efficient practices in our business operations.

OUR APPROACH

Our energy conservation strategy involves monitoring energy consumption regularly and minimising greenhouse gas emissions by leveraging cost-effective technologies that improve energy efficiency.

To optimise the use of limited energy resources, we continuously assess the effectiveness of our building upgrades, such as Light-Emitting Diode ("LED") lights in the common areas of our properties. We also invest in regular maintenance, the application of energy-efficient equipment and light fittings, as well as motion detectors for lights and sensors at exit staircases and toilets. An assessment is performed on this approach to measure the year-to-year progress of our energy efficiency practices. To measure our sustainability performance, we also actively participate in annual GRESB assessments which help us understand where we stand among our peers and the areas for improvements.

SUSTAINABILITY REPORT

FY2020 PERFORMANCE

The scope of our energy consumption data and performance covers 19 out of 27 properties in our portfolio, over which we have operational control (FY2019: AA REIT had operational control over 17 out of 26 properties in its portfolio). The source of the energy consumption data is metered electricity billing.

Our energy consumption was entirely from non-renewable power generation (electricity) sources. The total energy consumption for FY2020 was 8,474,360 kWh for the 19[1] properties based in Singapore. Figure 1 illustrates the total energy consumption in FY2020 by month for the common areas (building services, corridors, and perimeter lighting) of these properties, and Figure 2 shows year-on-year comparison of total energy consumption over the last three years.

Figure 1: Total Energy Consumption for Properties Under Operational Control (kWh)

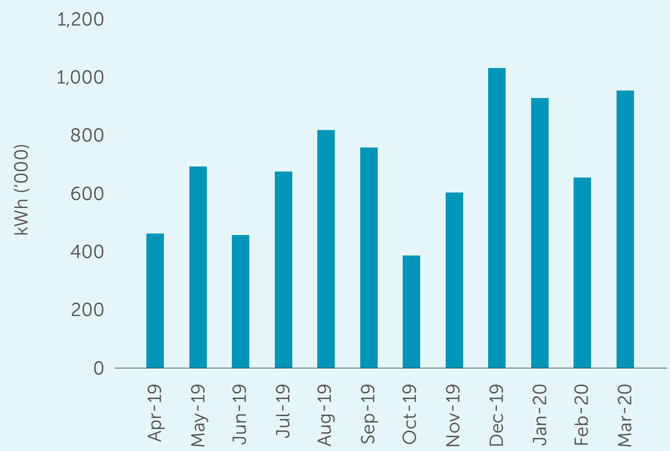
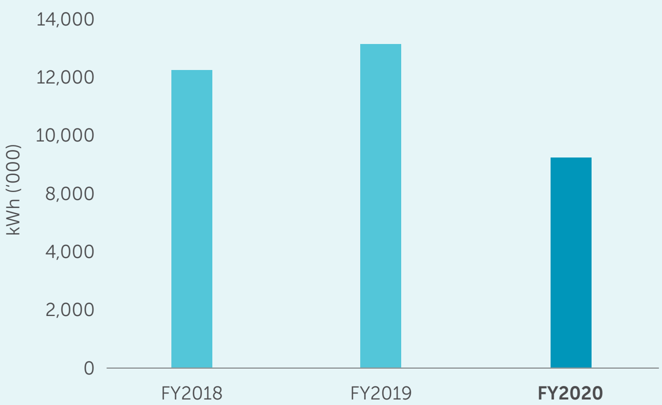


Figure 2: Total Energy Consumption by Year (kWh)



As observed in Figure 2, our energy efficiency efforts have helped decrease total energy consumption by approximately 34.9% from FY2019.

In addition, as part of our active approach to improve energy efficiency in our properties, we achieved last year's targets to successfully obtain **BCA Green Mark Award (Gold)** for the redevelopment at 3 Tuas Avenue 2, and **BCA Green Mark Award (Certified)** for the asset enhancement initiative at 29 Woodlands Industrial Park E1, NorthTech upon their respective project completions.

FY2021 TARGET

We are committed to investing in our new projects and existing properties to improve their energy efficiency. In this regard, AA REIT will continue to assess the feasibility of pursuing BCA Green Mark Gold or higher for all new developments undertaken. Going forward, we will also continue to explore more energy-friendly practices and consider them in our business operations.

1 Includes properties converted from master leases to multi-tenancy leases during FY2020.

Water

GRI 103-1 | 103-2 | 103-3 | 303-1

Water scarcity is an emerging global and national concern. As we foresee facility water consumption as an important environmental issue in the REIT sector, we are committed to optimising water efficiency throughout our portfolio. This is necessary to stay resilient to future climate change effects and remain competitive in a potentially water-scarce future.

Since FY2018, we have implemented several initiatives to track and analyse water consumption across our operations to identify and devise cost-effective plans to improve water efficiency.

OUR APPROACH

We monitor the water consumption of the properties in AA REIT's portfolio over which we have operational control. The Manager actively identifies the gaps and implements water conservation measures such as water-efficient fittings in its asset enhancement initiatives as well as in its newly developed properties. This is further complemented by raising employees' awareness with regard to their daily habitual water usage best practices. The effectiveness of this approach is measured based on quantitative and comparable data which tracks performance against our goals.

FY2020 PERFORMANCE

We currently record the total volume of water consumption across our Singapore operations to assess performance. In FY2020, our water source was from the municipal supply and the data was obtained from monthly billings.

We consumed a total of 185,313 cubic metres for the 19[1] Singapore-based properties over which we have operational control. Figure 3 below illustrates the total water consumption in FY2020 by month, and Figure 4 shows year-on-year comparison of total water consumption over the last three years.

Figure 3: Total Water Consumption for Properties Under Operational Control (cu m)

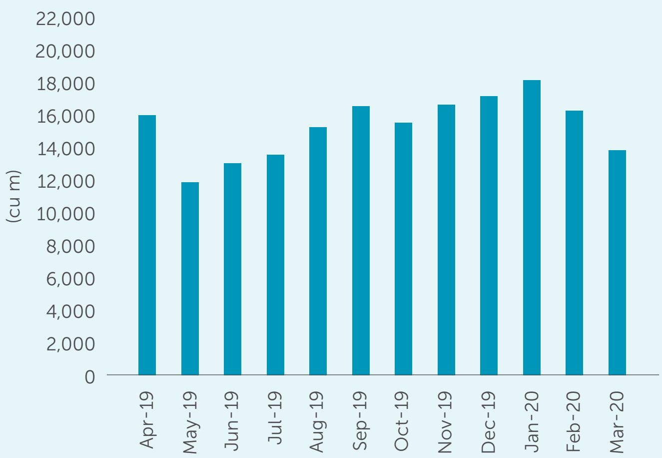
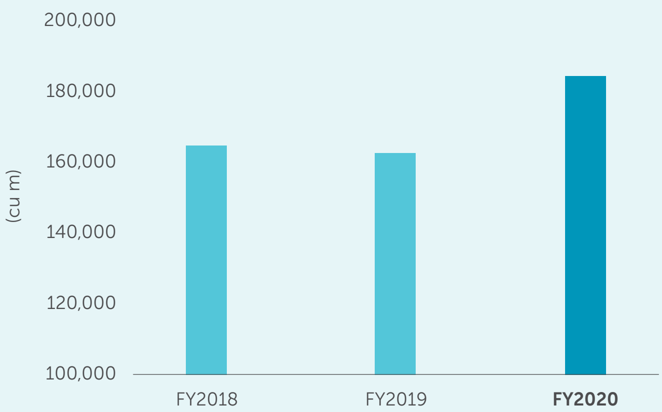


Figure 4: Total Water Consumption by Year (cu m)



1 Includes properties converted from master leases to multi-tenancy leases during FY2020.

SUSTAINABILITY REPORT

3 Tuas Avenue 2, Singapore

There was approximately 13.4% increase in water consumption from last year mainly due to AA REIT taking over operational control of additional properties, including 30 Tuas West Road and 1A International Business Park which reverted from master leases to multi-tenancy leases in September 2019 and December 2019, respectively.

In the past our sustainable values and practices have earned recognition from the Public Utilities Board ("PUB") Friends of Water Steward. However, in FY2020, we did not qualify for any of the PUB's Water Efficiency Building ("WEB") certifications as some of the water improvement works undertaken, such as toilet upgrades, were for selected levels only and not for entire properties. The Manager will continue to evaluate the portfolio for potential improvement works in order to achieve a sustainable impact on our community.

The completed redevelopment at 3 Tuas Avenue 2 and the asset enhancement initiative at 29 Woodlands Industrial Park E1, NorthTech, both of which were awarded the BCA Green Mark, included the installation of water-efficient fittings.

FY2021 TARGET

We will continue to be an active advocate of water conservation in the Singapore REIT sector. We will continue to measure and assess our water performance data and evaluate the long-term sustainability of our water-efficient practices within our portfolio and for new developments. In addition, we aim to progressively achieve WEB certification for all eligible buildings in AA REIT's portfolio and we aim to apply for WEB assessment for our property at 10 Changi South Lane.

SOCIAL

Our employees are our most valuable asset and we strive to build long-term relationships with them to build a positive and thriving workplace culture. After the Initial Public Offering in 2007, our business had undergone expansion with the support of our staff. In turn, we have given our support by providing adequate resources for them to excel in their areas of expertise.

Although our employees come from a diverse array of backgrounds and cultures, we are all proud to work for an organisation that makes a positive difference in society. We treat our employees as essential stakeholders in our business, recognising that their hard work is what drives the business forward. This, combined with our investment in their personal and professional growth, we are able to boost morale and confidence in the team, and build an inclusive and high performing culture.

Occupational Health and Safety

GRI 103-1 | 103-2 | 103-3 | 403-1

Our people are indispensable to the continued success of AA REIT. We are committed to facilitating a safe working environment for all our employees. This commitment goes beyond employees' physical safety and encompasses their overall well-being, recognising that they are our most valued asset to sustain business performance in the long run. We have implemented various initiatives to improve workplace health and safety, focusing on raising awareness, applying best practices, nurturing well-being, and eliminating all hazards to prevent OHS incidences from occurring.

OUR APPROACH

Since FY2017, the OHS Committee has taken on an active role in spearheading various OHS initiatives at the organisational level. Its responsibilities include managing OHS risks and initiating activities such as reviewing and communicating OHS issues, implementing appropriate work practices control measures, and issuing ongoing reminders and regulatory updates to our staff. As of 31 March 2020, our OHS Committee comprises five members from various departments, representing approximately 22.0% of our workforce.

Our employees have undergone training to proactively identify and raise both existing and potential hazards to the OHS Committee to contribute to improving safety conditions in the workplace. The effectiveness of the OHS management systems is evaluated by measuring their performance and the number of preventable incidents. We carry a zero-accident vision and foster a strong safety attitude in our personnel.

FY2020 INITIATIVES

In addition to a safe workplace, a supportive environment will also enable employees to lead healthy and balanced lifestyles. During FY2020, as part of a range of well-being and health benefits provided to employees, we organised activities and initiatives such as team building sessions, talks and workshops, weekly Fruits Day and Eat-With-Your-Family Days. These initiatives are part of our cohesive approach to supporting our employees' emotional and social well-being.

SUSTAINABILITY REPORT

At the start of the COVID-19 pandemic in late FY2020, the OHS Committee implemented several arrangements for employees to work comfortably and safely. This included enabling employees to work from home, while those providing essential services were given staggered working hours, in line with the Singapore Government's guidelines on implementing telecommuting and social distancing at the workplace. The constantly evolving COVID-19 pandemic requires the OHS Committee to closely monitor the situation and to respond accordingly in order to maintain a safe working environment for employees.

FY2021 TARGET

To ensure that our workforce remains safe, happy and healthy, we will continue to review employee safety and well-being practices and performance annually. This is in accordance with the Workplace Safety and Health Act, which requires all workplaces to conduct a risk assessment for every activity and process carried out at the workplace. We have a continual goal of facilitating a culture of safety and operating an incident-free workplace. We will also strive to enhance existing employee engagement initiatives to further improve the overall well-being of our employees.

Training and Education

GRI 102-7 | 102-8 | 103-1 | 103-2 | 103-3 | 404-1

As our most valuable asset, the continued training and education of our employees is essential to the future growth and success of AA REIT. Our employees trust and rely on us for career progression and guidance, and the Manager is devoted to fostering employee engagement by nurturing employees and providing equal opportunities and resources to achieve their respective career development goals. Helping employees improve their competencies and perform to the best of their abilities in turn boosts employee engagement, motivation, commitment and affiliation to AA REIT.

OUR APPROACH

We make strategic investments in the development of our employees to support their personal growth and professional advancement, while creating sustainable value for AA REIT. We believe in building a long-term career path for our employees, as well as creating an inclusive and cohesive workplace that nurtures and respects all. Given that having the right expertise is the cornerstone to our success, we are committed to investing in the growth of our people. We keep our employees updated with the latest industry trends and developments by providing professional courses and on-the-job training. We offer training programs made up of internal and external talks, courses, seminars, and webinars, covering topics within finance, governance, regulatory updates, leadership, safety, ethics, and skills development.

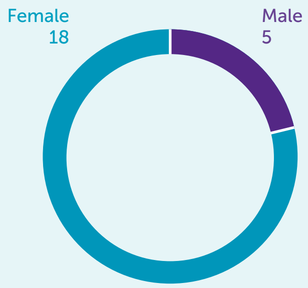
Regular performance reviews and evaluations allow employees to take ownership of their career trajectory by helping them to identify their strengths and weakness as well as areas for continuous improvement. This allows us to organise customised training and guidance which meets the unique requirements of individual employees.

We also create a culture where our employees can integrate sustainability into their day-to-day practices. They are made aware of our sustainability strategy and commitments and of their social and environmental responsibilities.

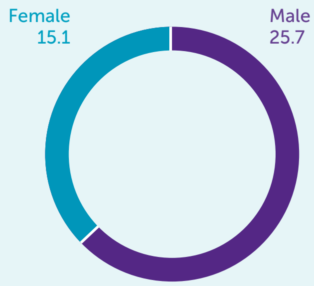
FY2020 PERFORMANCE

The effectiveness of our training and education programmes is monitored and measured by reviewing the training hours received by each employee. During the reporting period of FY2020, we have provided a total of 400 training hours to all employees, with each employee receiving an average of 17.4 training hours per annum. The decreased training hours per employee recorded in FY2020 compared to the prior period was in part due to the festive seasons, as well as the COVID-19 situation which resulted in the inability to schedule training programmes during the second half of FY2020. The charts on page 71 illustrate our employee data for the reporting period.

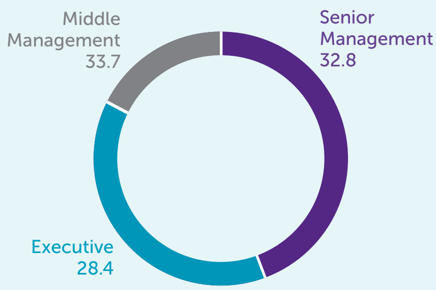
Total Employees



Average Training Hours by Gender



Average Training Hours by Employee Category



Note: All our employees are permanent employees based in Singapore.

FY2021 TARGET

We will continue to aim for an average of at least 26 training hours per employee per annum in the next financial year, with the training programmes and learning resources available online in light of the COVID-19 environment. Going forward, we remain committed to nurturing the talented and hard-working employees within our business to help their personal and professional development, which will in turn support the long-term success of our organisation.

Socio-economic Performance

103-1 | 103-2 | 103-3 | 419-1

As a listed real estate investment trust on the Singapore Exchange, we comply with all applicable regulatory requirements, including SGX listing rules, the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS"), tax rulings issued by the Inland Revenue Authority of Singapore ("IRAS") and our Trust Deed.

OUR APPROACH

The Manager recognises that any cases of non-compliance would erode stakeholders' confidence. As such, we adopt a zero-tolerance stance on any wilful breaches of applicable laws and regulations. To protect our stakeholders' interests, we have implemented a robust operational risk and control framework to ensure adherence with relevant laws and regulations. AA REIT's enterprise risk management ("ERM") framework establishes the process of identifying compliance issues, assessing, and potentially mitigate the threat of material risks. Regular compliance updates, checklists and reports form an integral part of our framework in ensuring organisation-wide compliance. In addition, all our employees play a part in adhering to the standards set out in the Code of Conduct to ensure regulatory compliance.

FY2020 PERFORMANCE

In FY2020, AA REIT was recognised for its high corporate governance standards. It was ranked joint fourth in the third edition of Governance Index For Trusts ("GIFT") 2019 out of 46 real estate investment trusts and business trusts listed on SGX, and was retained in the SGX Fast Track programme by the SGX RegCo. During the year, we did not have any significant fines or non-monetary sanctions for non-compliance with relevant operational laws and regulations.

FY2021 TARGET

The Manager will continue to comply with all applicable laws and regulations. We will strive to uphold high standards of governance in our business operations and seek to maintain zero incidents of non-compliance in the next reporting period. To achieve this on an ongoing basis, all applicable regulatory requirements will be regularly reviewed and procedures relevant to the respective operational teams will be updated as necessary.

SUSTAINABILITY REPORT

COMMUNITY ENGAGEMENT

AA REIT practises good corporate citizenship through making a positive impact in the community we operate in by giving back and investing in society. Our commitment to Corporate Social Responsibility ("CSR") is rooted in our foundational principles and core values. We promote philanthropic efforts and community involvement across the organisation to increase employee engagement and encourage their participation in voluntary activities targeted toward benefiting society.

The Manager launched its CSR initiative in FY2017 when we began working with Voluntary Welfare Organisations ("VWOs") in Singapore that focused on supporting seniors requiring special care and needs. We believe that all seniors can lead their lives with dignity and remain integrated within the community.

We continued to support XiSer CareServe 喜捨苑 (formerly known as Tai Pei Social Services) ("XiSer") as our adopted VWO in FY2020. XiSer is a step-down care facility for long-staying patients from the Institute of Mental Health ("IMH"). The residents under XiSer's care are mostly destitutes who have been staying in IMH for a long period. We made two visits to XiSer during FY2020 where we organised fun-filled activities to interact with the residents to brighten up their day and treated them to a buffet after the event.

For FY2021, with the onset of the COVID-19 outbreak in late January 2020, in accordance with the guidelines set by the Ministry of Culture, Community and Youth for VWOs, the Manager has adjourned its CSR activities to minimise social interactions. Until such curtailment measures are lifted, the Manager will resume our CSR initiatives where we can continue to make an effective impact on the community.

AWARDS AND RECOGNITION

We are proud to have received several awards from various external organisations for our ESG achievements. These awards validate our commitment to upholding the highest standards and best practices in our industry.

Governance Index for Trusts ("GIFT") 2019
August 2019
AA REIT was ranked joint **fourth in the third edition of GIFT 2019 where the governance and business risk of 46 out of the 50** real estate investment trusts and business trusts listed on SGX were assessed. Areas of governance such as board matters, remuneration of directors and key management, alignment of incentives and interests, internal and external audit, and communication with unitholders were taken into account.

The Asset Corporate Awards 2019
November 2019
For the third consecutive year, AA REIT was awarded **the Gold Awards in Corporate Governance, Social Responsibility and Investor Relations** at The Asset Corporate Awards 2019, in recognition of the Manager's continued commitment to upholding high standards of Corporate Governance, Social Responsibility, and Investor Relations.

In addition, AA REIT was included in the inaugural SGX Fast Track programme by the SGX RegCo in April 2018, which allows it to enjoy prioritised response from SGX on selected corporate action submissions including circulars, requests for waiver and applications for share issuance. SGX Fast Track aims to recognise companies that have high corporate governance standards, have maintained a good compliance track record and high quality of submissions.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosures		Chapter/Page Number(s), performance	Omission
	ORGANISATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	1, 58	
	102-2	Activities, brands, products, and services	Industrial real estate management	
	102-3	Location of headquarters	Corporate Directory	
	102-4	Location of operations	Singapore and Australia	
	102-5	Ownership and legal form	31, 135	
	102-6	Markets served	116-121	
	102-7	Scale of the organisation	16-18, 70-71, 116-128	
	102-8	Information on employees and other workers	70	
	102-9	Supply chain	60	
	102-10	Significant changes to organisation and its supply chain	No changes.	
	102-11	Precautionary Principle or approach	60	
	102-12	External initiatives	Our policies and business activities are aligned with the prevailing regulatory requirements and are supported by a variety of external charters and principles. These include (but are not limited to): • Securities and Futures Act (Chapter 289) • Listing Manual issued by SGX-ST • Code on Collective Investment Schemes including Appendix 6 on Property Funds • Code of Corporate Governance 2018 • Other policies and procedures adopted by AA REIT, which can be found in pages 36 to 55 of the Corporate Governance section Accordingly, we have developed and adopted a range of corporate policies and internal controls that support the Board and Management. These policies and controls cover matters such as personal data protection, anti-money laundering and countering terrorism financing, conflicts of interest, business continuity, insider dealing, enterprise risk management, and outsourcing.	
	102-13	Membership of associations	AIMS APAC REIT Management Limited is a member of REIT Association of Singapore ("REITAS").	
	STRATEGY			
	102-14	Statement from senior decision-maker	58	

GRI Standard	Disclosures		Chapter/Page Number(s), performance	Omission
	ETHICS AND INTEGRITY			
GRI 102: General Disclosures 2016	102-16	Values, principles, standards and norms of behaviour	1, 36-57	
	GOVERNANCE			
	102-18	Governance structure	36-57, 60	
	STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups	62	
	102-41	Collective bargaining agreements	Not Applicable as we do not have trade unions.	
	102-42	Identifying and selecting stakeholders	62	
	102-43	Approach to stakeholder engagement	62	
	102-44	Key topics and concerns raised	62	
	REPORTING PRACTICE			
	102-45	Entities included in the consolidated financial statements	Wholly-owned Subsidiaries: AACI REIT MTN Pte. Ltd. AACI REIT Opera Pte. Ltd. AIMS APAC REIT (Australia) Trust AA REIT Macquarie Park Investment Trust AA REIT Australia Trust (QLD) Burleigh Heads Trust 49% JV: Macquarie Park Trust	
	102-46	Defining report content and topic Boundaries	58, 63	
	102-47	List of material topics	63	
	102-48	Restatements of information	Not Applicable.	
	102-49	Changes in reporting	Addition and alignment to UN Sustainable Development Goals. These include: SDG 8:Decent work and economic growth SDG 11: Sustainable cities and communities SDG 9: Industry, innovation and infrastructure SDG 3: Good health and well-being SDG 7: Affordable and clean energy	
	102-50	Reporting period	58	
	102-51	Date of the most recent report	May 2019	
	102-52	Reporting cycle	58	
	102-53	Contact point for questions regarding the report	58	
	102-54	Claims of reporting in accordance with GRI Standards	58	
	102-55	GRI content index	74-77	
	102-56	External assurance	58	

SUSTAINABILITY REPORT

GRI CONTENT INDEX (cont'd)

GRI Standard	Disclosures		Chapter/Page Number(s), performance	Omission
MATERIAL TOPICS				
CATEGORY: ECONOMIC				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8-15, 63	
	103-2	The management approach and its components	8-15	
	103-3	Evaluation of the management approach	8-15	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	123-194	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 64	
	103-2	The management approach and its components	64	
	103-3	Evaluation of the management approach	64	
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	64	
CATEGORY: ENVIRONMENT				
SUB-CATEGORY: ENERGY				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 65-66	
	103-2	The management approach and its components	65-66	
	103-3	Evaluation of the management approach	65-66	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	65-66	
SUB-CATEGORY: WATER				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 67-68	
	103-2	The management approach and its components	65, 67-68	
	103-3	Evaluation of the management approach	67-68	
GRI 303: Water 2016	303-1	Water withdrawal by source	67-68	
CATEGORY: SOCIAL				
SUB-CATEGORY: OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 69-70	
	103-2	The management approach and its components	69-70	
	103-3	Evaluation of the management approach	69-70	
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management–worker health and safety committees	69-70	

GRI Standard	Disclosures		Chapter/Page Number(s), performance	Omission
SUB-CATEGORY: TRAINING AND EDUCATION				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 69, 70	
	103-2	The management approach and its components	70-71	
	103-3	Evaluation of the management approach	70	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	70-71	
SUB-CATEGORY: SOCIO-ECONOMIC COMPLIANCE				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 71	
	103-2	The management approach and its components	71	
	103-3	Evaluation of the management approach	71	
GRI 419: Socio Economic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	71	

PROPERTY SHOWCASE

SINGAPORE

Logistics and Warehouse | 20 Gul Way, Singapore

The property comprises a five-storey warehouse and logistics facility serviced by a central vehicular ramp with a substantial hardstand marshalling yard. The property has 291 loading and unloading bays that are mostly fitted with dock-levellers.

It is located in a well-established industrial estate at the north-western junction of Gul Way and Gul Circle in Jurong Industrial Estate and is approximately 23.0 km from the City Centre. The property is a short drive from Gul Circle MRT station and Joo Koon MRT station and is well-served by expressways such as Ayer Rajah Expressway and Pan Island Expressway. The property is also a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details	
Valuation (S$'million)	224.10
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	14.68
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	39.40
Leasehold title expiry date	15 January 2041
Land area (sq m)	76,946.10
Gross floor area (sq m)	153,892.20
Net lettable area (sq m)	147,965.46
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	87.4
Annual gross rental income FY2020 (S$'million)	16.97

27 Penjuru Lane, Singapore

The property incorporates two five-storey individual building envelopes providing high clearance warehouse and logistics facility with mezzanine offices serviced by a central vehicular ramp. In addition, there is an attached nine-storey ancillary office annex incorporating both office accommodation and a canteen.

It is located within a well-established industrial estate along Penjuru Lane, off Penjuru Road and Jalan Buroh in the Jurong Industrial Estate and is approximately 16.5 km from the City Centre. The property is in close proximity to Ayer Rajah Expressway, Pan Island Expressway, West Coast Highway and Jurong East MRT station.

Property details	
Valuation (S$'million)	163.00
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	10.68
Capitalisation rate (%)	6.00
Acquisition date	15 October 2010
Purchase price (S$'million)	161.00
Leasehold title expiry date	15 October 2049
Land area (sq m)	38,297.00
Gross floor area (sq m)	95,758.40
Net lettable area (sq m)	95,371.95
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	88.5
Annual gross rental income FY2020 (S$'million)	11.00

8 & 10 Pandan Crescent, Singapore

The property comprises one five-storey (Block 8) and one six-storey (Block 10) warehouse buildings. The two blocks are serviced by 16 cargo lifts and 12 passenger lifts. The property has loading and unloading areas accommodating a total of 80 bays with 38 dock-levellers on the first storey.

It is located at the southern junction of Pandan Crescent and West Coast Highway and is approximately 13.0 km from the City Centre. The property is well-served by expressways such as West Coast Highway, Ayer Rajah Expressway and Pan Island Expressway. The Clementi MRT station and bus interchange are both a short drive away.

Property details	
Valuation (S$'million)	149.30
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	9.78
Capitalisation rate (%)	5.75
Acquisition date	19 April 2007
Purchase price (S$'million)	115.00
Leasehold title expiry date	31 May 2068
Land area (sq m)	32,376.50
Gross floor area (sq m)	80,940.00
Net lettable area (sq m)	65,831.72
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	90.0
Annual gross rental income FY2020 (S$'million)	9.77

30 Tuas West Road, Singapore

The property comprises a purpose-built five-storey ramp-up warehouse facility with mezzanine office and six loading and unloading bays with dock-levellers on each level.

It is located within the well-established Jurong Industrial Estate on the south-eastern side of Tuas West Road near its junction with Pioneer Road and is approximately 28.0 km from the City Centre. The property is a short walk from the Tuas West Road MRT station. Accessibility to other parts of Singapore is enhanced by its proximity to Pan Island Expressway and Ayer Rajah Expressway. The property is also a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details	
Valuation (S$'million)	55.40
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	3.63
Capitalisation rate (%)	6.25
Acquisition date	11 January 2010
Purchase price (S$'million)	17.30
Leasehold title expiry date	31 December 2055
Land area (sq m)	12,894.90
Gross floor area (sq m)	26,817.48
Net lettable area (sq m)	25,943.66
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Part master lease (CWT Pte. Limited), part multi-tenanted
Occupancy of property (%)	61.0
Annual gross rental income FY2020 (S$'million)	4.04

PROPERTY SHOWCASE

SINGAPORE

Logistics and Warehouse | 103 Defu Lane 10, Singapore

The property comprises a six-storey industrial facility with sheltered car parking and display area on the first storey. There are two vehicular accesses into the property, one for loading and unloading purposes and another for cars and motorcycles from Defu Lane 10. The building has 12 loading and unloading bays with dock-levellers/scissors lifts, two passenger lifts and three cargo lifts.

It is located within a well-established industrial estate along Defu Lane 10 in Defu Industrial Estate. The property is a short drive from Kovan MRT station and Hougang MRT station with close proximity to expressways including Central Expressway, Seletar Expressway, Kallang-Paya Lebar Expressway, Pan Island Expressway via Eunos Link and is approximately 10.0 km from the City Centre.

Property details	
Valuation (S$'million)	33.20
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	2.17
Capitalisation rate (%)	6.25
Acquisition date	21 January 2008
Purchase price (S$'million)	14.50
Leasehold title expiry date	30 June 2043
Land area (sq m)	7,541.00
Gross floor area (sq m)	18,852.50
Net lettable area (sq m)	17,604.59
Property type	Logistics and Warehouse
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	4.12

3 Toh Tuck Link, Singapore

The property comprises a part three-storey and part five-storey warehouse building with ancillary office space. The warehouse space is located at levels one and three while the ancillary office space spans over five floors. The building is served by one passenger lift and one cargo lift, as well as seven loading and unloading bays with dock-levellers on the first storey.

It is located within the Toh Tuck Industrial Estate to the south-eastern side of Toh Tuck Link, bounded by Old Toh Tuck Road and Toh Tuck Avenue and is approximately 15.5 km from the City Centre. The property is a short drive from Jurong East MRT station, Clementi MRT station and bus interchanges. It is well-served by major roads and expressways such as Boon Lay Way, Commonwealth Avenue West, Ayer Rajah Expressway and Pan Island Expressway.

Property details	
Valuation (S$'million)	24.50
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.60
Capitalisation rate (%)	6.00
Acquisition date	11 January 2010
Purchase price (S$'million)	19.30
Leasehold title expiry date	15 November 2056
Land area (sq m)	10,724.40
Gross floor area (sq m)	12,492.40
Net lettable area (sq m)	11,956.10
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	2.66

10 Changi South Lane, Singapore

The property comprises a part five-storey and part seven-storey warehouse with ancillary office space. The building has one passenger lift, three cargo lifts and eight loading and unloading bays with dock-levellers.

It is located within Changi South Industrial Estate. The property is well-served by expressways and major roads such as Pan Island Expressway, East Coast Parkway and is approximately 18.0 km from the City Centre. It is in close proximity to the Singapore Expo, Changi Business Park and Changi International Airport.

Property details	
Valuation (S$'million)	22.90
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.50
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	33.80
Leasehold title expiry date	15 June 2056
Land area (sq m)	9,219.10
Gross floor area (sq m)	14,793.00
Net lettable area (sq m)	12,612.90
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	2.30

11 Changi South Street 3, Singapore

The property comprises a four-storey industrial building which has 60 car park lots and industrial/warehouse space located at the basement. The property is served by two passenger lifts, two cargo lifts and three common loading and unloading bays with dock-levellers.

It is located in a well-established industrial estate on the southern end of Changi South Street 3, north of Xilin Avenue within the Changi South Industrial Estate. It is approximately 15.5 km from the City Centre and is a short drive from Changi International Airport. The property is in close proximity to Expo MRT station and is well-served by Pan Island Expressway, East Coast Parkway and Tampines Expressway.

Property details	
Valuation (S$'million)	21.20
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.39
Capitalisation rate (%)	6.00
Acquisition date	17 December 2007
Purchase price (S$'million)	20.80
Leasehold title expiry date	31 March 2055
Land area (sq m)	8,832.60
Gross floor area (sq m)	14,187.30
Net lettable area (sq m)	11,791.49
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	80.8
Annual gross rental income FY2020 (S$'million)	1.71

PROPERTY SHOWCASE

SINGAPORE

Logistics and Warehouse | 56 Serangoon North Avenue 4, Singapore

The property comprises a seven-storey industrial building incorporating warehouse, production and ancillary office areas. The building is served by one passenger lift, one fire lift, two cargo lifts and six loading and unloading bays with four dock-levellers.

It is located on the eastern end of Serangoon North Avenue 4, bounded by Yio Chu Kang Road to the east within the Serangoon North Industrial Estate and is approximately 11.5 km from the City Centre. The property is in proximity to Ang Mo Kio MRT station and is well-served by major expressways and roads such as Central Expressway, Seletar Expressway, Tampines Expressway, Yio Chu Kang Road and Ang Mo Kio Avenue 3 and 5.

Property details	
Valuation (S$'million)	19.40
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.27
Capitalisation rate (%)	6.00
Acquisition date	11 January 2010
Purchase price (S$'million)	14.80
Leasehold title expiry date	15 May 2055
Land area (sq m)	4,999.10
Gross floor area (sq m)	11,750.95
Net lettable area (sq m)	9,899.91
Property type	Logistics and Warehouse
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	77.8
Annual gross rental income FY2020 (S$'million)	2.13

7 Clementi Loop, Singapore

The property comprises a warehouse and office building with a single level high-bay warehouse and a four-storey ancillary office block. There are eight loading and unloading bays with dock-levellers within the development. Vertical access for the ancillary office block is via a passenger lift.

It is located within the well-established Clementi West Distripark, on the western side of Clementi Avenue 6 and is approximately 13.0 km from the City Centre. The property is a short drive from Clementi MRT station and is well-served by Pan Island Expressway, Ayer Rajah Expressway and West Coast Highway.

Property details	
Valuation (S$'million)	12.20
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	0.80
Capitalisation rate (%)	6.25
Acquisition date	31 March 2008
Purchase price (S$'million)	18.30
Leasehold title expiry date	15 June 2053
Land area (sq m)	9,998.30
Gross floor area (sq m)	9,081.30
Net lettable area (sq m)	8,099.31
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	94.2
Annual gross rental income FY2020 (S$'million)	1.24

Hi-Tech | 29 Woodlands Industrial Park E1, Singapore

The property comprises an L-shaped four-storey high-technology industrial building with a basement car park. The building is serviced by nine passenger lifts, nine cargo lifts and six lift lobbies with ancillary canteen and clinic located on the first storey. Asset enhancement works for the common areas, including the passenger lift lobbies, toilets and external landscaping, and upgrading of the air-conditioning system were completed in January 2020.

It is located within a well-established industrial estate at the south-western junction of Admiralty Road West and Woodlands Avenue 8 in Woodlands East Industrial Estate. The property is within close proximity to Admiralty MRT station, Sembawang MRT station and the Woodlands North MRT station. Its accessibility to other parts of Singapore is enhanced by its proximity to Seletar Expressway, Bukit Timah Expressway and the upcoming North-South Corridor and is approximately 23.5 km from the City Centre.

Property details	
Valuation (S$'million)	116.50
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	7.63
Capitalisation rate (%)	6.00
Acquisition date	21 February 2011
Purchase price (S$'million)	72.00
Leasehold title expiry date	8 January 2055
Land area (sq m)	17,955.50
Gross floor area (sq m)	45,478.81
Net lettable area (sq m)	36,645.45
Property type	Hi-Tech
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	10.80

Business Park | 1A International Business Park, Singapore

The property comprises a 13-storey high-technology business park building with a basement car park. The building is designated for business park use and incorporates ancillary office and warehouse areas that are serviced by four passenger lifts and two loading and unloading bays located on the first storey.

It is located within the precinct of International Business Park, off Boon Lay Way and Jurong East Street 11. International Business Park is a business and technology hub for companies involved in high-technology industries that include software development, research and some ancillary supporting activities. The property is within a short drive from Jurong East MRT station, Pan Island Expressway, Ayer Rajah Expressway and is approximately 14.0 km from the City Centre.

Property details	
Valuation (S$'million)	80.00
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	5.24
Capitalisation rate (%)	5.75
Acquisition date	30 November 2009
Purchase price (S$'million)	90.20
Leasehold title expiry date	31 May 2059
Land area (sq m)	7,988.40
Gross floor area (sq m)	19,949.60
Net lettable area (sq m)	16,111.98
Property type	Business Park
Town planning	Business Park
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	61.0
Annual gross rental income FY2020 (S$'million)	7.07

PROPERTY SHOWCASE

SINGAPORE

Light Industrial | 15 Tai Seng Drive, Singapore

The property comprises a five-storey light industrial building with a basement. The building has three loading and unloading bays with dock-levellers and is serviced by two passenger lifts and two cargo lifts.

It is located along the eastern end of Tai Seng Drive, a cul-de-sac off Airport Road within the Tai Seng Industrial Estate. The property is a short drive from Tai Seng MRT station, Pan Island and Kallang-Paya Lebar Expressways, Bartley viaduct and is approximately 9.5 km from the City Centre.

Property details	
Valuation (S$'million)	33.70
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	2.21
Capitalisation rate (%)	6.00
Acquisition date	17 December 2007
Purchase price (S$'million)	28.90
Leasehold title expiry date	31 March 2051
Land area (sq m)	9,077.90
Gross floor area (sq m)	22,594.00
Net lettable area (sq m)	17,886.46
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	69.1
Annual gross rental income FY2020 (S$'million)	3.17

1 Bukit Batok Street 22, Singapore

The property comprises an eight-storey light industrial building incorporating a four-storey factory and an eight-storey ancillary office space. The building is served by two passenger lifts and two cargo lifts. There is loading and unloading area provided within the development.

It is located at the south-eastern junction of Bukit Batok Street 22 and Bukit Batok East Avenue 6 within the Bukit Batok Industrial Park A and is approximately 15.5 km from the City Centre. The property is a short drive from Pan Island Expressway and Ayer Rajah Expressway and is within close proximity to Bukit Batok MRT station and the bus interchange.

Property details	
Valuation (S$'million)	25.90
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.70
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	18.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	6,399.30
Gross floor area (sq m)	15,978.40
Net lettable area (sq m)	13,704.87
Property type	Light Industrial
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	90.8
Annual gross rental income FY2020 (S$'million)	1.99

23 Tai Seng Drive, Singapore

The property comprises a six-storey light industrial building with a basement car park. The building is used for warehousing, data-centre and ancillary office and is served by two passenger lifts, one cargo lift and two loading and unloading bays with raised platform.

It is located at the eastern junction of Tai Seng Drive and Tai Seng Avenue, off Airport Road and Hougang Avenue 3, within the Tai Seng Industrial Estate and is approximately 9.5 km from the City Centre. The property is a short drive from Tai Seng MRT station and is well-served by major roads and expressways such as Paya Lebar Road, Eunos Link, Pan Island Expressway, Kallang-Paya Lebar Expressway as well as the Bartley viaduct.

Property details	
Valuation (S$'million)	24.40
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.60
Capitalisation rate (%)	6.00
Acquisition date	11 January 2010
Purchase price (S$'million)	17.20
Leasehold title expiry date	31 July 2050
Land area (sq m)	3,813.60
Gross floor area (sq m)	9,493.10
Net lettable area (sq m)	8,456.43
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	2.46

135 Joo Seng Road, Singapore

The property comprises an eight-storey light industrial building with sheltered car parks on the first storey and a canteen located on the second storey. The building is served by two passenger lifts and two cargo lifts with four loading and unloading bays located on the first storey.

It is located at the north-western junction of Joo Seng Road and Jalan Bunga Rampai and is approximately 8.0 km from the City Centre. The property is in proximity to Tai Seng MRT station and Bartley MRT station. It is well-served by Upper Paya Lebar Road and Upper Aljunied Road, which are both directly linked with Central Expressway, Pan Island Expressway and Kallang-Paya Lebar Expressway.

Property details	
Valuation (S$'million)	20.60
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.35
Capitalisation rate (%)	6.00
Acquisition date	10 March 2008
Purchase price (S$'million)	25.00
Leasehold title expiry date	30 June 2054
Land area (sq m)	5,420.10
Gross floor area (sq m)	12,385.00
Net lettable area (sq m)	9,666.35
Property type	Light Industrial
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	88.0
Annual gross rental income FY2020 (S$'million)	2.26

PROPERTY SHOWCASE

SINGAPORE

Light Industrial | 1 Kallang Way 2A, Singapore

The property comprises an eight-storey building used for light industrial production and ancillary offices. The building is served by two passenger lifts, one cargo lift, one fire lift and three loading and unloading bays.

It is located on the western junction of Kallang Way 2A and Kallang Way and is approximately 6.5 km from the City Centre. The property is a short drive from Aljunied, MacPherson, Geylang Bahru and Mattar MRT stations. It is well-served by Pan Island Expressway, Central Expressway, Kallang-Paya Lebar Expressway, MacPherson Road and Aljunied Road.

Property details	
Valuation (S$'million)	12.10
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	0.79
Capitalisation rate (%)	6.00
Acquisition date	30 January 2008
Purchase price (S$'million)	14.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	3,231.40
Gross floor area (sq m)	8,029.29
Net lettable area (sq m)	6,583.52
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	1.23

General Industrial | 3 Tuas Avenue 2, Singapore

The property comprises a four-storey ramp-up industrial facility for production and storage. It received its Temporary Occupation Permit on 10 January 2020. The redevelopment was in line with the Singapore Government's masterplan to develop and upgrade the Tuas region into a high performing industrial district.

It is located on the north-western side of Tuas Avenue 2, near its junction with Pioneer Road, within the Jurong Industrial Estate. The property is in close proximity to Pan Island Expressway, Ayer Rajah Expressway and Tuas Crescent MRT station and is approximately 26.0 km from the City Centre. The property is also a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details	
Valuation (S$'million)	54.30
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	3.56
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	20.80
Leasehold title expiry date	15 March 2055
Land area (sq m)	17,802.70
Gross floor area (sq m)	24,899.28
Net lettable area (sq m)	24,899.28
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (a global medical device company with headquarters in USA)
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	0.41

51 Marsiling Road, Singapore

The property is a five-storey purpose-built industrial building which is fully air-conditioned with cargo lift access and ancillary canteen. The building is served by two passenger lifts, one fire lift, two cargo lifts as well as four loading and unloading bays with dock-levellers.

It is situated at the junction of Marsiling Lane and Marsiling Road within the Marsiling Industrial Estate and is approximately 31.0 km from the City Centre. The property is well served by expressways such as Bukit Timah Expressway and Seletar Expressway. It is a short drive from the Woodlands Checkpoint and is within close proximity to the Woodlands, Woodlands North and Woodlands South MRT stations, as well as the Marsiling and Admiralty MRT stations.

Property details	
Valuation (S$'million)	46.10
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	3.02
Capitalisation rate (%)	6.25
Acquisition date	16 November 2016
Development cost[1] (S$'million)	34.9
Leasehold title expiry date	31 July 2044
Land area (sq m)	8,611.60
Gross floor area (sq m)	21,529.00
Net lettable area (sq m)	21,529.00
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master lease (Beyonics International Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	4.47

1 Including land cost of S$9.72 million.

8 Tuas Avenue 20, Singapore

The property is a three-storey versatile industrial facility with ramp and cargo lift access. The building has 12 loading and unloading bays with dock-levellers and direct vehicular access to the second storey via a ramp.

The property is located within a well-established industrial estate on the north-western side of Tuas Avenue 20, off Pioneer Road in the Jurong Industrial Estate and is approximately 27.5 km from the City Centre. It is well-served by major arterial roads and expressways such as Jalan Ahmad Ibrahim, Ayer Rajah Expressway and Pan Island Expressway. It is within close proximity to Tuas West Road MRT station and is a short drive from the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details	
Valuation (S$'million)	28.60
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.87
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	11.60
Leasehold title expiry date	13 November 2051
Land area (sq m)	10,560.10
Gross floor area (sq m)	14,757.80
Net lettable area (sq m)	13,359.16
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	1.92

PROPERTY SHOWCASE

SINGAPORE

General Industrial | 61 Yishun Industrial Park A, Singapore

The property comprises a six-storey industrial building suitable for light manufacturing, warehouse, distribution and ancillary offices. The building is served by one passenger lift and three cargo lifts as well as six loading and unloading bays with four dock-levellers located on the first storey.

It is located at the south-eastern side of Yishun Industrial Park A sited within the Yishun Industrial Estate and is approximately 21.5 km from the City Centre. The property is a short drive from Yishun and Sembawang MRT stations and is well-served by major expressways and major roads such as Central Expressway and Yishun Avenue 2, which lead directly to the Seletar Expressway.

Property details	
Valuation (S$'million)	19.60
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.28
Capitalisation rate (%)	6.25
Acquisition date	21 January 2008
Purchase price (S$'million)	24.60
Leasehold title expiry date	31 August 2052
Land area (sq m)	5,921.80
Gross floor area (sq m)	14,601.00
Net lettable area (sq m)	11,916.89
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	51.7
Annual gross rental income FY2020 (S$'million)	1.19

2 Ang Mo Kio Street 65, Singapore

The property comprises an L-shaped three-storey detached factory building incorporating production area, laboratories, warehouse and office areas. The building is served by one passenger lift and two cargo lifts.

It is located in the Ang Mo Kio Industrial Estate on the north-eastern junction of Ang Mo Kio Street 65 and Street 64, off Yio Chu Kang Road and Ang Mo Kio Avenue 6 and is approximately 14.0 km from the City Centre. The property is well-served by major arterial roads and expressways such as Central Expressway, Seletar Expressway and Tampines Expressway and is within close proximity to Yio Chu Kang MRT station and bus interchange.

Property details	
Valuation (S$'million)	16.40
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	1.08
Capitalisation rate (%)	6.50
Acquisition date	19 April 2007
Purchase price (S$'million)	15.20
Leasehold title expiry date	31 March 2047
Land area (sq m)	5,610.20
Gross floor area (sq m)	7,325.00
Net lettable area (sq m)	6,255.00
Property type	General Industrial
Town planning	Business 1
Lease terms	
Lease type	Master Lease (CIT Cosmeceutical Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	2.51

541 Yishun Industrial Park A, Singapore

The property comprises a four-storey factory building primarily incorporating production, warehouse and ancillary offices. The building is served by one passenger lift and two cargo lifts as well as six loading and unloading bays located at the first storey.

It is located at the north-eastern junction of Yishun Industrial Park A which gives easy access to Yishun Avenue 2 or Yishun Avenue 7 and is approximately 20.0 km from the City Centre. The property is a short drive from Yishun MRT station and bus interchange. It is well-served by major arterial roads and expressways such as Gambas Avenue, Sembawang Road and Yishun Avenue 2 which directly link to Seletar Expressway and the upcoming North-South Corridor.

Property details	
Valuation (S$'million)	14.50
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	0.95
Capitalisation rate (%)	6.00
Acquisition date	3 October 2007
Purchase price (S$'million)	16.80
Leasehold title expiry date	30 June 2054
Land area (sq m)	6,851.40
Gross floor area (sq m)	8,770.90
Net lettable area (sq m)	8,017.50
Property type	General Industrial
Town planning	Business 1
Lease terms	
Lease type	Master Lease (King Plastic Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	1.89

8 Senoko South Road, Singapore

The property comprises a six-storey food processing factory with an ancillary office building and a single-storey annex building. The building is served by one passenger lift and two cargo lifts as well as five loading and unloading bays on the first storey.

It is located at the northern side of Senoko South Road, off Woodlands Avenue 8 and Admiralty Road West, within the Woodlands East Industrial Estate and is approximately 23.0 km from the City Centre. The property is a short drive from Admiralty MRT station, Sembawang MRT station and the Woodlands North MRT station. It is well-served by expressways such as Seletar Expressway, Bukit Timah Expressway and the upcoming North-South Corridor.

Property details	
Valuation (S$'million)	13.00
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	0.85
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	12.80
Leasehold title expiry date	31 October 2054
Land area (sq m)	7,031.30
Gross floor area (sq m)	9,249.00
Net lettable area (sq m)	7,278.80
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (Sin Hwa Dee Food Stuff Industries Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	1.47

PROPERTY SHOWCASE

SINGAPORE

General Industrial | 26 Tuas Avenue 7, Singapore

The property comprises a two-storey purpose-built factory with a mezzanine office level. The building has four loading and unloading bays and one cargo lift.

It is located at the junction of Tuas Avenue 7 and Tuas West Road within the Jurong Industrial Estate. The property is well-served by major arterial roads and expressways such as Jalan Ahmad Ibrahim, Ayer Rajah Expressway and Pan Island Expressway and is approximately 27.5 km from the City Centre. The property is a short drive from Tuas West Road and Tuas Link MRT stations and the Tuas Checkpoint, the second causeway between Singapore and Malaysia.

Property details	
Valuation (S$'million)	11.90
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	0.78
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	8.30
Leasehold title expiry date	31 December 2053
Land area (sq m)	5,823.30
Gross floor area (sq m)	6,642.16
Net lettable area (sq m)	5,715.13
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (Aalst Chocolate Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	1.36

PROPERTY SHOWCASE

AUSTRALIA

Business Park | Optus Centre, 1-5 Lyonpark Road, Macquarie Park, New South Wales, Australia

The property is a secure campus style A Grade business park which was completed in 2007 and comprises six buildings. The buildings are a combination of four and five levels and are arranged in a chevron shape that opens to the main entrance. The buildings are serviced by a total of 15 passenger lifts and two goods lifts. Amenities include a secure central courtyard featuring extensive landscaping, water feature, paved seating areas and a basketball court. The business park also provides various cafes, retail food court area, bar, automated teller machines, a convenience store and a childcare centre for the exclusive use of employees. The property is undergoing asset enhancement works while remaining operational.

It is located at 1-5 Lyonpark Road, Macquarie Park with access to Epping Road and is a short drive from Macquarie Shopping Centre and Macquarie University. It is approximately 15.0 km to the northwest of the Sydney central business district and is approximately 12.0 km to the northwest of the North Sydney central business district.

Property details	
Valuation (S$'million)	249.82[1,2]
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	16.36
Capitalisation rate (%)	5.00
Acquisition date	7 February 2014
Purchase price (S$'million)	205.33[1,3]
Leasehold title expiry date	Freehold
Land area (sq m)	37,171.40[1]
Gross floor area (sq m)	41,255.06[1]
Net lettable area (sq m)	41,255.06[1]
Property type	Business Park
Town planning	Business Park
Lease terms	
Lease type	Master Lease (Optus Administration Pty Limited)
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	15.17[1]

1 Reflects 49.0% interest in the property.
2 Based on exchange rate of AUD1.00 = S$0.873003. The valuation for the property is AUD584.00 million appraised by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2020.
3 Based on exchange rate of AUD1.00 = S$1.113350. The purchase price for the 49.0% interest in the property was AUD184.425 million.

Light Industrial | Boardriders Asia Pacific HQ, 209-217 Burleigh Connection Road, Burleigh Waters, Queensland, Australia

The property is a light industrial facility comprising warehousing facility, office and a retail showroom.

It is located in the Gold Coast suburb of Burleigh Heads which is an established industrial, commercial, retail and residential suburb located approximately 11 km south of Surfers Paradise, 3 km east of Burleigh Heads Beach and approximately 3.7 km from the Varsity Lakes Railway Station. The property has easy access to the Gold Coast Highway and M1 Pacific Motorway, which link to the Gold Coast International and Domestic Airport to the south and Brisbane CBD to the north.

Property details	
Valuation (S$'million)	34.05[1]
Valuation date	31 March 2020
Valuation as percentage of total portfolio value (%)	2.23
Capitalisation rate (%)	7.5
Acquisition date	15 July 2019
Purchase price (S$'million)	36.63[2]
Leasehold title expiry date	Freehold
Land area (sq m)	33,300.00
Gross floor area (sq m)	14,883.00
Net lettable area (sq m)	14,833.00
Property type	Light Industrial
Town planning	Mixed Use Zone
Lease terms	
Lease type	Master Lease (GSM (Operations) Pty Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2020 (S$'million)	2.60

1 Based on exchange rate of AUD1.00 = S$0.873003. The valuation for the property is AUD39.00 million appraised by CBRE Valuations Pty Limited as at 31 March 2020.
2 Based on exchange rate of AUD1.00 = S$0.952449. The purchase price of the property was AUD38.46 million.

OVERVIEW OF THE SINGAPORE ECONOMY

The following report ("Report") dated 29 May 2020 was prepared by Knight Frank Pte Ltd ("Knight Frank") for the purpose of inclusion in this Annual Report and incorporates information up to that date, and excludes any information arising or event occurring after that date.

1 OVERVIEW OF THE SINGAPORE ECONOMY

1.1 Singapore's economic performance

According to the latest press release by the Ministry of Trade and Industry ("MTI"), Singapore's Gross Domestic Product ("GDP") declined by 0.7% year-on-year ("y-o-y") in 1Q 2020, partially negating the 1.0% y-o-y growth reported in 4Q 2019 and the 0.7% growth for the whole of 2019 (Exhibit 1-1). The escalation of the Coronavirus Disease 2019 ("COVID-19") outbreak beyond China and the subsequent containment measures led to a slowdown in economic activity and global trade. This had a knock-on effect on Singapore's outward-oriented sectors including the manufacturing sector. In addition, Singapore has also been acutely affected by the spread of COVID-19 resulting in travel restrictions and social distancing measures that caused economic disruptions, closure of non-essential businesses as well as limited human activity across the island. The culmination of these measures will have a negative effect on the overall economy and business sentiment in 2020.

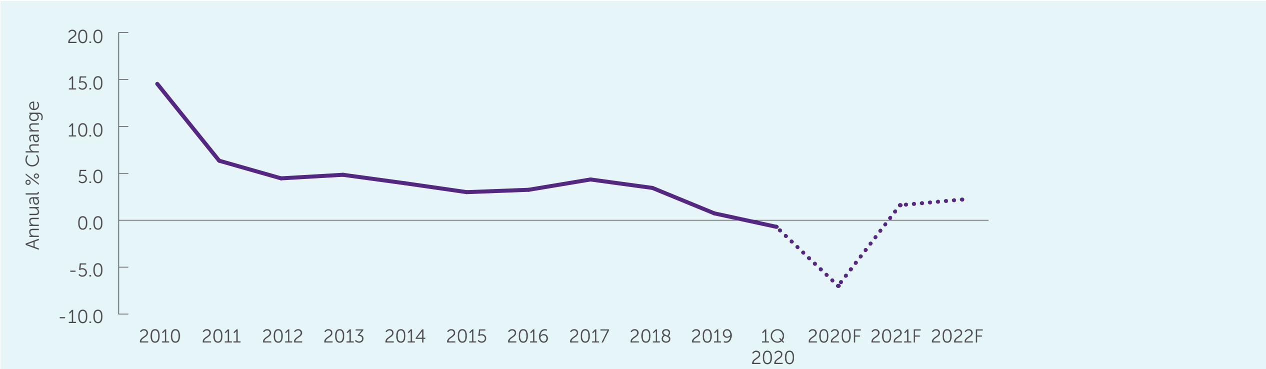
Despite the 0.7% y-o-y GDP contraction in 1Q 2020, the manufacturing sector expanded by 6.6% y-o-y in the same quarter on the back of output expansions in the bioemedical manufacturing, precision engineering and transport engineering clusters. The electronics, general manufacturing and chemical clusters on the other hand recorded output declines as a result of the contraction in external demand due to the COVID-19 outbreak. The Singapore's Purchasing Managers' Index ("PMI") also saw a contraction (<50) in both February and March 2020, posting readings of 48.7 and 45.4 respectively. With the deteriorating economic conditions both in Singapore and globally, MTI downgraded Singapore's economic forecast for 2020 to a negative full-year growth of between -7% and -4% from the previous projection of -4% to -1% earlier in March 2020.

Despite some signs of recovery towards the end of 2019, the sentiments of manufacturing firms have been clouded by the COVID-19 outbreak, with a more pronounced impact on the manufacturing sector expected to be observed from April 2020 onwards. Manufacturers will not only be affected by the slower output but also higher freight costs and potential disruptions to their supply chain.

Notwithstanding the prevailing negative sentiment, the manufacturing industry is expected to improve subsequently once the outbreak is contained. Even during this challenging period, certain sub-segments within the manufacturing sector can witness increased demand for their products. These include; pharmaceutical and medical technology, food and grocery delivery from central kitchens, warehousing and logistics for food and necessities, manufacturers of hygiene goods such as masks and hand sanitizers, as well as e-commerce products that facilitate online learning and workplace conferencing.

In the medium- to long-term, we anticipate the Singapore manufacturing sector to evolve, with firms automating manufacturing processes and focusing on the use of the Internet of Things ("IoT") to raise their productivity and quality of products. According to the World Economic Forum ("WEF") Readiness for the Future of Production Report 2018, Singapore ranked second in terms of the ability to shape and benefit from production changes in Industry 4.0.

Exhibit 1-1: Singapore GDP growth rate, 2010 to 2022F



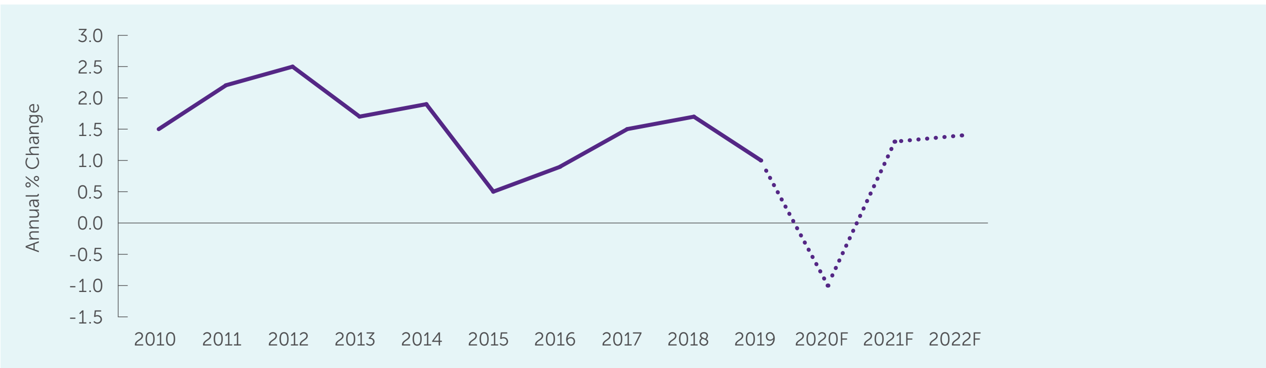
Source: IMF, MTI, Department of Statistics Singapore, Knight Frank Research.

1.2 Inflation rate

For the whole of 2019, Monetary Authority of Singapore ("MAS") core inflation (excluding private transport and accommodation) eased to 1.0% from 1.7% in 2018 as domestic wage growth eased (Exhibit 1-2). While 2020 started with core inflation increasing by 0.3% y-o-y in January 2020, the rise was followed by two consecutive months of decline, with a 0.1% y-o-y drop in February and a further 0.2% y-o-y drop in March. A decrease in the cost of services contributed largely to the decline.

External sources of inflation are expected to moderate amid the global spread of COVID-19 in the months ahead. While imported food prices might climb with supply chain disruptions, lower services and retail prices, as well as a cap on the price increase of discretionary goods and services, are expected to continue due to weaker domestic consumption and global demand conditions. Oil prices will likely remain depressed due to a slump in demand from containment measures and business closures. Considering the economic environment, the MAS core inflation is forecasted to average between -1% and 0% in 2020.

Exhibit 1-2: Singapore MAS core inflation rate, 2010 to 2022F



Source: MTI, Department of Statistics Singapore, MAS, IMF, Knight Frank Research.

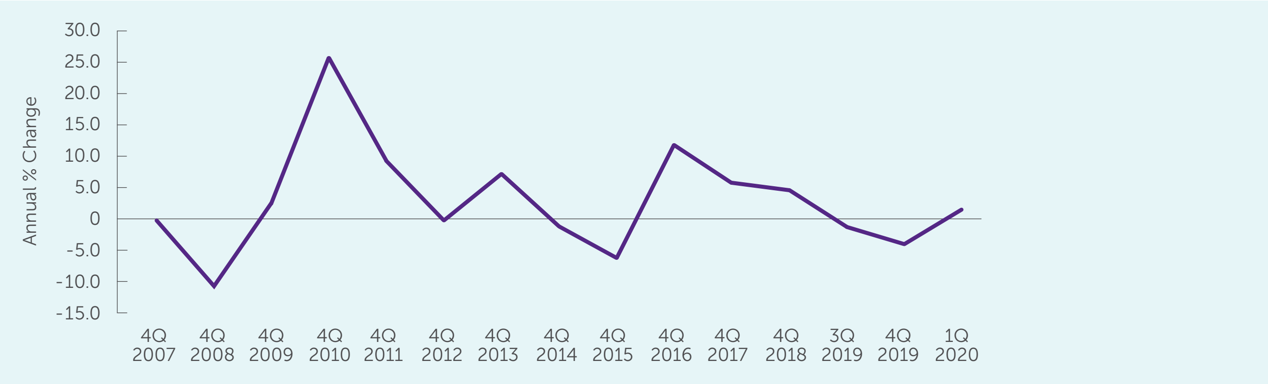
OVERVIEW OF THE SINGAPORE ECONOMY

1.3 Manufacturing sector

According to MTI, the GDP of the manufacturing sector expanded by 6.6% y-o-y in 1Q 2020, more than reversing the 2.3% y-o-y decline in 4Q 2019 (Exhibit 1-3). The expansion in 1Q 2020 was largely attributed to a surge in production in the pharmaceuticals segment of the biomedical manufacturing cluster. According to the Index of Industrial Production in 1Q 2020, the biomedical manufacturing cluster posted a 49.2% y-o-y growth, with the pharmaceuticals and medical technology segments recording expansions of 67.6% and 3.2% y-o-y respectively. Conversely, the electronics cluster contracted by 10.5% y-o-y in 1Q 2020 as disruptions from the COVID-19 pandemic hindered the projected recovery of global electronics. Simultaneously, the chemicals cluster saw a marginal fall of 0.1% in output.

Despite the rebound in manufacturing output in March, disruptions to cross-border supply chains and a decline in external and domestic demands are expected to dampen future sentiments. According to the survey of Business Expectations of the Manufacturing Sector (April to September 2020), a weighted balance of 56% of manufacturing firms anticipates business situations to be less favourable. This represented a spike as compared to a weighted 7% in the January to June 2020 survey, compiled prior to the confirmation of the first case of COVID-19 in Singapore. Sentiments by survey respondents were less optimistic across manufacturing clusters. A net weighted balance of 32% of respondents foresee a decline in output in 2Q 2020 as compared to 1Q 2020 due to measures to curb COVID-19 globally, with all clusters forecasting lower output levels.

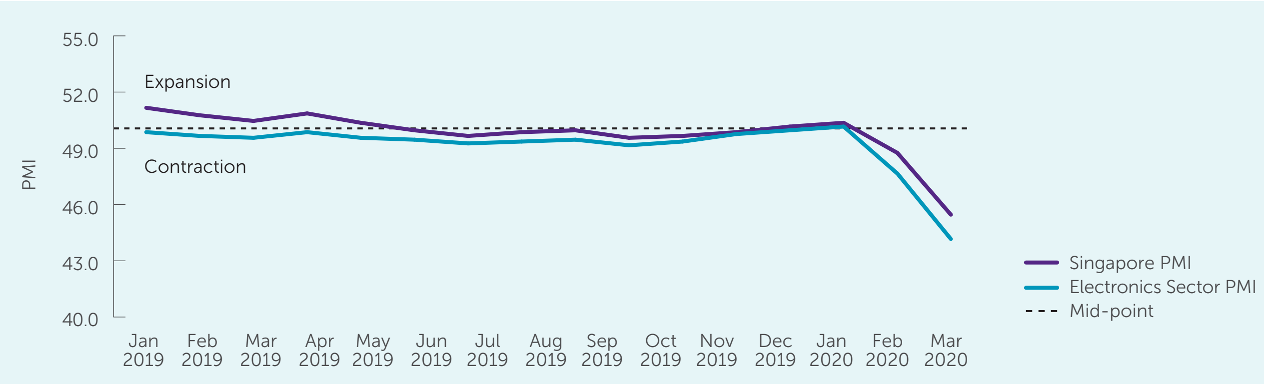
Exhibit 1-3: Singapore index of industrial production, 4Q 2007 to 1Q 2020



Source: Department of Statistics Singapore, Knight Frank Research.
Note: The annual percentage change of the respective years is based on 4Q figures.

According to the Singapore Institute of Purchasing and Materials Management ("SIPMM"), both the Singapore PMI and the Electronics Sector PMI recorded a contraction (PMI<50) in both February and March 2020, more than reversing the expansion in January 2020. The March 2020 readings for both the Singapore and the Electronics Sector PMI represent the lowest readings since February 2009 with the Singapore PMI recording 45.4 points and the latter 44.1 points, pointing to substantial disruptions in production (Exhibit 1-4).

Exhibit 1-4: Purchasing Managers' Index from January 2019 to March 2020

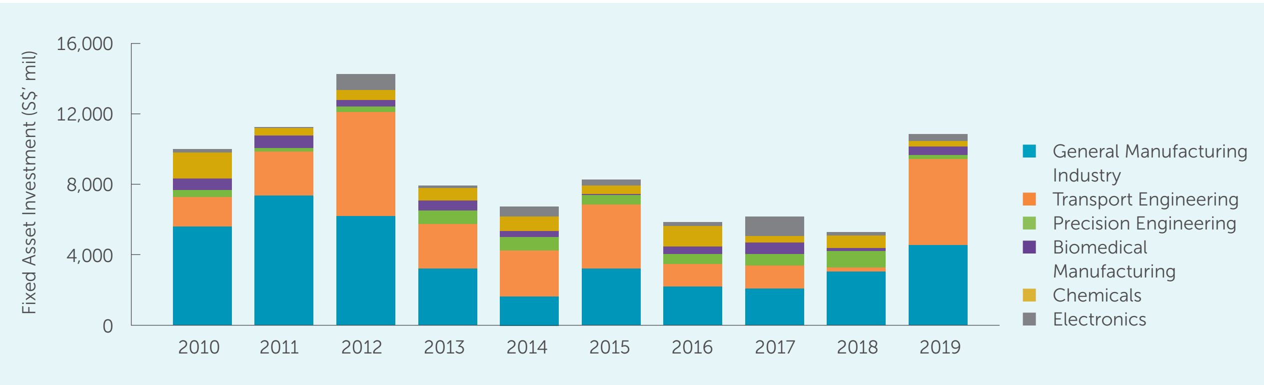


Source: SIPMM, Knight Frank Research.

The fixed asset investments ("FAI") in manufacturing more than doubled to S$10.9 billion in 2019 from S$5.3 billion in 2018 (Exhibit 1-5). The chemicals sector was the largest source of investments in 2019 with S$4.9 billion committed. The total FAI in the chemicals sector in 2019 recorded the biggest jump among the manufacturing sectors, compared to the FAI in 2018 which reported only S$0.2 billion. Separately, the slowing electronics sector did not discourage electronics firms from committing more investment.

The precision engineering sector and general manufacturing industry also saw an increase in FAI generated from S$157.4 million and S$194.7 million in 2018 to hit S$470.4 million and S$395.0 million respectively in 2019. FAI in the biomedical manufacturing and transport engineering sector, however, decreased by 75.3% and 56.8% respectively.

Exhibit 1-5: Total FAI, 2010 to 2019



Source: Department of Statistics Singapore, Knight Frank Research.

OVERVIEW OF THE SINGAPORE ECONOMY

1.4 Logistics sector

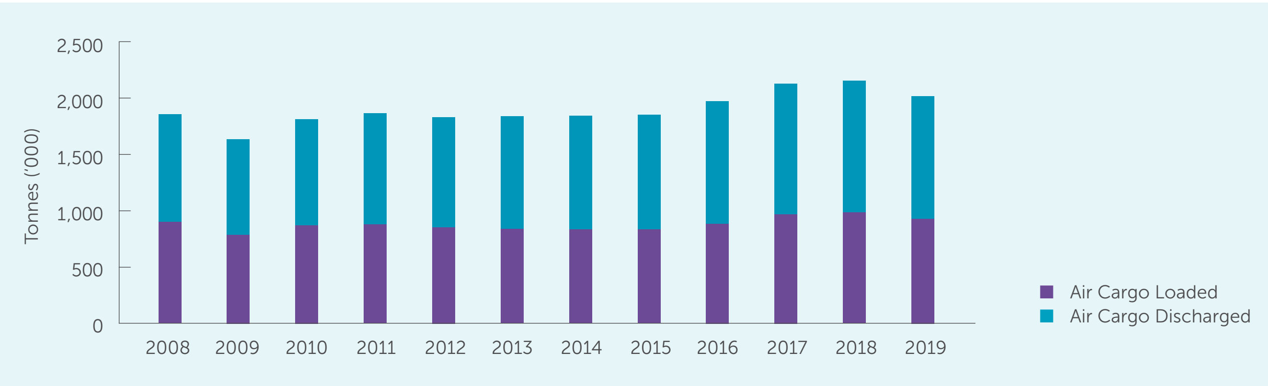
The Transportation and Storage sector grew by 0.8% in 2019, with growth supported by the water and air transport segments. Air cargo loaded and discharged in Singapore declined by 6.5% to 2.0 million tonnes in 2019, the first decline since 2011 (Exhibit 1-6). For 4Q 2019, air cargo volumes declined by 6.9% y-o-y, on top of the 7.7% drop in 3Q 2019. The decrease can be attributed to contractions in non-oil domestic exports ("NODX") and particularly electronics exports.

Total container throughput rose by 1.6% y-o-y to 37.2 million twenty-foot equivalent units ("TEUs") in 2019 (Exhibit 1-7). Container throughput also increased by 4.3% y-o-y in 4Q 2019, extending the 2.0% y-o-y increase in 3Q 2019. Overall sea cargo volumes however declined by 0.9% y-o-y in 4Q 2019 due to falling oil-in-bulk shipments, bringing the whole year decline to 0.6%.

Despite uncertainties in the external economic environment, wide efforts have been constantly undertaken to support Singapore's status as a global maritime and logistics hub. In the Asian Freight, Logistics and Supply Chain Awards ("AFLAS") 2019, the Port of Singapore was recognised as the 'Best Seaport in Asia' and the 'Best Green Seaport', while The Port of Singapore Authority ("PSA") was recognised as the 'Best Container Terminal' over 4 TEUs in Asia.

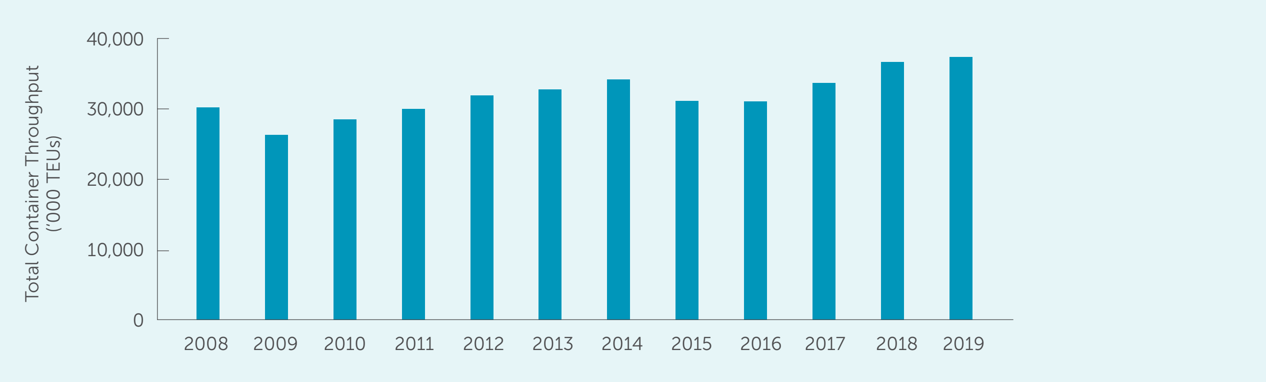
The upcoming Tuas Port, which is expected to complete Phase I in 2020, will be developed as the world's largest smart megaport. The megaport will feature fully automated equipment and intelligent data-driven operations management systems as well as the capability for remote operations of equipment to boost efficiency through innovation in the industry. The first berths in the new Tuas Port are scheduled for operation in 2021. Separately, the Changi East Industrial Zone will be developed for airfreight, air express, maintenance, and repair and operations activities. Together with the remodelled Changi Airfreight Centre, the Changi Planning Area will have an increased handling capability of 5.4 million tonnes upon completion in 2030. The upcoming Changi East Industrial Zone under the Changi East Project, as well as the Tuas Mega Port, will expand and deepen Singapore's logistical capacities and competencies in the long run.

Exhibit 1-6: Air cargo handled in Singapore, 2008 to 2019



Source: Civil Aviation Authority of Singapore, Knight Frank Research.

Exhibit 1-7: Total container volume, 2008 to 2019



Source: Maritime and Port Authority of Singapore, Knight Frank Research.

1.5 Singapore economic outlook for 2020

The Singapore economy declined by 0.7% y-o-y in 1Q 2020, a smaller contraction as compared to the earlier flash estimate of a 2.2% y-o-y decline as the manufacturing sector recorded a better than forecasted performance. The MTI has however downgraded Singapore's economic forecast for 2020 to a negative full-year growth of between -7% and -4% from the previous estimate of -4% to -1% in March 2020. The worsening of the COVID-19 outbreak was identified as the top downside risk to Singapore's growth outlook according to the Survey of Professional Forecasters in March 2020 by 94.1% of the survey respondents. Other risk factors cited include trade tensions and geopolitical risks including uncertainties about the upcoming US elections.

The rate and extent of spread of COVID-19 in Europe, the US and ASEAN countries have led to stringent movement restrictions, as well as disruptions in the supply chain. These disruptions also extend to the local workforce, with Malaysia banning all travel abroad. Many segments of the manufacturing industry will experience varying degrees of decrease in external demand, as global consumption patterns are severely impacted by travel restrictions, retail and trading closures. In particular, the aviation sector is expected to be badly hit by the pandemic.

However, when the COVID-19 crisis is over, the anticipated pent-up demand for industrial space could be substantial due to increased or renewed orders. The electronics segment, which was recently on the cusp of recovery, will likely lead the post-crisis growth in the manufacturing sector. In the meantime, the biomedical manufacturing clusters should continue to expand due to the present increased global demand for medical-related equipment and products. The potential for logistics growth also remains optimistic in the medium to the long term, with the upcoming infrastructural developments of the sea and airports.

OVERVIEW OF THE SINGAPORE ECONOMY

2 SINGAPORE GOVERNMENT POLICIES AFFECTING THE INDUSTRIAL PROPERTY MARKET

2.1 Singapore Budget 2020

To grow Singapore's economy and transform our enterprises, the government will continue to support the vision to establish Singapore as a Global-Asia launchpad for Asian companies to go global, and to build an economy that is driven by innovation and digitalisation.

In order to strengthen digital connectivity with the world, Singapore recently concluded talks on the Digital Economy Partnership Agreement ("DEPA") with Chile and New Zealand, with the aim to facilitate cooperation and inoperability in digital areas such as artificial intelligence governance by aligning standards.

To deepen enterprise capabilities, the government will also provide S$300 million under the Startup SG Equity scheme to catalyse investment into deep-tech startups. The funding is expected to provide deep-tech startups better access to capital and networks and attract more than S$800 million of private funding over 10 years.

2.2 Tech@SG Programme

Jointly administered by the EDB and Enterprise Singapore, the Tech@SG Programme will facilitate the hiring of global technology talent for eligible companies.

Eligible companies can receive up to ten new Employment Pass ("EP") over two years for foreigners that will form part of the core team, as well as cover the first renewal of new EPs under the programme. This will bridge the talent gap in the technology sector.

2.3 Smart Industry Readiness Index ("SIRI") Assessor Programme

To scale transformation efforts in the manufacturing industry, the EDB introduced the SIRI Accessor Programme which aims to train and qualify assessors to evaluate manufacturing facilities using the SIRI framework in November 2019.

The programme will comprise of a SIRI Assessor Training Course to train practitioners on the skills to become a SIRI Assessor, and a SIRI Assessor Certification Scheme to assess the proficiency of potential Assessors.

2.4 Public-private partnership launched for hyper-personalised manufacturing

In order to support the development of individuals and small and medium-sized enterprises ("SMEs") in the advanced manufacturing sector, SkillsFuture Singapore, Singapore polytechnic and the Jurong Town Corporation ("JTC") will partner German Engineering firm, Bosch Rexroth, to run a training centre and "The SkillsFuture Work-Learn Bootcamp for Engineer 4.0" for SMEs and engineers.

The training centre aims to encourage the adoption of advanced manufacturing technologies at the enterprise level through providing skills training, while the upskilling bootcamp will train up to 200 engineers for jobs of industry demand such as in Industry 4.0 research and redevelopment ("R&D").

2.5 Upcoming business parks in regional centres

Development plans by the government to establish the Woodlands Regional Centre as a key commercial hub in the North Region and the Punggol Digital District in the North-Eastern Region will create quality spaces for Singapore's industrial developments and attract manufacturers with new infrastructure.

The upcoming Woodlands North Coast ("WNC") precinct situated within the Woodlands Regional Centre will house business parks targeting clean and light manufacturing firms as well as SMEs. 1 North Coast, a pilot development by JTC, will introduce flexible industrial space options in the form of a zoning where 70% will be allocated for ancillary space and 30% for industrial use. With proximity to the new Woodlands North MRT station, slated to connect to the proposed Rapid Transit System ("RTS") Link between Singapore and Johor Bahru, this will improve the transportation of goods to key destinations.

Projected for completion in 2023, the 50-hectare ("ha") Punggol Digital District will accommodate the Singapore Institute of Technology ("SIT") campus and a business park developed by JTC. Positioned as a growth cluster for digital and cyber-security industries, the Punggol Digital District will operate the first smart grid for business parks in Singapore and launch an Open Digital Platform that will integrate smart technologies for the collection of data in areas such as transport conditions. Developments within this smart district are projected to be about 30% more energy efficient than stardard commercial buildings. With various firms from different industries and institutions located close to one another, this upcoming district will foster closer collaboration between students and businesses.

2.6 Jurong Port develops Ready-Mixed concrete ecosystem

In line with Jurong Port's vision to become a next generation multipurpose port, Jurong Pte Ltd will be developing a Ready-Mixed Concrete ("RMC") ecosystem to assimilate a bigger portion of the construction supply chain within the region. This ecosystem will be key in forming new value and innovation for its customers via port-centric ecosystems and digital collaborative platforms. The integration of these complementary activities with Jurong Port strengthens Singapore's positon as a maritime hub.

2.7 Measures to mitigate the impact of COVID-19 on businesses

While the government continues to encourage the growth of firms in Singapore, there has been a recent shift in focus to support companies to weather through the drop in economic activities due to the COVID-19 pandemic and the measures implemented to stem the spread of the virus.

To soften the blow of the COVID-19 outbreak on the economy and put Singapore on track for recovery when the outbreak has been contained, large-scale government spending has been unveiled in the form of four stimulus packages as of end-May. These include the Unity Budget which has set aside some S$6.4 billion in support funds, as well as the Resilience and Solidarity Budgets that will allocate a further S$48.4 billion and S$5.1 billion respectively to support businesses and households. In addition to these, the government has mobilised a supplementary spending of S$33.0 billion through the Fortitude Budget aimed primarily at supporting businesses and workers affected by the COVID-19 crisis. Of this amount, S$13.0 billion will be set aside in the Contingencies Fund to allow the government to respond more swiftly to unprecedented events in the near future. Overall, the total fiscal stimulus would be worth some S$92.9 billion in relief spending, nearly 20% of the GDP.

To help employees retain workers, the government has enhanced the Jobs Support Scheme ("JSS"), which will pay out 25% to 75% of wages for April and May 2020 on the first S$4,600 of a worker's gross monthly pay for all firms, depending on the sectors. Post-circuit breaker, firms that cannot resume operations will continue to receive the 75% wage support until they are allowed to do so, or until August 2020, whichever is earlier. This means that the wage subsidies that employers will receive will be extended to 10 months instead of nine. Accordingly, firms in more affected sectors such as aerospace, retail, marine and offshore will received increased support from 25% to 50% or 75%.

Other measures to help with cash flow and costs for businesses include the enhanced property tax rebate for 2020, in which owners of industrial properties will receive a 30% property tax rebate that is expected to be passed down in full to tenants. Together with this, the government will offset 2 months' rental for qualifying SME tenants of commercial properties and 1 month's rental for qualifying SME tenants of industrial and office properties.

A corporate income tax rebate of 25% of tax payable, capped at S$15,000 per company will also be granted for Year of Assessment ("YA") 2020. Income tax payments in the second quarter of 2020 will also be automatically deferred for companies to the next quarter. No increases in government fees and charges will be imposed from 1 April 2020 to 31 March 2021.

The COVID-19 Bill, introduced in April, seeks to provide temporary relief to businesses and individuals that may face challenges in fulfilling their contractual obligations due to the pandemic. This will cover relevant contractual obligations dating from 1 February 2020 and contracts that were entered into or renewed before 25 March 2020. To further help businesses facing credit challenges and provide them access to working capital, the maximum loan quantum of the enterprise financing scheme ("EFS")-Trade Loan will also be raised to S$10 million and the EFS-SME Working Capital Loan to S$1 million, with the government's risk share of both loans raised to 90%. The Temporary Bridging Loan Programme will also be extended to eligible enterprises including those in the manufacturing sector to provide additional cash flow support, with a loan quantum of S$5 million and 90% government risk share.

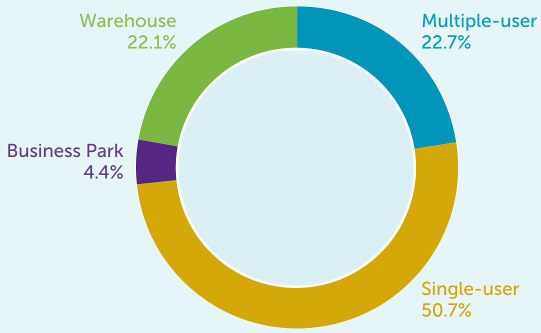
OVERVIEW OF THE SINGAPORE ECONOMY

3 REVIEW OF SINGAPORE INDUSTRIAL PROPERTY MARKET

3.1 Overview of Industrial Property Stock

As at 1Q 2020, Singapore industrial stock totalled approximately 536.4 million sq ft. According to JTC's categorisation of the different industrial spaces namely single-user and multiple-user factories, business parks as well as warehouses, the single-user and multiple-user factory spaces formed the bulk of the industrial spaces in Singapore. This constituted about 73.5% of the total industrial stock, followed by warehouses and business parks making up some 22.1% and 4.4% respectively (Exhibit 3-1).

Exhibit 3-1: Total industrial stock in Singapore as at 1Q 2020, by type of industrial properties



Source: JTC, Knight Frank Research.

4 REVIEW OF PRIVATE SINGLE-USER FACTORY MARKET SEGMENT

4.1 Existing and potential supply

As at 1Q 2020, the stock of private single-user factory space rose by 1.5% y-o-y to approximately 230.7 million sq ft net lettable area ("NLA"). Across planning regions, the West Region accounted for 53.9% or 124.2 million sq ft of private single-user factory space, followed by the North Region (44.9 million sq ft). The latter witnessed the highest percentage increase in the stock by 5.0% y-o-y.

Correspondingly, the average annual single-user factory space slated for completion from 2Q 2020 to 2024 is 4.0 million sq ft, slightly lower than the annual average supply of 4.9 million sq ft from 2009 to 2019. Some 20.1 million sq ft gross floor area ("GFA") of private single-user factory space is projected to come on stream from 2020 to 2024 (Exhibit 4-1). Notable upcoming developments include a single-user industrial development at Senoko Drive / Senoko Road by Tee Yih Jia Food Manufacturing Pte Ltd spanning approximately 859,000 sq ft, as well as a single-user factory at Bulim Drive by Shimano Singapore Pte Ltd (346,000 sq ft) (Exhibit 4-2).

Exhibit 4-1: Net new and potential supply of single-user factory space, 2009 to 2024F

Source: JTC, Knight Frank Research.

Exhibit 4-2: Selected major upcoming single-user factory space

Project	Street/Location	Developer	GFA (sq ft)	Expected Year of Completion
Single-user factory at Sunview Way	Sunview Way	Malkoha Pte Ltd	1,844,287	NA
Single-user factory at Lok Yang Way	Lok Yang Way	Google Asia Pacific Pte Ltd	1,292,421	NA
Single-user industrial development at Senoko Drive/Senoko Road	Senoko Drive/Senoko Road	Tee Yih Jia Food Manufacturing Pte Ltd	859,282	2020
Single-user factory at Seletar North Link	Seletar North Link	HL-Sunway JV Pte Ltd	672,528	2021
Extension to existing factory at Ang Mo Kio Street 64	Ang Mo Kio Street 64	United Engineers Limited	647,772	NA

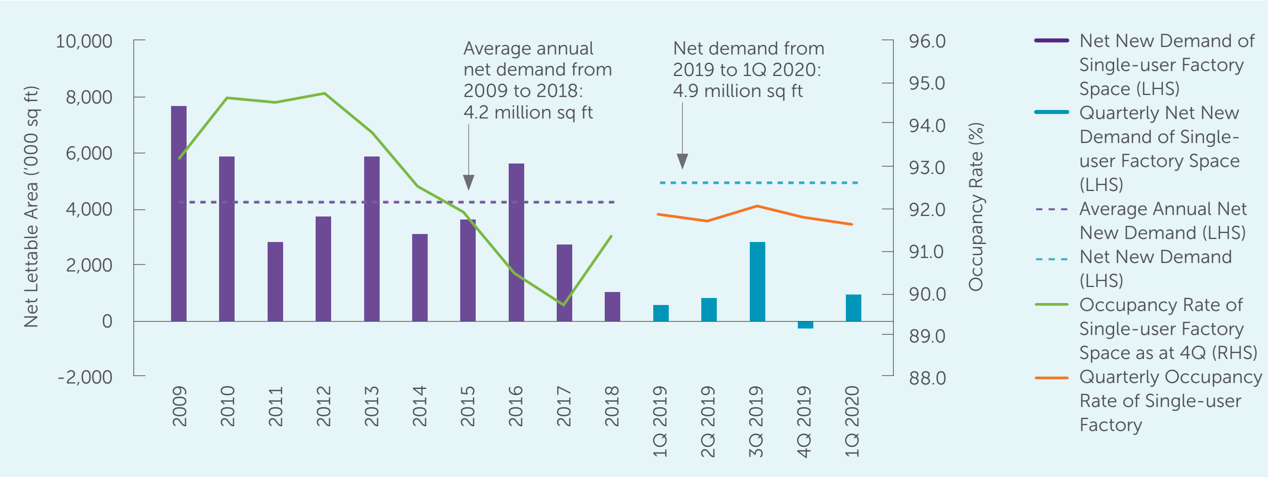
Source: JTC, Knight Frank Research.

OVERVIEW OF THE SINGAPORE ECONOMY

4.2 Demand and occupancy

Since 2017, the occupancy rate of single-user factories has progressively increased and then moderated, recording 91.6% in 1Q 2020 (Exhibit 4-3). On a y-o-y basis, net new demand expanded from 0.6 million sq ft in 1Q 2019 to 1.0 million sq ft in 1Q 2020. This could be attributed to the increase in net supply in the subsequent quarters since 4Q 2019, resulting in the increased take-up of such factory space.

Exhibit 4-3: Net demand and occupancy rate of single-user factory space, 2009 to 1Q 2020

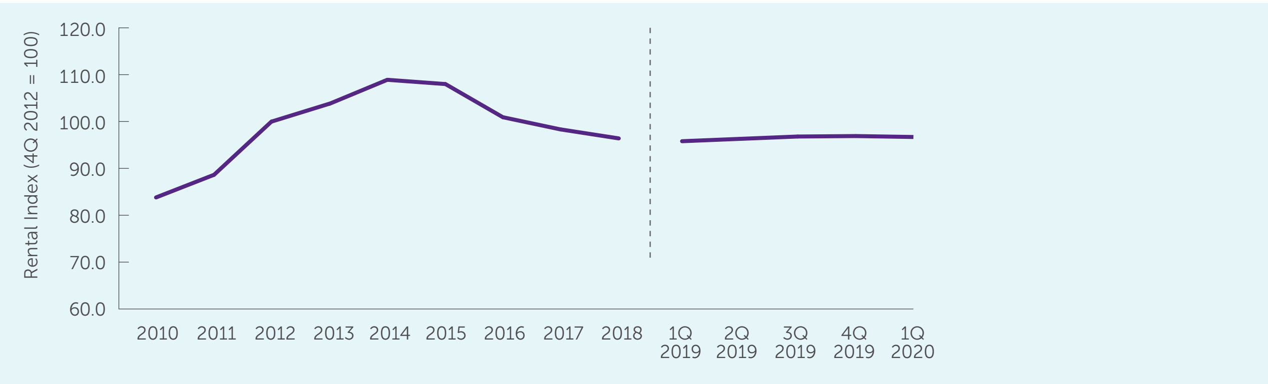


Source: JTC, Knight Frank Research.

4.3 Rents of single-user factory space

As at 1Q 2020, the JTC rental index of single-user factory space inched upwards by 0.9% y-o-y to 96.7 (Exhibit 4-4). The marginal increase could be attributed to the slight decrease of 0.2 percentage points (ppt) quarter-on-quarter (q-o-q) in the occupancy rate of single-user factory space island-wide to 90.6% in 1Q, resulting in subdued movement of rents.

Exhibit 4-4: Rental index of single-user factory space, 2010 to 1Q 2020

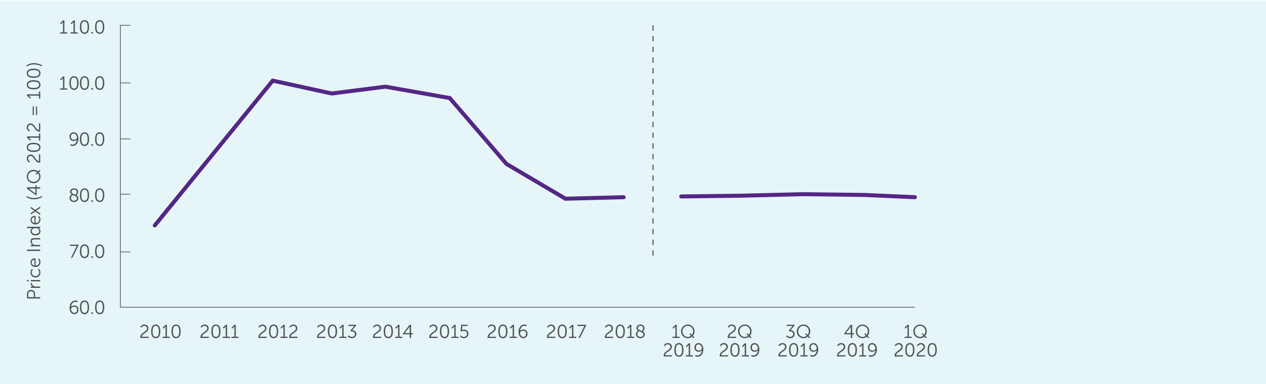


Source: JTC, Knight Frank Research.
Note: The rental indices for years 2010 to 2018 are based on 4Q figures.

4.4 Prices of single-user factory space

On a y-o-y basis, the prices of single-user factory spaces have generally increased marginally, with a rise of 0.1% y-o-y to 79.7 in 1Q 2020 (Exhibit 4-5).

Exhibit 4-5: Price index of single-user factory space, 2010 to 1Q 2020



Source: JTC, Knight Frank Research.
Note: The price indices for years 2010 to 2018 are based on 4Q figures.

4.5 Outlook of the single-user factory segment

Moving forward, amid a weaker global trade outlook with the onset of COVID-19, the single-user factory rents are projected to remain subdued as upcoming supply of new private single-user factory spaces continues to outweigh demand. Despite weakened business sentiments, the demand for high-specification and purpose-built industrial spaces are projected to stay stable as tenants keep a cautious stance and remain selective in expanding their footprints.

5 REVIEW OF PRIVATE MULTIPLE-USER FACTORY MARKET SEGMENT

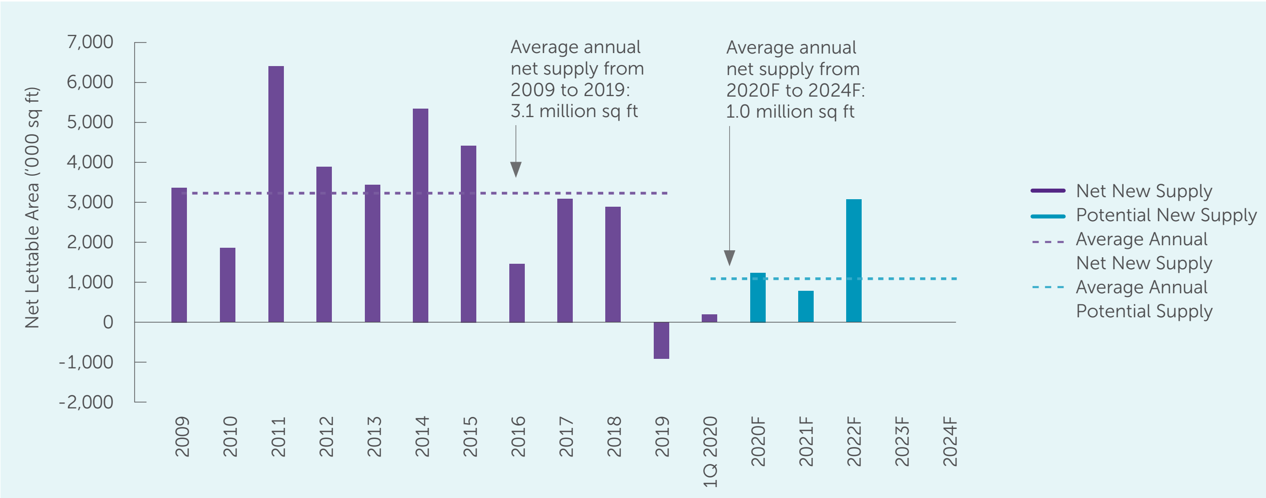
5.1 Existing and potential supply

The total stock of private multiple-user factory in 1Q 2020 declined by 0.9% y-o-y to 101.8 million sq ft NLA. Geographically, the Central Region accounted for the bulk of the stock, with 40.7% or 41.4 million sq ft of space. On a y-o-y basis, the East and North Regions witnessed no changes while the rest of the regions reported decreases; the North-East Region experiencing the largest percentage decline of 6.8% y-o-y.

In tandem with the industrial land supply cut, the average annual net supply of new industrial stock from 2Q 2020 to 2024 stands at approximately 1.0 million sq ft NLA, lower than the annual average of 3.1 million sq ft from 2009 to 2019 (Exhibit 5-1). Some of the notable upcoming developments include the Solaris @ Tai Seng (1.1 million sq ft) by SB (Ipark) Investment Pte Ltd, Tuas South Connection (508,000 sq ft GFA) by Yee Lee Development Pte Ltd, as well as Liner at Tuas Bay Close (497,000 sq ft) by SB (Northview) Investment Pte Ltd (Exhibit 5-2).

OVERVIEW OF THE SINGAPORE ECONOMY

Exhibit 5-1: Net new and potential supply of multiple-user factory space, 2009 to 2024F



Source: JTC, Knight Frank Research.
Note: The rental indices for years 2010 to 2018 are based on 4Q figures.

Exhibit 5-2: Selected major upcoming single-user factory space

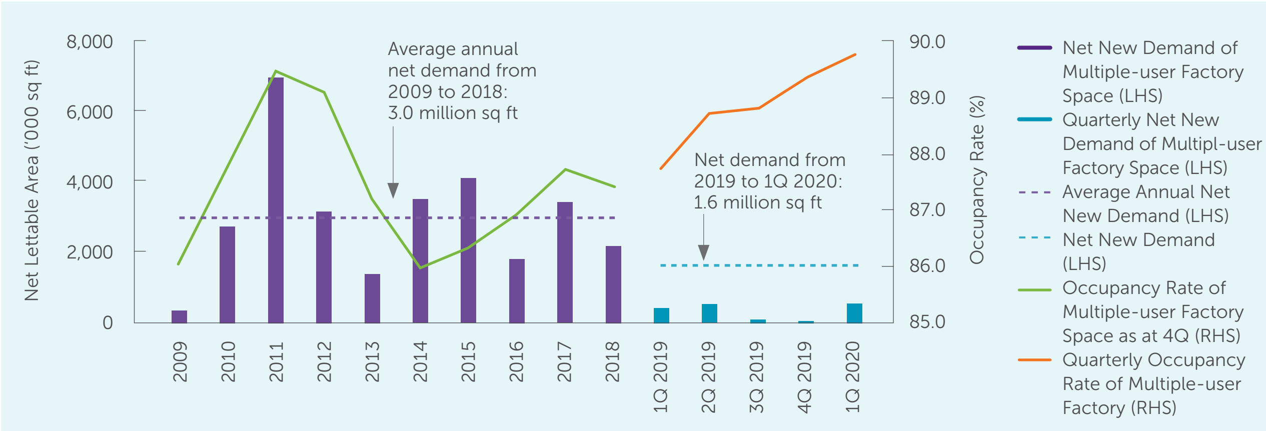
Project	Street/Location	Developer	GFA (sq ft)	Expected Year of Completion
Solaris @Tai Seng	Tai Seng Avenue	SB (Ipark) Investment Pte. Ltd.	1,132,900	2022
Multiple-user factory at Kallang Way	Kallang Way	Mapletree Industrial Trust	865,633	NA
Multiple-user factory at Woodlands Avenue 12	Woodlands Avenue 12	Soon Hock Investment Group Pte Ltd	563,383	NA
Tuas South Connection	Tuas South Link 1	Yee Lee Development Pte Ltd	507,626	2020
Liner	Tuas Bay Close	SB (Northview) Investment Pte Ltd	497,292	2022

Source: JTC, Knight Frank Research.

5.2 Demand and occupancy

While the net new demand of private multiple-user factory space in 2019 has generally decreased, the occupancy rate has progressively increased since 2018. The occupancy rate of such factory space stood at 89.7% in 1Q 2020 (Exhibit 5-3). The respective planning regions recorded y-o-y growths in the occupancy of private multiple-user factory space, with the East Region posting the largest uptick of 1.9 percentage points y-o-y.

Exhibit 5-3: Net demand and occupancy rate of multiple-user factory space, 2009 to 1Q 2020

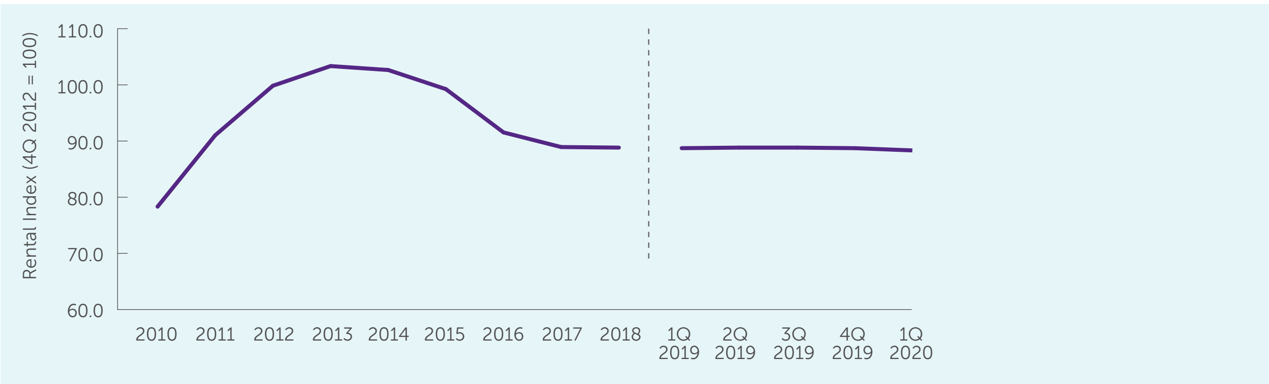


Source: JTC, Knight Frank Research.
Note: Potential upcoming supply includes the land zoned as reserve sites.

5.3 Rents of multiple-user factory space

The JTC rental index of multiple-user factory space saw a slight drop of 0.4% y-o-y to 88.5 in 1Q 2020 (Exhibit 5-4). The East Region was the only area which witnessed an increase of 0.6% y-o-y. In contrast, the rest of the regions recorded marginal rental declines within the range of 0.2 to 1.0% y-o-y in 1Q 2020.

Exhibit 5-4: Rental index of multiple-user factory space, 2010 to 1Q 2020



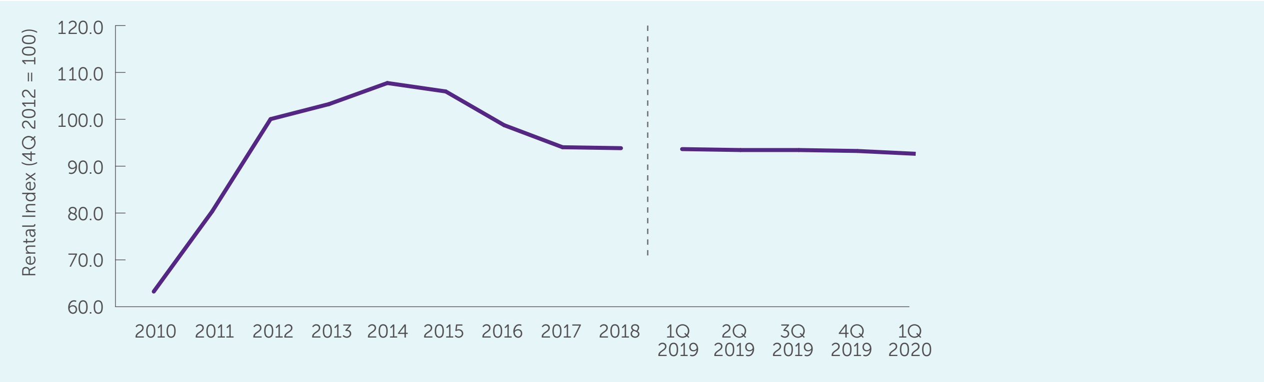
Source: JTC, Knight Frank Research.
Note: The rental indices for years 2010 to 2018 are based on 4Q figures.

OVERVIEW OF THE SINGAPORE ECONOMY

5.4 Prices of multiple-user factory space

The JTC price index of multiple-user factory saw a slight drop of 1.1% y-o-y to 92.6 in 1Q 2020 from 93.6 in 1Q 2019 (Exhibit 5-5). The price of such factory spaces has remained relatively flat over the past quarters, with a 0.6% q-o-q drop in 1Q 2020 after a 0.2% drop in 4Q 2019.

Exhibit 5-5: Price index of multiple-user factory space, 2010 to 1Q 2020



Source: JTC, Knight Frank Research.
Note: The price indices for years 2010 to 2018 are based on 4Q figures.

5.5 Outlook of the Multiple-User Factory Segment

In view of the business disruptions from the government measures to stem the COVID-19 outbreak, the influx of incoming supply in 2020, coupled with the lagging demand for multiple-user factory space, the rentals of these spaces are projected to face pressure with more vacant spaces.

However, with the JTC's Industrial Redevelopment Programme in place, older industrial estates will be rejuvenated. This will help to support the occupancy of these factory spaces as some 50% of the new multi-user factory supply will be for the purpose of tenants who have been affected by the redevelopment programmes.

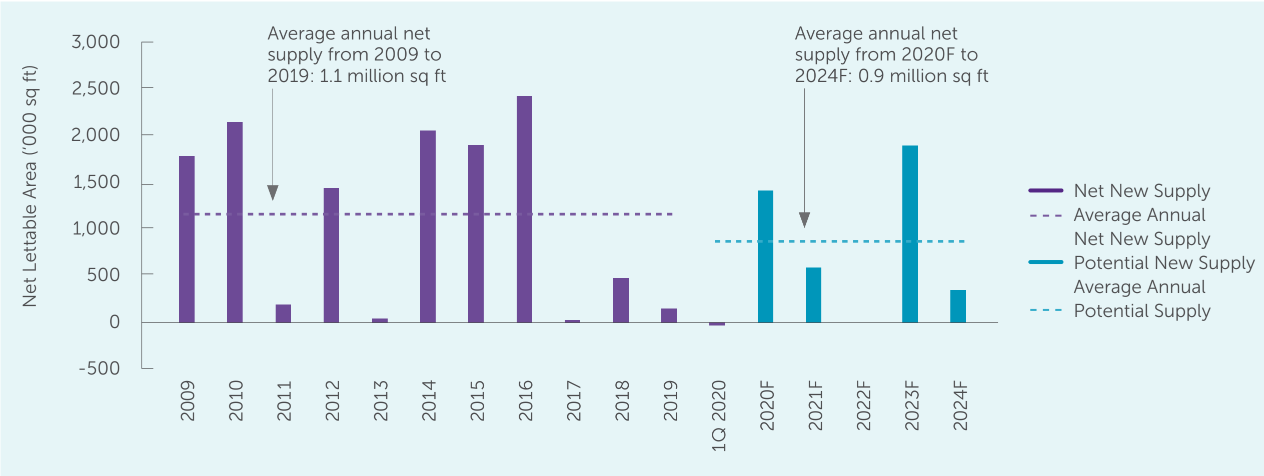
6 REVIEW OF PRIVATE AND PUBLIC BUSINESS PARKS MARKET SEGMENT

6.1 Existing and potential supply

As at 1Q 2020, the stock of business park space amounted to 23.6 million sq ft.The addition of business park space in 2019 of 154,000 sq ft NLA was much lower than the 1.1 million sq ft of annual average net supply from 2009 to 2019, with the business park development at 5 Science Park Drive being the only notable completion. Of the planning regions, the Central Region, which includes one-north, has the largest stock at 13.8 million sq ft as at 1Q 2020.

The pipeline supply for business park space from 2Q 2020 to 2024 is estimated to be 4.3 million sq ft of net lettable space, assuming an efficiency ratio of 80%. This translates to about 0.9 million sq ft NLA of supply each year from 2Q 2020 to 2024, close to the annual average of 1.1 million sq ft from 2009 to 2019 (Exhibit 6-1). Notable upcoming developments include the CleanTech Three at Cleantech Loop (663,487 sq ft GFA) and the business park development at Punggol Way (2.4 million sq ft GFA) that are expected to be completed in 2020 and 2023 respectively (Exhibit 6-2).

Exhibit 6-1: Net new and potential supply of business park space, 2009 to 2024F



Source: JTC, Knight Frank Research.
Note:
1. Potential upcoming supply includes the land zoned as reserved sites.
2. Inclusive of both private and public business park space.

Exhibit 6-2: Selected major upcoming business parks

Project	Street/Location	Developer	GFA (sq ft)	Expected Year of Completion
Business park development at Punggol Way	Punggol Way	JTC Corporation	2,393,999	2023
CleanTech Three at Cleantech Loop	Cleantech Loop	JTC Corporation	663,487	2020
Business park development at Cleantech Loop	Cleantech Loop	SJ Capital (JID) Pte Ltd	445,087	2021
Business park development at One-north Avenue	One-north Avenue	Ascendas REIT	390,084	NA
Business park development at Cleantech Heights	Cleantech Heights	PBA Innovation Centre Pte Ltd	285,136	NA

Source: JTC, Knight Frank Research.

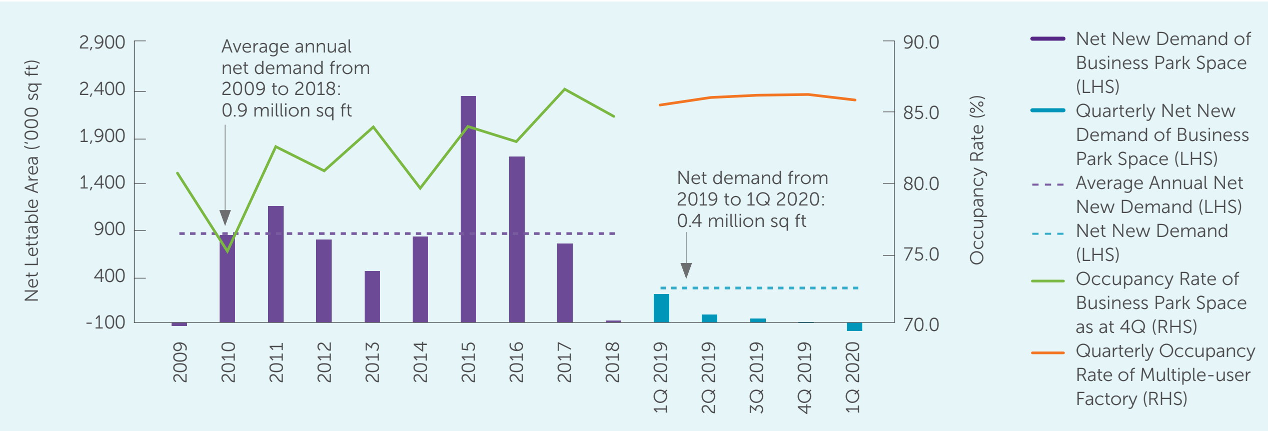
OVERVIEW OF THE SINGAPORE ECONOMY

6.2 Demand and occupancy

Due to the limited net new supply in 2019, the occupancy of business park space has slightly improved from 85.6% in 1Q 2019 to 86.0% in 1Q 2020 (Exhibit 6-3). The lack of net supply has helped to support the occupancy level amid the uncertain external environment. Of the planning regions, the Central Region has the highest occupancy rate at 91.4% as at 1Q 2020. The occupancy rate of the West Region was the lowest at 72.4% due to the presence of older business park spaces.

The lack of supply has also resulted in lower net demand for business park space. While there was 310,000 sq ft of net demand in 1Q 2019, the net take-up for such spaces saw a decline of 87,000 sq ft in 1Q 2020.

Exhibit 6-3: Net demand and occupancy rate of business park space, 2009 to 1Q 2020

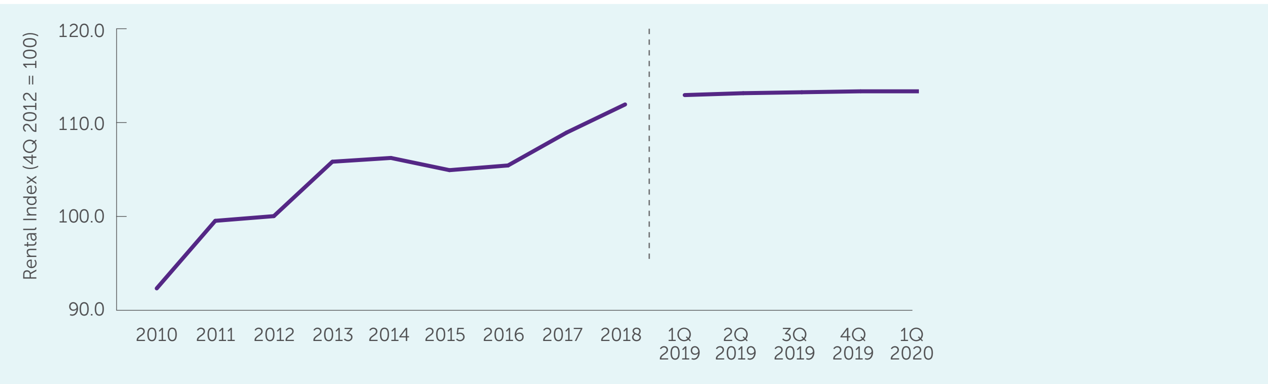


Source: JTC, Knight Frank Research.

6.3 JTC rental index of business park space

With occupancy levels staying healthy, the JTC rental index of business park space went up slightly by 0.4% y-o-y to 113.3 in 1Q 2020 (Exhibit 6-4). While the electronics sectors saw a decrease in output in 2019, the information and communication, pharmaceutical and medical technology segments witnessed expansion. The higher office rents in the Central Business District (CBD) also encouraged firms that qualified for business park space to consider relocating.

Exhibit 6-4: Rental index of business park space



Source: JTC, Knight Frank Research.
Note: The rental indices for the years 2010 to 2018 are based on 4Q figures.

6.4 Outlook of the business park segment

We anticipate demand for business parks to remain stable in 2020, supported by the technology firms. The information and communication sector is projected to continue to expand despite the uncertainties of the external environment and the slower economic growth brought forth by the outbreak of COVID-19. The demand for information technology solutions during the COVID-19 outbreak is expected to increase and leverage on Big Data analytics. As business park spaces are of a lower cost as compared to office spaces in the CBD, some technology companies may prefer to locate in business parks and consolidate their operations in a single location instead.

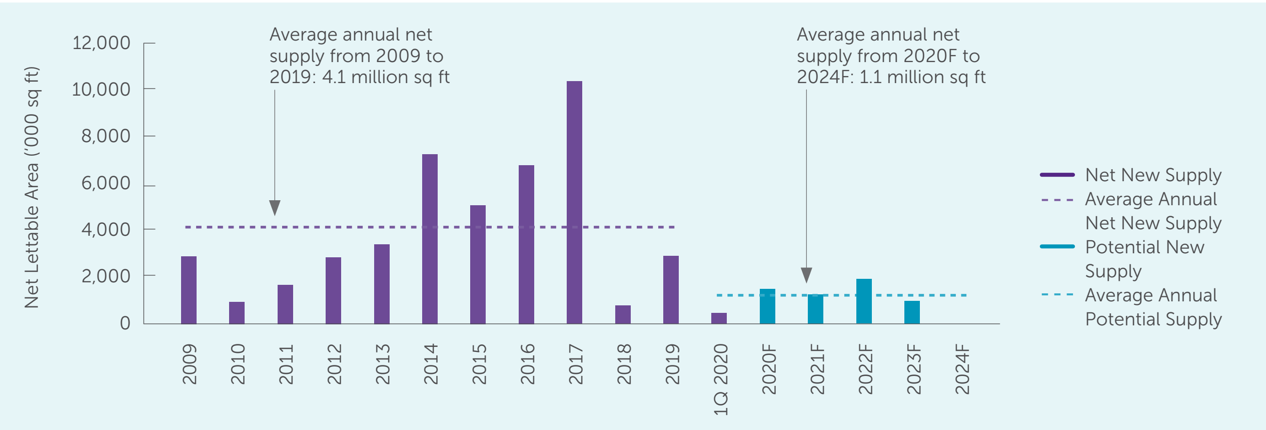
7 REVIEW OF PRIVATE WAREHOUSE MARKET SEGMENT

7.1 Existing and potential supply

The total stock of warehouse space in Singapore increased by about 2.2% y-o-y to 116.0 million sq ft as at 1Q 2020. The growth of stock in 2019 was faster than in 2018 as net supply in the former increased by 2.9 million sq ft from 0.8 million sq ft in 2018. Across the planning regions, the North-East Region witnessed the largest increase in stock, expanding by 3.6% y-o-y or 147,000 sq ft. Notable completions in 2019 include the warehouse development at 10 Sunview Road (539,000 sq ft GFA) and Radha Exports Building (380,000 sq ft GFA).

Assuming an efficiency of 80%, the supply pipeline of warehouse space from 2Q 2020 to 2024 totalled 5.7 million sq ft NLA. This is lower than the average annual net supply of 4.1 million sq ft from 2009 to 2019 as the Government moderated supply in view of economic headwinds (Exhibit 7-1). Key developments projected to come on-stream include warehouse developments at Pandan Crescent (1.3 million sq ft GFA) and Sunview Road (1.3 million sq ft GFA) (Exhibit 7-2).

Exhibit 7-1: Net new and potential supply of warehouse space, 2009 to 2024F



Source: JTC, Knight Frank Research.
Note: Potential upcoming supply includes the land zoned as reserved sites.

OVERVIEW OF THE SINGAPORE ECONOMY

Exhibit 7-2: Selected major upcoming warehouse space

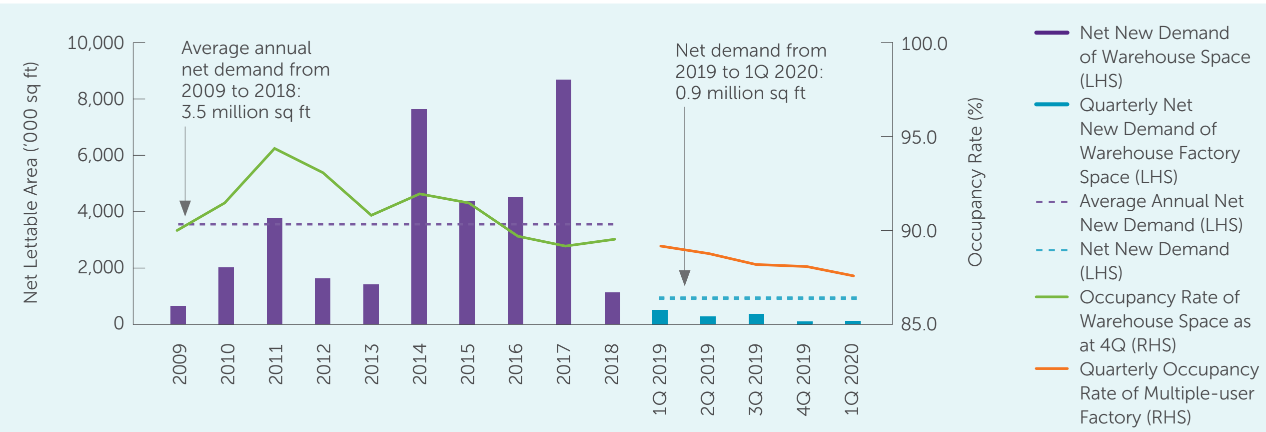
Project	Street/Location	Developer	GFA (sq ft)	Expected Year of Completion
Warehouse development at Pandan Crescent	Pandan Crescent	Pandan Crescent Pte Ltd	1,293,821	NA
Warehouse development at Sunview Road	Sunview Road	Allied Sunview Pte Ltd	1,257,331	NA
Cogent Jurong Island Logistics Hub at Tembusu Crescent	Tembusu Crescent	S H Cogent Logistics Pte Ltd	925,803	2020
Additions/alterations to existing industrial development at Tuas South Avenue 14	Tuas South Avenue 14	LOGOS SE Asia Pte Ltd	863,050	2022
Warehouse development at Sunview Road	Sunview Road	NTUC Fairprice Co-operative Ltd	749,275	NA

Source: JTC, Knight Frank Research.

7.2 Demand and occupancy

Net new demand for warehouse space in 2019 was about 963,000 sq ft, lower than the 1.1 million sq ft of net demand in 2018. The trade disputes between China and the United States affected trade volume, contributing to the lower net demand. This trend continued in 1Q 2020 where the net absorption of such spaces saw a decline of 110,000 sq ft (Exhibit 7-3). Simultaneously, the occupancy rate of warehouse space fell to 87.5% in 1Q 2020 from 89.0% in 1Q 2019. Across the planning regions, warehouses in the North Region saw the highest occupancy rate of 89.2%, followed by the West Region (87.9%) and Central Region (87.7%).

Exhibit 7-3: Net demand and occupancy rate of warehouse space, 2009 to 1Q 2020

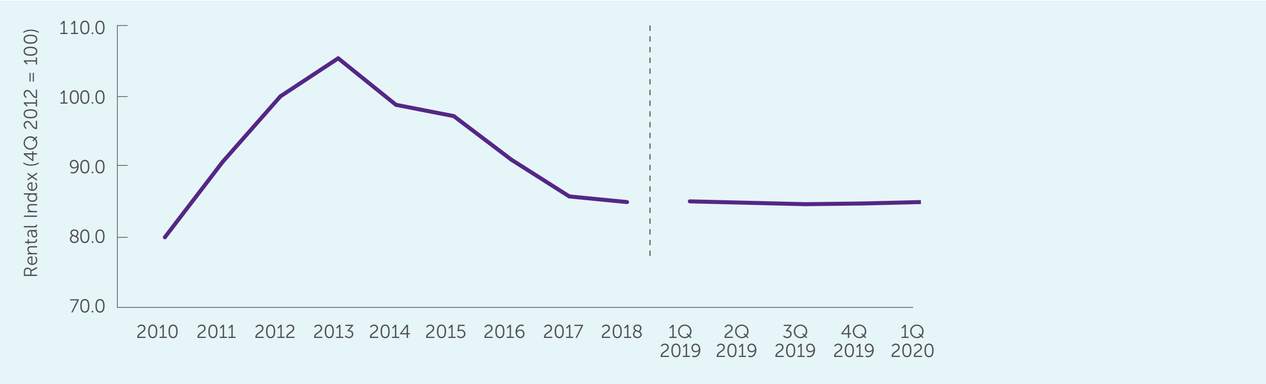


Source: JTC, Knight Frank Research.
Note: Potential upcoming supply includes the land zoned as reserved sites.

7.3 JTC rental index of warehouse space

Despite the slowdown in trade-related sectors, the moderation in new supply helped rents to stay stable. Warehouse rents have stayed largely flat since 4Q 2017, easing by 0.1% y-o-y to 85.0 in 1Q 2020 (Exhibit 7-4).

Exhibit 7-4: Rental index of warehouse space



Source: JTC, Knight Frank Research.
Note: The rental indices for the years 2010 to 2018 are based on 4Q figures.

7.4 Outlook of the warehouse space segment

In the immediate-term, the widespread and far-reaching pall cast on all economic activity by the COVID-19 outbreak will invariably disrupt trade links and supply chains in the region and around the world, affecting Singapore's position as a logistics hub. Despite the disruptions, the biomedical manufacturing sector is likely to witness growth with increasing demand for medical instruments and supplies. While the occupancy rates and rents of some warehouses might come under some short-term downward pressure due to the general disruptions in global and regional supply chains, the government is confident that Singapore will be adequately provisioned for during this uncertain period. Therefore warehouse rents should by-and-large remain relatively stable, maintaining the nation's stockpile of necessities. However, if the effects of the COVID-19 outbreak protract over the medium-term, warehouse and logistic vacancies might increase and rents fall.

Once the COVID-19 crisis has passed, the potential for logistics growth remains optimistic in the medium- to long-term, with the upcoming infrastructural developments of the sea and airports. The upcoming Changi East Industrial Zone under the Changi East Project, as well as the Tuas Mega Port, will expand and deepen Singapore's logistical capacities and competencies in the long run. Projected to commence operations progressively from 2021, the Tuas Mega Port will have a total capacity of up to 65 million TEUs by its completion in 2040, more than the combined capacity of two existing terminals. Separately, the Changi East Industrial Zone will be developed for airfreight, air express, and maintenance, repair and operations activities. Together with the remodelled Changi Airfreight Centre, the Changi Planning Area will have an increased handling capability of 5.4 million tonnes upon completion in 2030.

OVERVIEW OF THE SINGAPORE ECONOMY

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 the 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 the Knight Frank's judgement 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.

OVERVIEW OF THE AUSTRALIA ECONOMY

The following report was prepared by AA REIT Management Australia Pty Limited as at 30 June 2020 for its inclusion in this Annual Report.

OVERVIEW OF THE AUSTRALIAN ECONOMY

Given the worldwide threat posed by the COVID-19 pandemic, the global economy and subsequently, Australia's economic outlook, both remain uncertain. Analysts and economists continue to debate the extent of the fall in global and local Gross Domestic Product ("GDP"). The National Australia Bank ("NAB")[1] has forecast that real GDP will fall in 2020 by 4.3% compared to a rise in 2019 of 1.8%. The trend is downward, however, it is still unclear as to the extent of this fall.

The response was quickly put together to tackle this estimated downturn in 2020, with the Reserve Bank of Australia ("RBA") cutting the official cash rate twice in March by a total of 50 basis points, making the current value 0.25%. Other global central banks took measures of a similar nature, in an effort to assist growth and sustain liquidity in the market. This has gone a long way in easing market sentiment and has greatly reduced the interest pain felt by local commercial borrowers.

The Australian Federal Government has also announced several stimulus initiatives, to increase business investment, improve consumer spending, reduce possible job losses and increase health services. Infrastructure spending also continues, which will support growth moving forward.

Following the Global Financial Crisis ("GFC") and stabilisation of the market, Australia's economy proved that it was resilient and quick to recover. As restrictions reduce in the country and borders reopen in the future, Australia's economy has a strong foundation to recover from this temporary setback. Real GDP growth is expected to launch a strong recovery, as reduced interest rates, stimulus packages and increasing confidence, all join to boost activity.

OVERVIEW OF MACQUARIE PARK (NEW SOUTH WALES, AUSTRALIA)

Macquarie Park is a suburb in northern Sydney, New South Wales ("NSW"), Australia. It is located 15 kilometres north-west of the Sydney central business district in the local government area of the City of Ryde.

Macquarie Park is one of the major centres for business in Australia and the state of NSW. The corporate prestige, close access to facilities and aesthetically pleasing environment are an attraction for many corporations. The Macquarie Centre is a major regional shopping Centre at Macquarie Park. Macquarie University takes up a large part of the suburb.

Optus Centre, Australia

1 NAB Economic Forecast Report: https://www.nab.com.au/business/international-and-foreign-exchange/financial-markets/economic-forecast

OVERVIEW OF THE AUSTRALIA ECONOMY

MACQUARIE PARK MARKET OVERVIEW

According to Knight Frank research[1], in the first half of 2019 there was limited new tenant demand with leasing transactions dominated by tenants opting to renew, and in some cases rationalise floor space requirements. This resulted in a low absorption rate and vacancy stabilising. In contrast, the tail-end of 2019 saw both expansion and relocation activity across the whole market that was above the annual average seen over the last years, resulting in positive net absorption of 4,529 sq m.

Due to recent absorption trends, the vacancy rate has now declined to a new record low of 4.4% in January 2020, down from 4.9% in July 2019. Both prime and secondary floor space recorded a decline in vacancy rates. Prime vacancy rates have tightened to 3.3%, down from 3.8% and secondary vacancy rates have declined to 7.6%, down from 8.3% over the same period.

Recent new leasing activity on the back of tenants fulfilling relocation and expansion plans has resulted in a decline in overall vacancy rate to 4.4%, a new record low for Macquarie Park. Both prime and secondary stock recorded a decline in vacancy rates.

Average prime gross face rents have increased to 4.6% YoY to AUD520/sq m (AUD429/ sq m net face). Average prime incentives are stable at 22%. In the secondary market, average gross face rents have increased 5.2% YoY to AUD458/sq m (AUD353/sq m net face). Average secondary incentives have increased to 24%, up from 22%. Existing low vacancy conditions in conjunction with the completion of new developments over 2020/21 may contribute to further prime office rental growth.

The recent opening of the Sydney Metro Northwest line has further enhanced Macquarie Park's connectivity to other precincts. The depth of investor appetite for further exposure to Macquarie Park from both developers and institutional funds is now reflected in overall investment volumes, which reached a record high in 2019 of AUD718 million. The market has been so tightly held by investors that no assets have changed hands since 2017.

In one of the largest transactions for the North Shore market last year, Charter Hall's Direct PFA Fund and Long WALE REIT in an equal partnership (50:50) acquired John Holland's The Glasshouse building for AUD331.3 million. The building forms part of John Holland's Macquarie Square development and is substantially pre-committed to the NSW Government on a 12-year lease. The sale price represents a passing yield of 5.0%.

The lack of available investment options over the last two years has created pent-up demand for assets. The depth of enquiry on assets that have traded suggests that confidence has grown on the back of improving transport connectivity and the tenant demand profile.

Average prime yields (assuming a 5-year WALE) have compressed 30 bps YoY to range 5.25% to 5.75%. Secondary market yields range from 5.75% to 6.25%, representing a 24 bps compression over the last 12 months.

OVERVIEW OF BURLEIGH WATERS (GOLD COAST, QUEENSLAND, AUSTRALIA)

Burleigh Waters is a suburb within the Local Government Area ("LGA") of the City of Gold Coast in Queensland, Australia. It boasts five manmade lakes, two large shopping centres and Marymount College. It sits within the LGA of the City of Gold Coast, and is only 10 kilometres south of the famous Gold Coast entertainment area, which is the second most popular tourist destination in Queensland ("QLD") (5.2 million visitors compared to Brisbane at 9.2 million visitors) with its prominent beaches, popular restaurant offerings and vibrant nightlife. The changing economic environment has seen the local government recognising the need to accommodate not only existing key industries such as tourism, but also emerging industries.

In addition, some major domestic and foreign developers have committed to significant tourism and leisure projects, showing confidence that the Gold Coast will continue to attract tourists from Asia Pacific and the world. Education has also become a fundamental economic driver for the Gold Coast with the establishment of the Gold Coast Health and Knowledge Precinct.

1 Private report included as part of the valuation for the Optus Centre.

Boardriders Asia Pacific HQ, Australia

Over the past few years, there has been significant investment in infrastructure and other major projects, which is expected to continue into the future. Connectivity within the region has greatly improved, following the government led infrastructure projects. Furthermore, major foreign and domestic developers are committed to major tourism and leisure project, signalling confidence that the Gold Coast will continue to draw tourists from across the world. Education is also playing a large role in the future of the Gold Coast with the establishment of the Gold Coast Health and Knowledge Precinct.

The Gold Coast has one of Australia's highest population growth figures, reaching 2.5% per annum. This move from other states and overseas is helping to propel economic growth in the region, which will provide demand to the commercial and residential property sectors in the future.

GOLD COAST MARKET OVERVIEW

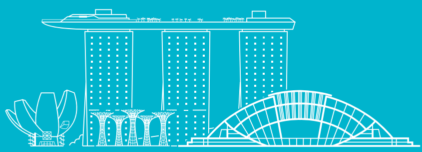
The Gold Coast economy has experienced steady growth with Gross Regional Product growing by 2.6% YoY to June 2019. This was well above the national average of 2.0% over the same period, with a number of factors contributing to the strong economic performance of the Gold Coast region.

The Gold Coast labour market has performed particularly well, with the unemployment rate at the end of 2019 at just 5.7%, well below the Queensland average of 6.2%. Most importantly, the job growth over the past 12 months has been driven by a broad range of sectors. The weakened Australian dollar has meant that tourist related sectors have experienced significant job growth such as retail, accommodation and food services. In addition, education jobs have also seen significant growth, showing that the region is becoming an education hub within Australia. The one major drag on job growth has been in the construction sector, with major project construction dropping in 2019.

MANAGER'S REPORT

OPERATIONS REVIEW

AT A GLANCE AS AT 31 MARCH 2020



25

PROPERTIES IN SINGAPORE

2

PROPERTIES IN AUSTRALIA

TOTAL NUMBER OF TENANTS **192**

NET LETTABLE AREA (NLA)

671,191 square metres

WEIGHTED AVERAGE LEASE EXPIRY ("WALE")

3.79 years

2.13 years (without forward leases)

OCCUPANCY

89.4%

PORTFOLIO VALUE

S$1.53 billion

DEVELOPMENT TRACK RECORD IN DELIVERING OUR ASSET ENHANCEMENT STRATEGY

The Manager has been focused on anticipating and adapting to market changes by building a diversified and resilient portfolio through unlocking organic growth and strategic acquisitions to develop a higher value portfolio.

Over the past decade, a total of six properties have resulted in an aggregate increase of approximately 1.88 million sq ft in GFA to the portfolio.

20 GUL WAY (PHASES ONE & TWO)

- Redevelopment of a five-storey ramp-up warehouse (approximately **1.16 million sq ft**)
- Project size: **S$150.1 million**
- Temporary Occupation Permit ("TOP") of Phase One: **29 October 2012**
- TOP of Phase Two : **7 May 2013**

103 DEFU LANE 10

- Redevelopment of a modern six-storey industrial facility (approximately **203,000 sq ft**)
- Project size: **S$21.7 million**
- TOP: **28 May 2014**

20 GUL WAY (PHASES TWO EXTENSION & THREE)

- Further development of additional **497,000 sq ft**
- Project size: **S$73.0 million**
- TOP of Phase Two Extension: **14 June 2014**
- TOP of Phase Three: **9 September 2014**

30 TUAS WEST ROAD

- Redevelopment of a five-storey ramp-up warehouse (approximately **289,000 sq ft**)
- Project size: **S$40.6 million**
- TOP: **27 December 2016**

8 TUAS AVENUE 20

- Redevelopment of a three-storey industrial facility (approximately **159,000 sq ft**)
- Project size: **S$26.5 million** (including land cost)
- TOP: **29 August 2017**

51 MARSILING ROAD

- Greenfield build-to-suit development of an industrial facility (approximately **232,000 sq ft**)
- Project size: **S$34.9 million** (including land cost)
- TOP: **27 October 2017**

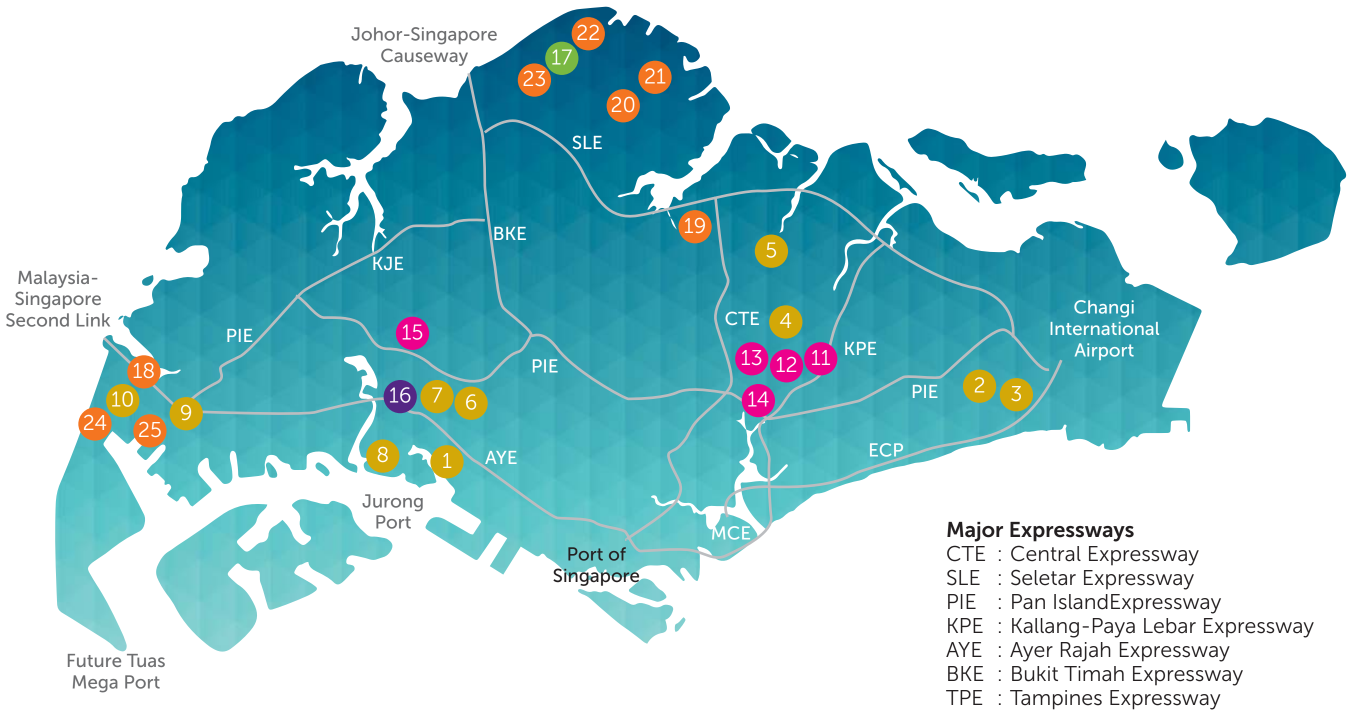
3 TUAS AVENUE 2

- Redevelopment of a purpose-built production and warehouse facility (approximately **268,000 sq ft**)
- Project size: **S$45.1 million** (including land cost)
- TOP: **10 January 2020**

MANAGER'S REPORT

OPERATIONS REVIEW

SINGAPORE PROPERTY PORTFOLIO AS AT 31 MARCH 2020



Major Expressways
CTE : Central Expressway
SLE : Seletar Expressway
PIE : Pan IslandExpressway
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

LOGISTICS & WAREHOUSE

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

LIGHT INDUSTRIAL

11. 15 Tai Seng Drive
12. 23 Tai Seng Drive
13. 135 Joo Seng Road
14. 1 Kallang Way 2A
15. 1 Bukit Batok Street 22

BUSINESS PARK

16. 1A International Business Park

HI-TECH

17. 29 Woodlands Industrial Park E1

GENERAL INDUSTRIAL

18. 26 Tuas Avenue 7
19. 2 Ang Mo Kio Street 65
20. 61 Yishun Industrial Park A
21. 541 Yishun Industrial Park A
22. 8 Senoko South Road
23. 51 Marsiling Road
24. 8 Tuas Avenue 20
25. 3 Tuas Avenue 2

AUSTRALIA PROPERTY PORTFOLIO AS AT 31 MARCH 2020

BUSINESS PARK
Optus Centre, 1-5 Lyonpark Road, Macquarie Park, New South Wales, Australia

LIGHT INDUSTRIAL
Boardriders Asia Pacific HQ, Burleigh Heads, Queensland, Australia

OPERATIONS REVIEW

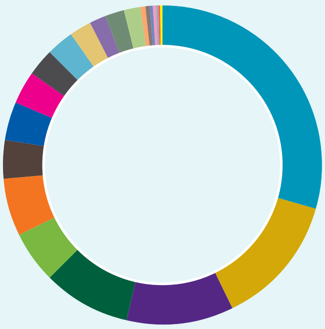
PORTFOLIO PERFORMANCE IN FY2020

The Manager continued its strategy of actively managing AA REIT's portfolio by focusing on transforming more of its existing portfolio into high-quality assets through redevelopments and asset enhancements initiatives.

With a large proportion of more than 500,000 sq ft of under-utilised plot ratios in its existing portfolio, the Manager will continue to explore organic growth opportunities and rejuvenate older assets to further strengthen and optimise its portfolio.

Despite the challenging operating environment during FY2020, the Manager maintained its focus on proactive asset and lease management. AA REIT's portfolio remained resilient, with 27 strategically located industrial properties and a diversified tenant base consisting of 192 tenants across 22 industries.

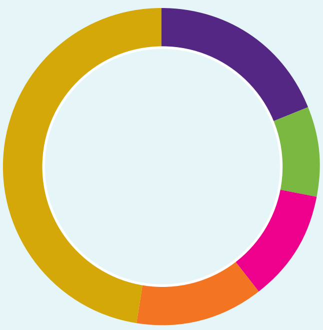
Tenants' Industry Sector (by FY2020 Gross Rental Income ("GRI"))



Logistics	29.6%
Telecommunication	13.4%
Engineering	10.9%
Biotech/Life Sciences	8.9%
Infrastructure	5.2%
Consumer Products	6.0%
IT & Electronics	3.8%
Fashion and Apparels	3.9%
FMCG	3.5%
Furniture	2.8%
Pharmaceutical/Healthcare/ Cosmetics	2.7%
Self-storage	2.2%
Data Centre	1.8%
Plastics Products and Distribution	1.7%
Testing and Certification	1.4%
F&B	0.6%
Paper & Printing	0.5%
Design and Marketing	0.3%
Others/Services	0.3%
Education	0.2%
Energy	0.1%
Metal Recycling	0.2%

AA REIT's portfolio consists of diverse, income-producing industrial, logistics and business park real estate, located in Singapore and Australia. The real estate assets are utilised for a variety of purposes, including but not limited to warehousing and distribution activities, business park activities and manufacturing activities. AA REIT's properties are predominantly located in Singapore, with the largest cluster in the logistics and warehouse sector (comprising cargo lift warehouses and ramp-up warehouses) supporting Singapore as a major trans-shipment hub.

Industrial Sub-clusters (by FY2020 GRI)



Business Park	18.9%
Hi-Tech Space	9.2%
Light Industrial	11.6%
General Industrial	12.9%
Logistics and Warehouse	47.4%

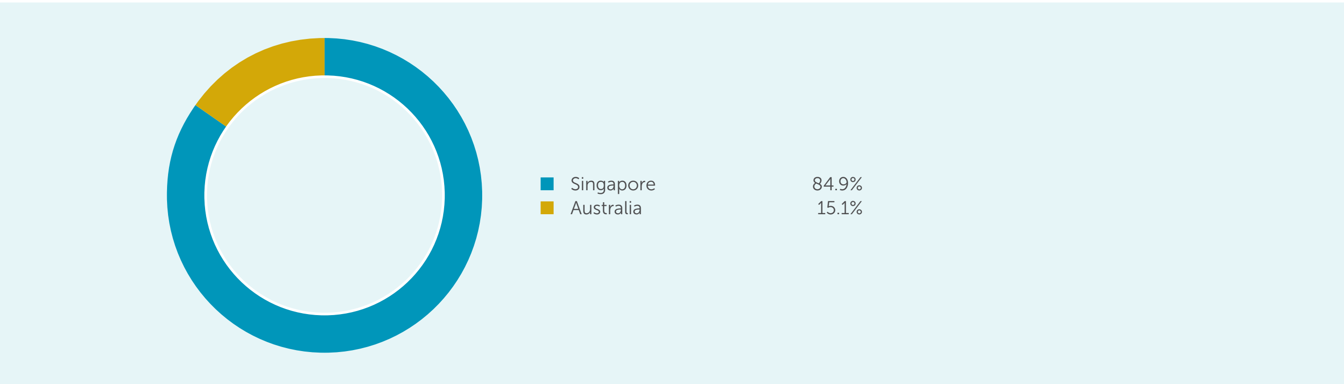
AA REIT's overseas properties are located in Australia, with a property located in Gold Coast, Queensland, as well as a 49.0% interest in another property located at Macquarie Park, New South Wales.

The light industrial property in Gold Coast is located in Burleigh Heads, an established industrial, commercial, retail and residential suburb. It is 100% leased to GSM (Operations) Pty Ltd and operates as Boardriders' Asia Pacific HQ. In FY2020, on 15 May 2019, AA REIT announced the contract of sale to acquire Boardriders Asia Pacific HQ for AUD38.46 million from GSM Rocket Australia Pty Ltd. GSM (Operations) Pty Ltd, which then leased back the entire property for an initial 12-year term. Both the vendor and master tenant are subsidiaries of Boardriders, Inc., a global leading action sports and lifestyle company. The purchase consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the independent valuation by CBRE Valuations Pty Limited commissioned by the Manager, which valued the property at AUD38.46 million. The valuer employed market capitalisation and discounted cash flow analysis in its valuation methodologies, taking into account recent sales and leasing transactions.

Optus Centre, a business park property, is located in the second largest business zone in New South Wales. Optus Centre which is 100% leased to Optus Administration Pty Limited, a wholly-owned subsidiary of Singapore Telecommunications Limited, provides further income stability and geographical diversification to AA REIT's predominately Singapore-based portfolio.

AA REIT seeks to expand its presence in the region and further diversify the portfolio through strategic acquisitions.

Geographical Location (by FY2020 GRI)



The overall occupancy rate of AA REIT's portfolio stood at 89.4% as at 31 March 2020. The various occupancy rates of the industry sub-clusters mostly exceeded the respective Singapore's industrial average levels.

Occupancy Rate (by Sub-clusters)

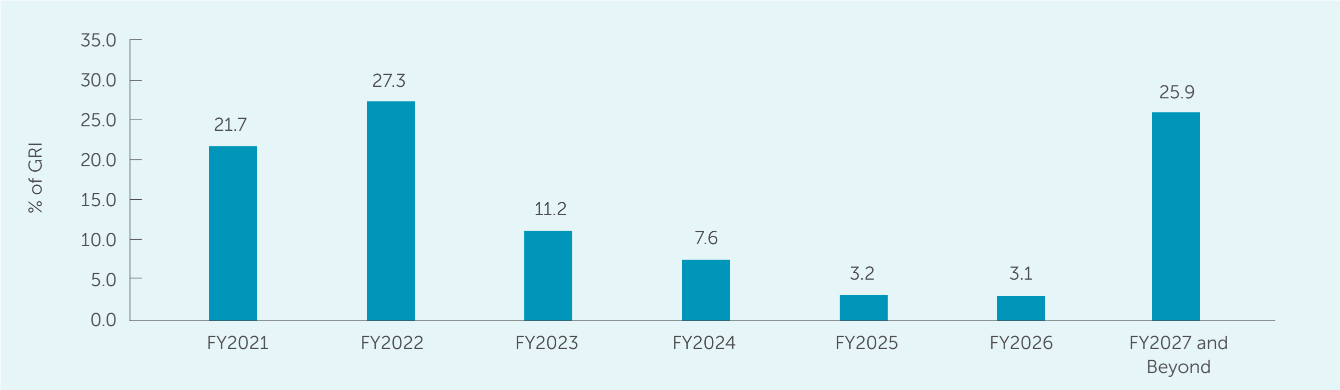
MANAGER'S REPORT

OPERATIONS REVIEW

Despite the keen market competition and oversupply situation in Singapore coupled with economic headwinds from the COVID-19 pandemic, AA REIT successfully secured 86 new and renewed leases (representing 190,909 sq m, or approximately 28.4% AA REIT's respective total NLA), at a weighted average rental rate decrease of 2.06% on the renewed leases in FY2020. Out of these leases, 45 new leases were secured and the WALE (by GRI) stood at 5.41 years and contributed to 6.4% of the portfolio's FY2020 GRI.

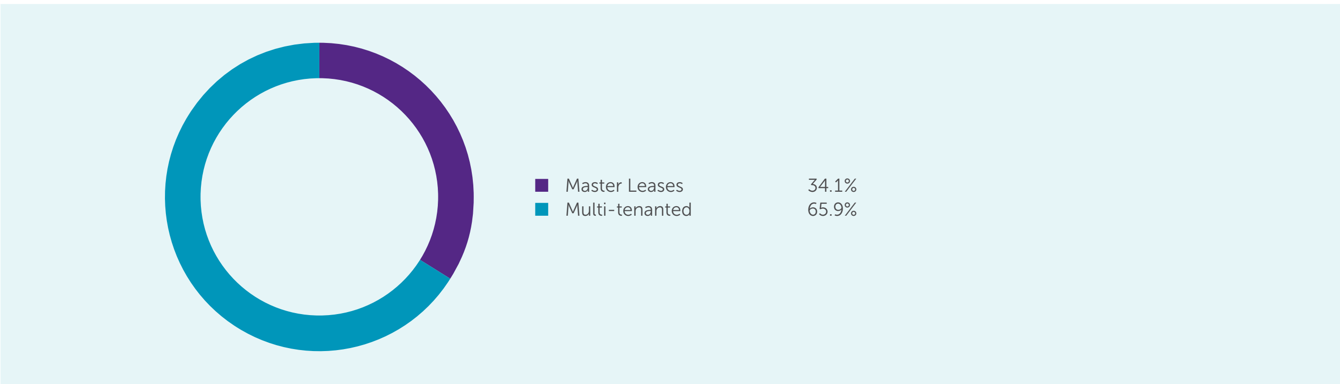
With a well-staggered lease expiry profile, AA REIT's portfolio enjoys stability of income as approximately 39.8% of the total portfolio leases (by GRI) are committed until FY2024 and beyond, which reduces AA REIT's exposure to near term expiries. As at 31 March 2020, AA REIT's WALE (by GRI) stood at 2.13 years.

Lease Expiry Profile (by FY2020 GRI)



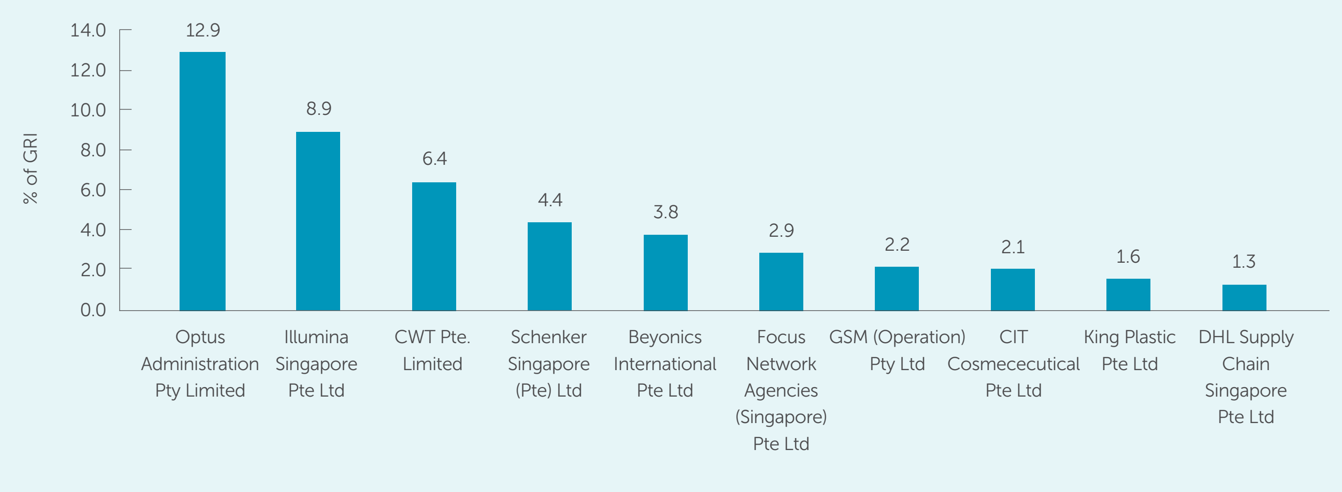
Underpinning the stable income, AA REIT has nine properties under master leases (as at 31 March 2020, including 30 Tuas West Road that is partially under master lease and multi-tenanted) that provide stability of income growth as a result of longer lease duration and built-in rental escalations. The remaining multi-tenancy properties, with typically shorter leases of around three years, provide potential for AA REIT to reposition the portfolio according to the ever-changing market conditions.

Master and Multi-tenanted Leases (by FY2020 GRI)



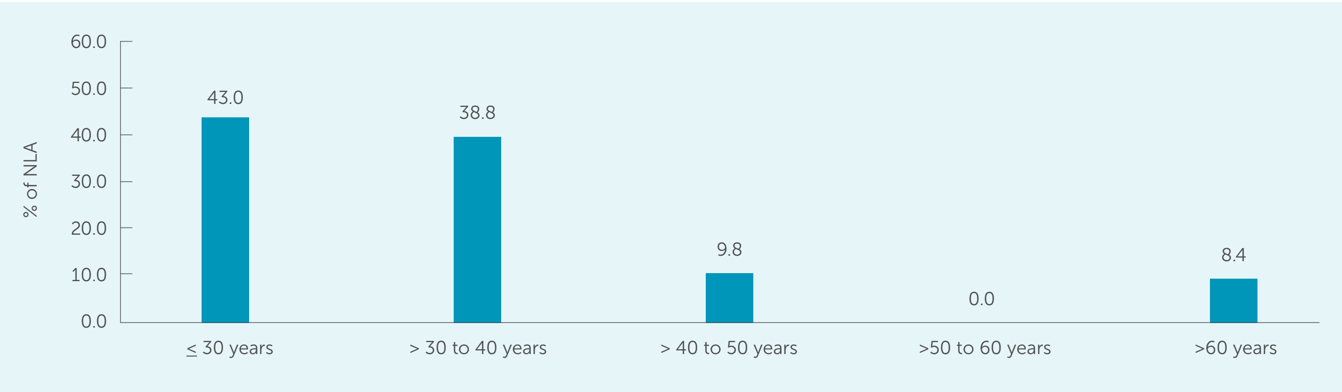
AA REIT's portfolio consists of a high-quality and diversified tenant base, which includes large multinational companies, publicly listed companies and, small and medium-sized enterprises. The top 10 tenants accounted for approximately 46.5% of GRI for FY2020. Although the top tenant accounted for approximately 12.9% of AA REIT's GRI, the remaining nine tenants each do not exceed 10%. In particular, the lease agreements with CWT Pte. Limited includes underlying leases with other end-users. CWT Pte. Limited's leases at 20 Gul Way and 30 Tuas West Road will progressively expire over FY2021 and FY2022.

Top 10 Tenants (by FY2020 GRI)



Properties located on freehold land accounted for 8.4% of the portfolio's NLA as at 31 March 2020. The portfolio enjoys well-distributed, long underlying land leases, with a weighted average land lease to expiry for the portfolio of 36.9* years, weighted by NLA. Excluding freehold land, the weighted average land lease to expiry for leasehold land in the portfolio would be 31.2 years.

Land Lease Expiry Profile (by NLA)



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

While the portfolio underpinned the stable results delivered in FY2020, the effects of COVID-19 on both the global and Singapore's economies will inevitably impact performance in FY2021. Although the Manager remains confident in the strength of its portfolio and its business strategy to navigate through these unprecedented and challenging times, it will continue to maintain its focus on a prudent capital management approach. In addition to proactively managing the properties and leases in AA REIT's portfolio, the interests of Unitholders, the health, safety and well-being of AA REIT's tenants and its employees are also its top priorities and will continue to make decisions with these priorities in mind.

MANAGER'S REPORT

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Statement of net income and distributions	FY2020 S$'000	FY2019 S$'000	Change %
Gross revenue	**118,860**	118,078	0.7
Property operating expenses	**(29,806)**	(39,585)	(24.7)
Net property income	**89,054**	78,493	13.5
Foreign exchange loss	**(161)**	(144)	11.8
Interest and other income	**339**	193	75.6
Borrowing costs	**(22,084)**	(18,683)	18.2
Manager's management fees	**(7,686)**	(7,390)	4.0
Other trust expenses	**(2,692)**	(2,154)	25.0
Non-property expenses	**(32,462)**	(28,227)	15.0
Net income before joint venture's profits	**56,770**	50,315	12.8
Share of profits of joint venture (net of tax)	**61,099**	23,761	>100.0
Net income	**117,869**	74,076	59.1
Distributions to Unitholders	**66,513**	70,496	(5.6)
Distribution per Unit ("DPU") (cents)	**9.50**	10.25	(7.3)

Gross revenue and net property income

The gross revenue achieved for FY2020 of S$118.9 million was S$0.8 million higher compared to the gross revenue for FY2019 of S$118.1 million mainly due to maiden rental contribution from Boardriders Asia Pacific HQ from July 2019 of S$2.6 million and the property at 3 Tuas Avenue 2 from March 2020 of S$0.4 million. The increase was also contributed by full year rental contribution from the property at 51 Marsiling Road which became income-producing from 27 April 2018 as well as higher rental and recoveries for NorthTech and the properties at 8 Tuas Avenue 20 and 1 Bukit Batok Street 22. The increase was partially offset by lower rental and recoveries for the properties at 27 Penjuru Lane and 15 Tai Seng Drive as well as the conversion from master leases to multi-tenancy leases for the property at 1A International Business Park in November 2019 and the first two phases for the property at 30 Tuas West Road.

Property operating expenses for FY2020 of S$29.8 million was S$9.8 million lower compared to the property operating expenses for FY2019 of S$39.6 million mainly due to land rent of S$8.3 million that was excluded from the property operating expenses following the adoption of FRS 116 *Leases* on 1 April 2019, as well as property tax refund for the property at 20 Gul Way of S$2.3 million due to the change in prior years' annual value assessed by the Inland Revenue Authority of Singapore. The decrease in property operating expenses was partially offset by higher costs arising from the conversion from master leases to multi-tenancy leases for the property at 1A International Business Park in November 2019, the first two phases for the property at 30 Tuas West Road and the last two phases for the property at 20 Gul Way, as well as property operating expenses of Boardriders Asia Pacific HQ which was acquired in July 2019.

Net property income for FY2020 stood at S$89.1 million, or S$10.6 million higher compared to net property income for FY2019 of S$78.5 million mainly due to higher gross revenue and lower property operating expenses.

Net income

Borrowing costs for FY2020 of S$22.1 million was S$3.4 million higher compared to the borrowing costs for FY2019 of S$18.7 million mainly due to borrowing costs on lease liabilities incurred for FY2020 of S$3.2 million following the adoption of FRS 116 *Leases* on 1 April 2019 and the increase in Australian Dollar borrowing costs incurred for the acquisition of Boardriders Asia Pacific HQ as well as to fund the asset enhancement initiative ("AEI") at Optus Centre.

Other trust expenses for FY2020 of S$2.7 million was S$0.5 million higher compared to other trust expenses for FY2019 of S$2.2 million mainly arising from costs associated with the administration of the AA REIT Distribution Reinvestment Plan as well as due diligence and professional fees incurred in relation to a potential acquisition of S$0.3 million.

Manager's management fees for FY2020 of S$7.7 million was S$0.3 million higher compared to the Manager's management fees for FY2019 of S$7.4 million mainly due to higher value of the Deposited Property of AA REIT for FY2020 arising from the acquisition of Boardriders Asia Pacific HQ as well as the revaluation of Optus Centre following the execution of a new agreement for lease with the existing tenant, Optus Administration Pty Limited in November 2019.

The share of profits of joint venture (net of tax) comprised the contribution from AA REIT's 49.0% interest in Optus Centre. The share of profits of joint venture (net of tax) for FY2020 of S$61.1 million was S$37.3 million higher compared to the share of profits of joint venture (net of tax) for FY2019 of S$23.8 million mainly due to the share of revaluation surplus recognised from the valuation of Optus Centre of S$48.0 million (FY2019: S$9.9 million). The increase was partially offset by lower contribution in FY2020 arising from the strengthening of the Singapore dollar against Australian dollar. As at 31 March 2020, the valuation of the property stood at AUD584.0 million, equivalent to approximately S$509.8 million based on the independent valuation carried out by Knight Frank NSW Valuations & Advisory Pty Ltd (31 March 2019: AUD470.0 million, equivalent to approximately S$455.7 million based on the independent valuation carried out by Jones Lang LaSalle Advisory Services Pty Ltd).

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 FY2020, AA REIT continued to pay out 100.0% of the Singapore taxable income available for distribution in FY2020. Distributions to Unitholders for FY2020 stood at S$66.5 million, which was S$4.0 million lower compared to the distributions to Unitholders for FY2019 of S$70.5 million mainly due to the partial retention of the distributable income of S$2.9 million from the Group's investment in Australia to conserve cash for the Group's working capital purposes in view of the COVID-19 situation as well as a higher proportion of the Manager's management fees paid in cash for FY2020.

Total assets and Net Asset Value ("NAV") per Unit

Net assets attributable to Unitholders	FY2020 S$'000	FY2019 S$'000
Total assets	**1,648,932**	1,484,801
Total liabilities	**693,977**	556,349
Net assets attributable to Unitholders	**954,955**	928,452
NAV per Unit (S$)	**1.35**	1.34

As at 31 March 2020, total assets of AA REIT stood at S$1,648.9 million, or S$164.1 million higher compared to total assets of S$1,484.8 million as at 31 March 2019. The increase in total assets were mainly due to the recognition of S$89.9 million of right-of-use assets in relation to the capitalisation of future land rent payments, in accordance with FRS 116 *Leases*. The increase in total assets were also attributed to the acquisition of Boardriders Asia Pacific HQ in July 2019 of S$38.7 million, capitalisation of development costs relating to the redevelopment of 3 Tuas Avenue 2 of S$12.4 million, capital expenditure incurred on investment properties of S$8.7 million which included the AEI at NorthTech, an increase in joint venture balances mainly due to the share of revaluation surplus recognised from the valuation of Optus Centre of S$48.0 million as well as a proportionate unitholder loan to the joint venture to fund AA REIT's share of the AEI at Optus Centre. This was partially offset by a net revaluation deficit of S$16.0 million recognised for the valuation

FINANCIAL REVIEW

of investment properties as well as the strengthening of the Singapore dollar against Australian dollar which resulted in a decrease in the translated values of the AA REIT's net assets denominated in Australian dollar. The revaluation deficit was largely attributed to AA REIT's investment properties at 20 Gul Way and 27 Penjuru Lane arising mainly from lower market rent assumptions adopted by the valuers based on market rents from comparable properties in the vicinity.

As at 31 March 2020, total liabilities of AA REIT stood at S$694.0 million, or S$137.7 million higher compared to S$556.3 million as at 31 March 2019. The increase in total liabilities was mainly due to the recognition of S$89.9 million of lease liabilities in relation to the capitalisation of future land rent payments, in accordance with FRS 116 *Leases* and the increase in borrowings. The total borrowings of the Group as at 31 March 2020 of S$541.9 million was S$42.2 million higher compared to balances as at 31 March 2019 of S$499.7 million mainly due to the drawdown of AUD35.2 million to fund the acquisition of Boardriders Asia Pacific HQ, the drawdown of AUD9.7 million to fund AA REIT's share of the AEI at Optus Centre and a net drawdown of S$20.0 million mainly used to fund the payment of retention sums and development costs of AA REIT's recent development projects and other AEIs. The increase was partially offset by a decrease in the Australian dollar denominated borrowings as a result of the strengthening of the Singapore dollar against the Australian dollar.

As a result, the NAV per Unit increased to S$1.35 from S$1.34 a year ago.

Cash flows

AA REIT's cash and cash equivalents increased by S$2.4 million from 31 March 2019 to S$20.4 million as at 31 March 2020. The increase was mainly due to the net proceeds from the issuance of S$100.0 million 3.60% five-year unsecured Medium Term Notes on 12 November 2019, partially offset by the repayment of borrowings, and initial deposit and other transaction costs incurred in relation to the acquisition of Boardriders Asia Pacific HQ.

The net cash outflow from investing activities of S$60.5 million was attributable to acquisition of Boardriders Asia Pacific HQ and capital expenditure mainly incurred on the redevelopment of 3 Tuas Avenue 2 and AEI at NorthTech which was partially offset by distributions received from AA REIT's 49.0% interest in Optus Centre. The net cash outflow from financing activities were mainly due to distributions to Unitholders and borrowing costs paid to financial institutions, partially offset by a net drawdown of S$62.4 million to mainly fund the acquisition of Boardriders Asia Pacific HQ, AA REIT's share of the AEI at Optus Centre as well as payments of retention sums and development costs of the AA REIT's recent development projects and other asset enhancement initiatives.

CAPITAL MANAGEMENT

The Manager adopts a prudent approach towards capital management. AA REIT has access to diversified sources of funding, including the equity capital market, debt capital market and maintains strong and healthy banking relationships with its financial institutional partners.

Borrowings

Total borrowings of the Group as at 31 March 2020 stood at S$541.9 million, or S$42.2 million higher compared to total borrowings as at 31 March 2019 of S$499.7 million. In July 2019, in line with the Manager's strategy to substantially fund the Group's investments in Australia using Australian dollar denominated borrowings as a natural hedge, the Group had entered into an AUD21.2 million five-year term loan facility agreement with a financial institution for the onshore financing of the acquisition of Boardriders Asia Pacific HQ and upsized the loan facilities with its syndicate of financial institutions with the additional AUD65 million revolving credit facilities to partially fund the acquisition of Boardriders Asia Pacific HQ and AA REIT's share of the on-going AEI at Optus Centre. The drawdown on these new facilities as well as a net drawdown of S$20.0 million mainly used to fund the payment of retention sums and development costs of AA REIT's recent development projects and other AEIs had mainly contributed to the increase in the aggregate leverage from 33.7% in 31 March 2019 to 34.8% in 31 March 2020. The increase in aggregate leverage is compensated by long leases secured with the respective master tenants at Boardriders Asia Pacific HQ, Optus Centre and the newly redeveloped property at 3 Tuas Avenue 2 which will contribute to greater income stability and the mitigated foreign exchange risk as Australian dollar denominated borrowings are used as a natural hedge to substantially fund the Group's investments in Australia.

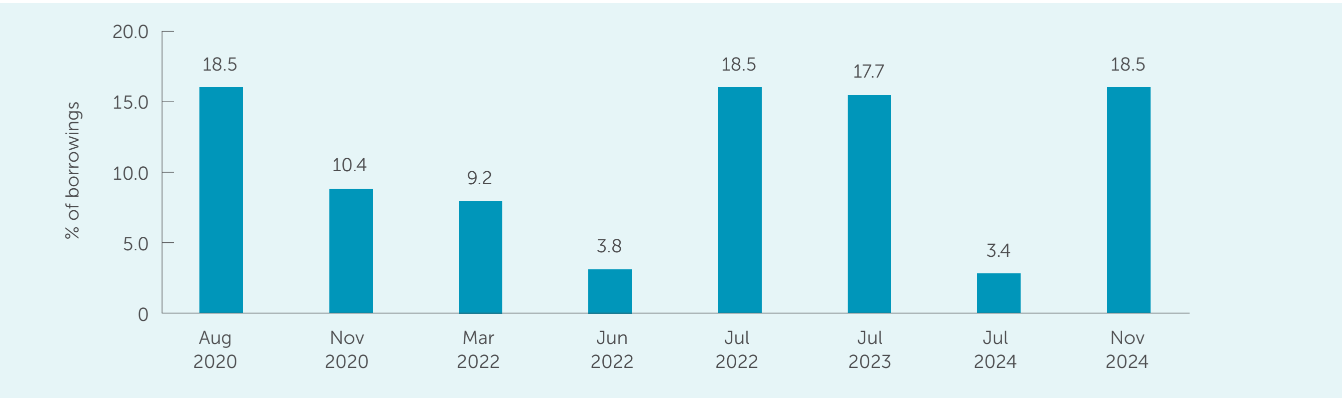
Key borrowing metrics (in S$'000 unless otherwise indicated)	FY2020	FY2019
Total borrowings[1]	**541,908**	499,661
Undrawn available bank facilities	**181,080**	145,000
Aggregate leverage (%)	**34.8**	33.7
All-in-cost of financing (%)	**3.5**	3.6
Interest coverage ratio[2] (times)	**4.0**	4.4
Weighted average term to maturity (years)	**2.4**[3]	2.4
Fixed rate borrowings as a percentage of total borrowings (%)	**81.1**	85.8

1 Total borrowings exclude unamortised loan transaction costs.
2 Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes (last revised on 16 April 2020). For purpose of the computation, interest expense included borrowing costs on lease liabilities.
3 Post-refinancing, the weighted average term to maturity will increase to 3.3 years on a pro forma basis.

Proactive refinancing of debt and staggered debt maturity profile

The Manager continued to proactively manage the refinancing of AA REIT's debt portfolio. On 21 May 2019, AA REIT drew down on its revolving credit facility to redeem in full the principal together with the accrued interest of the S$50.0 million 3.80% five-year unsecured Medium Term Notes, being the maturity date of the Medium Term Notes. On 12 November 2019, AA REIT issued S$100.0 million 3.60% five-year unsecured Medium Term Notes from its S$750 million Multicurrency Debt Issuance Programme which was partially used to repay the revolving credit facility as well as the redemption in full of the principal together with the accrued interest of the S$30.0 million 4.35% seven-year unsecured Medium Term Notes due on 5 December 2019.

This has enabled AA REIT to continue to maintain a well-spread debt maturity profile which will minimise any refinancing risk in any one year.



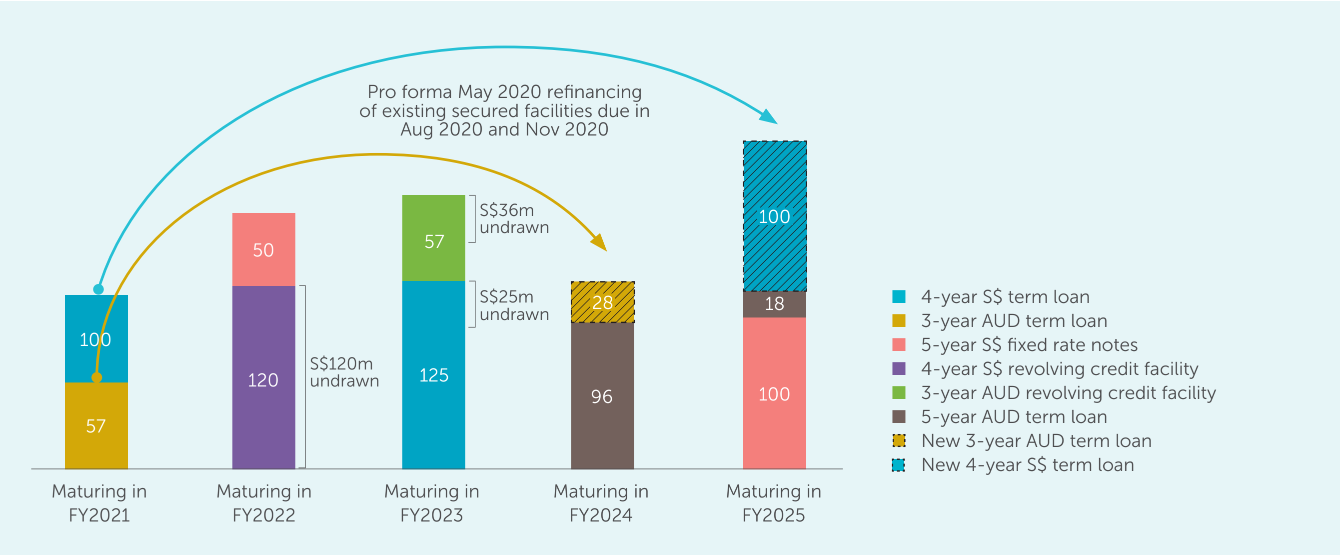
MANAGER'S REPORT

FINANCIAL REVIEW

Out of the total borrowings as at 31 March 2020, 18.5% falls due in August 2020, 10.4% falls due in November 2020, 9.2% falls due in March 2022, 3.8% falls due in June 2022, 18.5% falls due in July 2022, 17.7% falls due in July 2023, 3.4% falls due in July 2024 and the remaining falls due in November 2024.

As at 31 March 2020, the current interest-bearing borrowings relate to term loans of S$100.0 million and AUD65.0 million which are due to mature in August 2020 and November 2020, respectively. In May 2020, AA REIT received commitments from its lenders to refinance these facilities with a new four-year term loan facility of S$100.0 million and a new three-year term loan facility of AUD32.5 million. Post-refinancing, the weighted average debt maturity as at 31 March 2020 (on a pro forma basis) will increase from 2.4 years to 3.3 years, with no debt facility due until November 2021.

The debt maturity profile of AA REIT as at 31 March 2020 (in S$'million) (including the pro forma effect of the refinancing of its loan facilities due in August 2020 and November 2020) is set out below:



Prudent financial risk management

AA REIT continued to maintain appropriate hedging ratios to mitigate interest rate volatility. As at 31 March 2020, 81.1% of AA REIT's borrowings are on fixed interest rates with a combination of interest rate swaps to hedge its exposure from floating rate borrowings and fixed rate MTN. The fair value of derivative financial instruments represents 0.51% of the total assets as at 31 March 2020. To mitigate the foreign exchange risk arising from its Australian investments in Optus Centre and Boardriders Asia Pacific HQ, AA REIT had substantially funded the investments through the use of Australian dollar denominated borrowings which form a natural hedge for the capital invested. In addition, the Australian dollar denominated borrowings also hedge the Australian dollar distribution income from the Group's investments in Australia.

Strong financial flexibility

As at 31 March 2020, AA REIT had approximately S$181.1 million of undrawn committed debt facilities and an untapped balance of S$650.0 million from the S$750 million Multicurrency Debt Issuance Programme established in November 2018. AA REIT also had 9 unencumbered Singapore properties with a total value of S$312.4 million or 20.5% of its property portfolio of S$1,526.7 million as at 31 March 2020. This will provide AA REIT with the financial flexibility to complete the AEI at Optus Centre as well as the financial flexibility to fund future redevelopments, AEIs and acquisition opportunities.

Prudent capital structure

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

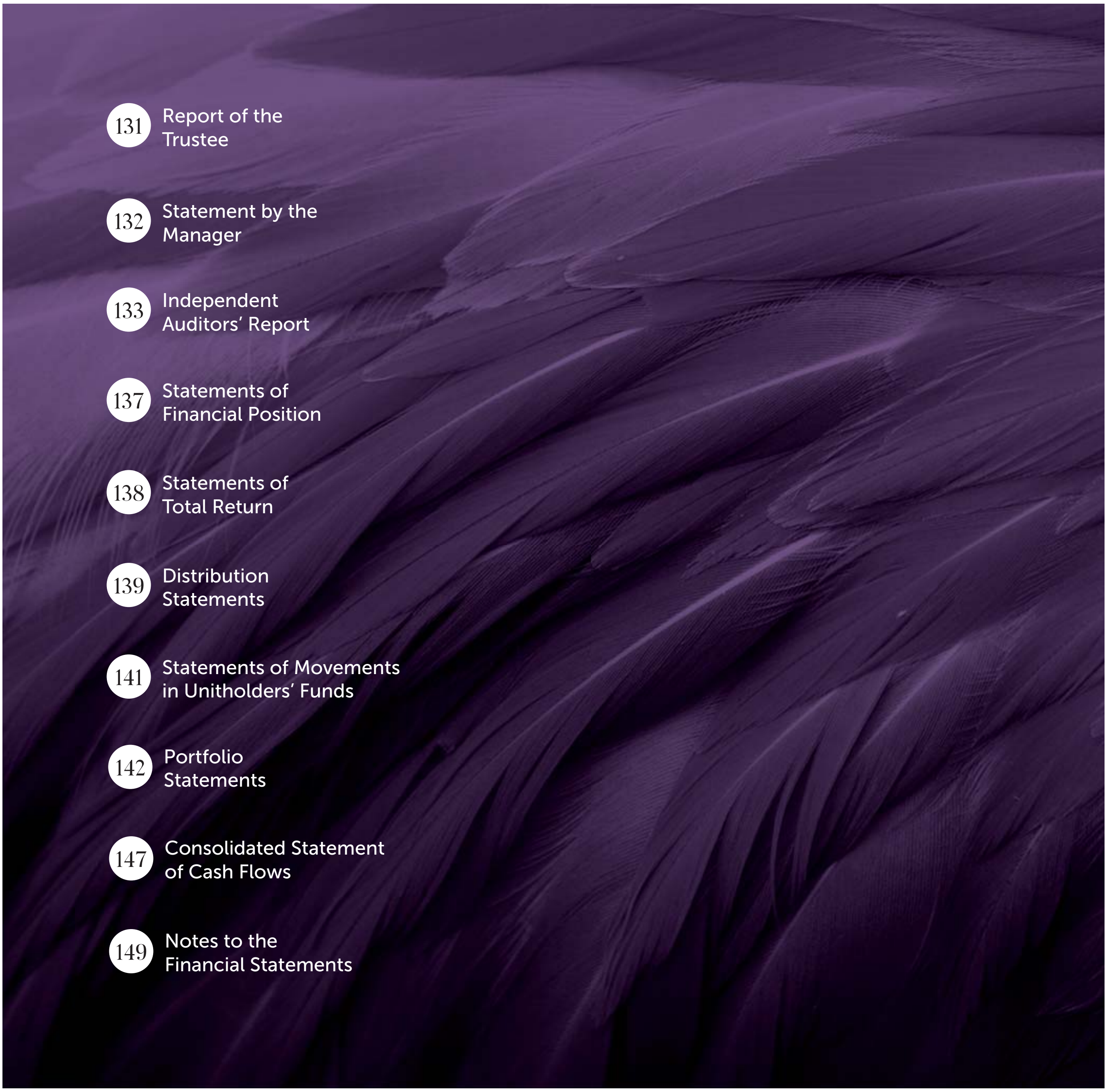
As at 31 March 2020, the aggregate leverage of AA REIT remained healthy at 34.8%, well below the 50.0% aggregate leverage limit allowed by the MAS. This provides AA REIT with a debt headroom of approximately S$290.2 million as at 31 March 2020 before the aggregate leverage reaches 45%. AA REIT's interest coverage ratio of 4.0 times as at 31 March 2020 is also above the new interest coverage ratio requirement of 2.5 times.

Equity funding

Distribution Reinvestment Plan ("DRP")

DRP provides Unitholders with an option to receive distributions, either in the form of Units or cash or a combination of both. It also allows Unitholders to acquire additional Units without having to incur transaction or other related costs. In FY2020, the Manager completed four quarters of DRP exercises and raised S$18.2 million during the year. The retention of cash and the issue of Units in lieu of cash under the DRP enlarged AA REIT's capital base, strengthened its working capital reserves and improved the liquidity of its Units.

FINANCIAL STATEMENTS



REPORT OF THE TRUSTEE

Year ended 31 March 2020

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, Chapter 289 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 and the fourth supplemental deed dated 11 April 2019 (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 137 to 208, 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
30 June 2020

STATEMENT BY THE MANAGER

Year ended 31 March 2020

In the opinion of the Directors of AIMS APAC REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 137 to 208, 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 2020, 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 Unit Trusts*" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager
AIMS APAC REIT Management Limited

KOH WEE LIH
DIRECTOR

Singapore
30 June 2020

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 2020, 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, and a summary of significant accounting policies and other explanatory information, as set out on pages 137 to 208.

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 2020 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 Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *'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 2020, the Group owns a portfolio of investment properties comprising twenty-five industrial properties which are located in Singapore, one industrial property which is located in Australia and a 49% interest in an investment property held through a joint venture which is located in Australia.

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.

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS OF AIMS APAC REIT
(Constituted in the Republic of Singapore pursuant to a Trust Deed)

The valuation reports obtained from the external valuers also highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that the 2019 Novel Coronavirus ("COVID-19") pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

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. Where the rates were outside the expected range, we undertook further procedures, held further discussions with the external valuers to understand the effects of additional factors considered in the valuations and corroborate with other evidence. We also discussed with the Manager and the external valuers to understand how they have considered the implications of COVID-19 and market uncertainty in the valuations.

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 Direct Comparison method. The valuation methodologies used were consistent with generally accepted market practices.

The key assumptions used in the valuations, includes market rental growth, capitalisation rates, discount rates and terminal capitalisation rates. The assumptions are generally within the range of market data available as at 31 March 2020. Where the assumptions were outside the expected range, the additional factors considered by the external valuers were consistent with other corroborative evidence.

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.

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS OF AIMS APAC REIT
(Constituted in the Republic of Singapore pursuant to a Trust Deed)

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.

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS OF AIMS APAC REIT
(Constituted in the Republic of Singapore pursuant to a Trust Deed)

- 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
30 June 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2020

		Group		Trust	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current assets					
Investment properties	4	1,366,789	1,202,300	1,332,742	1,202,300
Investment property under development	5	–	32,700	–	32,700
Subsidiaries	6	–	–	107,519	87,339
Joint venture	7	252,782	221,806	–	–
Trade and other receivables	8	3,424	3,646	3,424	3,646
Derivative financial instruments	9	–	371	–	371
		1,622,995	1,460,823	1,443,685	1,326,356
Current assets					
Derivative financial instruments	9	–	9	–	9
Trade and other receivables	8	5,488	5,878	4,928	5,310
Cash and cash equivalents	10	20,449	18,091	19,153	16,792
		25,937	23,978	24,081	22,111
Total assets		**1,648,932**	**1,484,801**	**1,467,766**	**1,348,467**
Non-current liabilities					
Trade and other payables	11	11,901	11,506	11,901	11,506
Interest-bearing borrowings	12	382,690	417,450	260,610	311,516
Derivative financial instruments	9	7,635	5,333	7,519	5,333
Deferred tax liabilities	13	14,116	8,018	–	–
Lease liabilities	14	84,435	–	84,435	–
		500,777	442,307	364,465	328,355
Current liabilities					
Trade and other payables	11	30,225	34,076	28,482	33,042
Interest-bearing borrowings	12	156,635	79,966	156,635	79,966
Derivative financial instruments	9	833	–	833	–
Lease liabilities	14	5,507	–	5,507	–
		193,200	114,042	191,457	113,008
Total liabilities		**693,977**	**556,349**	**555,922**	**441,363**
Net assets		**954,955**	**928,452**	**911,844**	**907,104**
Represented by:					
Unitholders' funds	15	**954,955**	**928,452**	**911,844**	**907,104**
Units in issue and to be issued ('000)	16	706,663	691,547	706,663	691,547
Net asset value per Unit attributable to Unitholders ($)		1.35	1.34	1.29	1.31

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

STATEMENTS OF TOTAL RETURN

Year ended 31 March 2020

		Group		Trust	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Gross revenue	17	118,860	118,078	116,256	118,078
Property operating expenses	18	(29,806)	(39,585)	(29,529)	(39,585)
Net property income		89,054	78,493	86,727	78,493
Foreign exchange (loss)/gain		(161)	(144)	7,129	2,292
Interest and other income	19	339	193	224	160
Distribution income from a subsidiary		–	–	12,689	10,278
Borrowing costs	20	(22,084)	(18,683)	(18,481)	(14,336)
Manager's management fees	21	(7,686)	(7,390)	(7,686)	(7,390)
Other trust expenses	22	(2,692)	(2,154)	(2,061)	(1,617)
Non-property expenses		(32,462)	(28,227)	(28,228)	(23,343)
Net income before joint venture's profits		56,770	50,315	78,541	67,880
Share of profits of joint venture (net of tax)	7	61,099	23,761	–	–
Net income		117,869	74,076	78,541	67,880
Net change in fair value of investment properties and investment property under development		(21,258)	(16,531)	(18,612)	(16,531)
Net change in fair value of derivative financial instruments		(3,526)	(4,778)	(3,405)	(4,778)
Total return before income tax		93,085	52,767	56,524	46,571
Income tax expense	23	(7,566)	(2,718)	(1,467)	(1,111)
Total return after income tax		85,519	50,049	55,057	45,460
Earnings per Unit (cents)					
Basic and diluted	24	12.27	7.30		

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

DISTRIBUTION STATEMENTS

Year ended 31 March 2020

	Note	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Amount available for distribution to Unitholders at beginning of the year		19,000	17,975	19,000	17,975
Total return before income tax		93,085	52,767	56,524	46,571
Net effect of tax adjustments	A	25,867	30,545	5,878	17,830
Other adjustments	B	(56,550)	(18,911)	–	–
		62,402	64,401	62,402	64,401
Amount available for distribution to Unitholders from taxable income		81,402	82,376	81,402	82,376
Distribution from tax-exempt income		3,376	3,442	3,376	3,442
Capital distribution		735	2,653	735	2,653
Amount available for distribution to Unitholders		85,513	88,471	85,513	88,471
Distributions to Unitholders during the year:					
2.63 cents per Unit for the period from 1 January 2018 – 31 March 2018		–	(17,975)	–	(17,975)
2.50 cents per Unit for the period from 1 April 2018 – 30 June 2018		–	(17,139)	–	(17,139)
2.50 cents per Unit for the period from 1 July 2018 – 30 September 2018		–	(17,139)	–	(17,139)
2.50 cents per Unit for the period from 1 October 2018 – 31 December 2018		–	(17,218)	–	(17,218)
2.75 cents per Unit for the period from 1 January 2019 – 31 March 2019		(19,000)	–	(19,000)	–
2.50 cents per Unit for the period from 1 April 2019 – 30 June 2019		(17,371)	–	(17,371)	–
2.50 cents per Unit for the period from 1 July 2019 – 30 September 2019		(17,422)	–	(17,422)	–
2.50 cents per Unit for the period from 1 October 2019 – 31 December 2019		(17,586)	–	(17,586)	–
		(71,379)	(69,471)	(71,379)	(69,471)
Amount available for distribution to Unitholders at end of the year		14,134	19,000	14,134	19,000
Number of Units entitled to distributions at end of the year ('000)		706,663	690,913	706,663	690,913
Distribution per Unit (cents)		9.50	10.25	9.50	10.25

Please refer to note 3.13 for the Trust's distribution policy.

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

DISTRIBUTION STATEMENTS

Year ended 31 March 2020

Note A – Net effect of tax adjustments

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Amortisation and write-off of borrowing transaction costs	767	790	767	790
Foreign exchange loss/(gain)	226	209	(7,064)	(2,228)
Manager's management fees in Units	2,862	4,033	2,862	4,033
Land rent paid/payable on investment properties	(8,395)	–	(8,395)	–
Interest expense on lease liabilities	3,161	–	3,161	–
Net change in fair value of investment properties and investment property under development	18,612	16,531	18,612	16,531
Net change in fair value of derivative financial instruments	3,405	4,778	3,405	4,778
Net tax adjustment on foreign sourced income	3,786	2,665	(8,903)	(7,613)
Temporary differences and other tax adjustments	1,443	1,539	1,433	1,539
Net effect of tax adjustments	25,867	30,545	5,878	17,830

Note B – Other adjustments

Other adjustments for the Group comprised primarily the net accounting results of the Trust's subsidiaries.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 March 2020

		Group		Trust	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Balance at beginning of the year		928,452	938,959	907,104	921,659
Operations					
Total return after income tax		85,519	50,049	55,057	45,460
Foreign currency translation reserve					
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	15	(8,699)	(1,936)	–	–
Hedging reserve					
Effective portion of changes in fair value of cash flow hedges	15	6	802	6	(593)
Unitholders' contributions					
Issuance of Units (including Units to be issued):					
– Distribution Reinvestment Plan		18,224	4,985	18,224	4,985
– Manager's management fees in Units		2,862	4,033	2,862	4,033
– Property Manager's fees in Units		–	1,087	–	1,087
Distributions to Unitholders		(71,379)	(69,471)	(71,379)	(69,471)
Issue expenses	15	(30)	(56)	(30)	(56)
Change in Unitholders' funds resulting from Unitholders' transactions		(50,323)	(59,422)	(50,323)	(59,422)
Total increase/(decrease) in Unitholders' funds		26,503	(10,507)	4,740	(14,555)
Balance at end of the year		954,955	928,452	911,844	907,104

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

PORTFOLIO STATEMENTS

As at 31 March 2020

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)
	Group and the Trust			
	Investment properties in Singapore			
1	20 Gul Way	20 Gul Way	35 years	20.8
2	27 Penjuru Lane	27 Penjuru Lane	45 years	29.5
3	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	48.2
4	NorthTech	29 Woodlands Industrial Park E1	60 years	34.8
5	1A International Business Park	1A International Business Park	52 years	39.2
6	30 Tuas West Road	30 Tuas West Road	60 years	35.8
7	3 Tuas Avenue 2[4]	3 Tuas Avenue 2	73 years	35.0
8	51 Marsiling Road	51 Marsiling Road	70 years and 5 months	24.3
9	Element 14	15 Tai Seng Drive	60 years	31.0
10	103 Defu Lane 10	103 Defu Lane 10	60 years	23.2
11	8 Tuas Avenue 20	8 Tuas Avenue 20	59 years and 1.5 months	31.6
12	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	35.2
13	3 Toh Tuck Link	3 Toh Tuck Link	60 years	36.6
14	23 Tai Seng Drive	23 Tai Seng Drive	60 years	30.3
15	10 Changi South Lane	10 Changi South Lane	60 years	36.2
16	11 Changi South Street 3	11 Changi South Street 3	60 years	35.0
17	135 Joo Seng Road	135 Joo Seng Road	60 years	34.2
18	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	32.4
19	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	35.1
20	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	27.0
21	541 Yishun Industrial Park A	541 Yishun Industrial Park A	60 years	34.2
22	8 Senoko South Road	8 Senoko South Road	60 years	34.6
23	7 Clementi Loop	7 Clementi Loop	60 years	33.2
24	1 Kallang Way 2A	1 Kallang Way 2A	60 years	35.2
25	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	33.8
	Group			
	Investment property in Australia			
26	Boardriders Asia Pacific HQ[5]	209-217 Burleigh Connection Road, Burleigh Waters, Queensland	Freehold	N.A.
	Investment properties, at valuation (note 4)			

[1] Includes the period covered by the relevant options to renew.
[2] The occupancy rates shown are on committed basis.
[3] The carrying value of investment properties and investment property under development are stated at valuation.
[4] The property was classified as "Investment properties under development" as at 31 March 2019. It was transferred to "Investment properties" during the year ended 31 March 2020 upon achieving its Temporary Occupation Permit on 10 January 2020.
[5] On 15 July 2019, the Group completed the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia for AUD38.46 million. As at 31 March 2020, the property was valued at AUD39.0 million (equivalent to approximately $34.0 million).

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

Existing use	Occupancy rate[2] 2020 %	Occupancy rate[2] 2019 %	Carrying value[3] 2020 $'000	Carrying value[3] 2019 $'000	Group percentage of total Unitholders' funds 2020 %	Group percentage of total Unitholders' funds 2019 %	Trust percentage of total Unitholders' funds 2020 %	Trust percentage of total Unitholders' funds 2019 %
Logistics and Warehouse	87	91	224,100	232,200	23.5	25.0	24.6	25.6
Logistics and Warehouse	89	94	163,000	167,700	17.1	18.1	17.9	18.5
Logistics and Warehouse	90	91	149,300	149,000	15.6	16.1	16.4	16.4
Hi-Tech	100	100	116,500	110,000	12.2	11.9	12.8	12.1
Business Park	61	100	80,000	84,000	8.4	9.0	8.8	9.2
Logistics and Warehouse	61	100	55,400	59,100	5.8	6.4	6.1	6.5
General Industrial	100	N.A.	54,300	–	5.7	–	6.0	–
General Industrial	100	100	46,100	45,000	4.8	4.8	5.1	5.0
Light Industrial	69	95	33,700	35,300	3.5	3.8	3.7	3.9
Logistics and Warehouse	100	100	33,200	35,500	3.5	3.8	3.6	3.9
General Industrial	100	100	28,600	28,000	3.0	3.0	3.1	3.1
Light Industrial	91	60	25,900	25,300	2.7	2.7	2.8	2.8
Logistics and Warehouse	100	100	24,500	23,300	2.6	2.5	2.7	2.6
Light Industrial	100	95	24,400	22,800	2.5	2.5	2.7	2.5
Logistics and Warehouse	100	100	22,900	22,800	2.4	2.5	2.5	2.5
Logistics and Warehouse	81	100	21,200	21,400	2.2	2.3	2.3	2.4
Light Industrial	88	88	20,600	20,700	2.2	2.2	2.3	2.3
General Industrial	52	62	19,600	20,000	2.1	2.2	2.1	2.2
Logistics and Warehouse	78	98	19,400	19,500	2.0	2.1	2.1	2.1
General Industrial	100	100	16,400	16,000	1.7	1.7	1.8	1.8
General Industrial	100	100	14,500	16,000	1.5	1.7	1.6	1.8
General Industrial	100	100	13,000	12,400	1.3	1.3	1.4	1.4
Logistics and Warehouse	94	94	12,200	12,200	1.3	1.3	1.3	1.3
Light Industrial	100	100	12,100	12,200	1.3	1.3	1.3	1.3
General Industrial	100	100	11,900	11,900	1.2	1.3	1.3	1.3
			1,242,800	1,202,300	130.1	129.5	136.3	132.5
Light Industrial	100	N.A.	34,047	–	3.6	–	–	–
			1,276,847	1,202,300	133.7	129.5	136.3	132.5

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

PORTFOLIO STATEMENTS

As at 31 March 2020

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)
	Group and the Trust			
1-26	**Investment properties, at valuation (pages 142 – 143)**			
	Group and the Trust			
	Investment property under development in Singapore			
7	3 Tuas Avenue 2[4]	3 Tuas Avenue 2	73 years	35.0
	Investment property under development, at valuation (note 5)			
	Investment properties and investment property under development – fair value			
	Investment properties – right-of-use assets			
	Total investment properties and investment property under development			
	Joint venture (note 7)			
	Investment property in Australia held by a joint venture			
27	Optus Centre[5]	1-5 Lyonpark Road, Macquarie Park, New South Wales	Freehold	N.A.
	Other assets and liabilities (net)			
	Total Unitholders' funds of the Group			

1 Includes the period covered by the relevant options to renew.
2 The occupancy rates shown are on committed basis.
3 The carrying value of investment properties and investment property under development are stated at valuation.
4 The property was classified as "Investment properties under development" as at 31 March 2019. It was transferred to "Investment properties" during the year ended 31 March 2020 upon achieving its Temporary Occupation Permit on 10 January 2020.
5 The Group has a 49.0% (2019: 49.0%) interest in Optus Centre. As at 31 March 2020, the property was valued at AUD584.0 million (equivalent to approximately $509.8 million) (31 March 2019: AUD470.0 million (equivalent to approximately $455.7 million)).

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

Existing use	Occupancy rate[2] 2020 %	Occupancy rate[2] 2019 %	Carrying value[3] 2020 $'000	Carrying value[3] 2019 $'000	Group percentage of total Unitholders' funds 2020 %	Group percentage of total Unitholders' funds 2019 %	Trust percentage of total Unitholders' funds 2020 %	Trust percentage of total Unitholders' funds 2019 %
			1,276,847	1,202,300	133.7	129.5	136.3	132.5
–	N.A.	N.A.	–	32,700	–	3.5	–	3.6
			–	32,700	–	3.5	–	3.6
			1,276,847	1,235,000	133.7	133.0		
			89,942	–	9.4	–		
			1,366,789	1,235,000	143.1	133.0		
			252,782	221,806	26.5	23.9		
Business Park	100	100						
			(664,616)	(528,354)	(69.6)	(56.9)		
			954,955	928,452	100.0	100.0		

PORTFOLIO STATEMENTS

As at 31 March 2020

	Description of property	Carrying value 2020 $'000	Carrying value 2019 $'000	Trust percentage of total Unitholders' funds 2020 %	Trust percentage of total Unitholders' funds 2019 %
	Trust				
1-25	Investment properties, at valuation (pages 142 – 143)	1,242,800	1,202,300	136.3	132.5
7	Investment property under development, at valuation (pages 144 – 145)	–	32,700	–	3.6
	Investment properties and investment property under development – fair value	1,242,800	1,235,000	136.3	136.1
	Investment properties – right-of-use assets	89,942	–	9.9	–
	Total investment properties and investment property under development	1,332,742	1,235,000	146.2	136.1
	Other assets and liabilities (net)	(420,898)	(327,896)	(46.2)	(36.1)
	Total Unitholders' funds of the Trust	911,844	907,104	100.0	100.0

Portfolio statement by industry segment is not presented as the Group's and the Trust's activities for the years ended 31 March 2020 and 31 March 2019 related wholly to investing in real estate in the industrial sector.

As at 31 March 2020, the investment properties in Singapore were valued by CBRE Pte. Ltd. or Cushman & Wakefield VHS Pte Ltd (2019: the investment properties and investment property under development in Singapore were valued by Savills Valuation and Professional Services (S) Pte Ltd) and the investment property in Australia was valued by CBRE Valuations Pty Limited. 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 2020 (2019: Jones Lang LaSalle Advisory Services 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 income capitalisation method, discounted cash flow analysis and/or direct comparison method. As at 31 March 2019, the investment property under development was valued based on the residual method. Refer to notes 4 and 5 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 2020

	Group 2020 $'000	Group 2019 $'000
Cash flows from operating activities		
Total return after income tax	85,519	50,049
Adjustments for:		
Share of profits of joint venture (net of tax)	(61,099)	(23,761)
Borrowing costs	22,084	18,683
Foreign exchange loss	161	144
Manager's management fees in Units	2,862	4,033
Net change in fair value of investment properties and investment property under development	21,258	16,531
Net change in fair value of derivative financial instruments	3,526	4,778
Income tax expense	7,566	2,718
Operating income before working capital changes	**81,877**	**73,175**
Changes in working capital		
Trade and other receivables	53	573
Trade and other payables	1,941	(249)
Cash generated from operations	83,871	73,499
Income tax paid	(1,467)	(1,111)
Net cash from operating activities	**82,404**	**72,388**
Cash flows from investing activities		
Capital expenditure on investment properties and investment property under development	(28,588)	(14,332)
Acquisition of investment property[1]	(36,618)	–
Investment in a joint venture	(1,408)	(580)
Loan to a joint venture	(8,999)	–
Distributions from a joint venture	15,066	15,127
Net cash (used in)/from investing activities	**(60,547)**	**215**
Cash flows from financing activities		
Distributions to Unitholders	(53,206)	(63,755)
Proceeds from interest-bearing borrowings	209,386	224,063
Repayments of interest-bearing borrowings	(147,000)	(212,724)
Borrowing costs paid	(19,663)	(19,409)
Repayment of lease liabilities	(8,642)	–
Issue expenses paid	(30)	(60)
Net cash used in financing activities	**(19,155)**	**(71,885)**
Net increase in cash and cash equivalents	**2,702**	**718**
Cash and cash equivalents at beginning of the year	**18,091**	**17,550**
Effect of exchange rate fluctuations on cash held	(344)	(177)
Cash and cash equivalents at end of the year	**20,449**	**18,091**

1 This relates to cash outflows on the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia, net of the first year's rental income of $2.8 million which had been received in advance.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2020

Note:

A Significant non-cash transactions

There were the following significant non-cash transactions:

(i) During the financial year ended 31 March 2020, the Trust issued an aggregate of 2,643,272 (2019: 2,947,863) new Units amounting to $3.7 million (2019: $4.1 million) as partial payment for the base fee element of the Manager's management fees.

(ii) During the financial year ended 31 March 2020, the Trust issued an aggregate of 13,106,383 (2019: 3,727,755) new Units amounting to $18.2 million (2019: $5.0 million) as part payment of the distributions pursuant to the Trust's Distribution Reinvestment Plan.

(iii) During the financial year ended 31 March 2019, the Trust issued an aggregate of 785,445 new Units amounting to $1.1 million to AIMS APAC Property Management Pte. Ltd. ("Property Manager") as payment for marketing services provided by the Property Manager in respect of securing tenants at various AA REIT's properties.

Refer to note 16 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 30 June 2020.

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 and the fourth supplemental deed dated 11 April 2019 (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, Chapter 337.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

1. GENERAL (Continued)

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. 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 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 half-year 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.

For a period of 60 months from the Listing Date (save for the period from Listing Date to 31 March 2008 whereby no performance fee is payable), 100% of the performance fee shall be paid to the Manager in Units and thereafter, at the Manager's discretion.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

1. GENERAL (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

1. GENERAL (Continued)

1.3 Property Manager's fees (continued)

(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.

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 Unit Trusts* ("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").

This is the first set of the Group's annual financial statements in which FRS 116 *Leases* has been applied. The related changes to significant 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, investment property under development, 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 dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

2. BASIS OF PREPARATION (Continued)

2.4 Use of estimates and judgements

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 in the period in which the estimates are revised and in any future periods affected.

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 the following notes:

- Note 4: Valuation of investment properties

- Note 5: Valuation of investment property under development

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

2. BASIS OF PREPARATION (Continued)

2.5 Changes in accounting policies

New standards and amendments

The Group has adopted all the applicable new, amendments to and interpretations of FRSs that are effective for the annual financial period beginning on 1 April 2019.

Other than FRS 116 *Leases*, the application of these amendments to standards and interpretations does not have a material effect on the Group's and the Trust's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

FRS 116 *Leases*

The Group applied FRS 116 using the modified retrospective approach. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under FRS 17 *Leases* and related interpretations. The details of the changes in accounting policies are disclosed below. In addition, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 April 2019.

As a lessee

As a lessee, the Group leases land from JTC Corporation ("JTC") and CapitaLand Singapore (BP&C) Pte. Ltd. ("CapitaLand"). The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under FRS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

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 price.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

2. BASIS OF PREPARATION (Continued)

2.5 Changes in accounting policies (continued)

Leases classified as operating leases under FRS 17

Previously, the Group classified land leases with JTC and CapitaLand as operating leases under FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate applicable to the leases as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases. The Group is not required to make any adjustments on transition to FRS 116 for leases in which it acts as a lessor.

Impact on financial statements

Impact on transition

On transition to FRS 116, the Group recognised additional right-of-use assets and lease liabilities. The impact on transition is summarised below.

	1 April 2019 $'000
Right-of-use assets – investment properties	88,029
Right-of-use assets – investment property under development	6,418
Lease liabilities	94,447

For the details of accounting policies under FRS 116 and FRS 17, see note 3.7.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average discount rate applied is 3.6%.

Operating lease commitments at 31 March 2019	134,407
Discounted using the incremental borrowing rate at 1 April 2019	(39,960)
Lease liabilities recognised at 1 April 2019	94,447

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the applicable new and revised standards which are effective for annual financial period beginning on 1 April 2019. The adoption of these standards did not result in substantial changes to the accounting policies and had no significant effect on the financial performance or position of the Group and the Trust except as described in note 2.5.

3.1 Basis of consolidation

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 ventures

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in statement of total return, except for the foreign currency differences which are recognised in Unitholders' funds arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation and a financial liability 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 dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Investment properties

Investment properties and investment property under development

Investment properties are properties held either to earn rental income or capital appreciation or both. Investment property under development is a property being constructed or developed for future use as investment properties. Investment properties and investment property under development 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 or investment property under development. 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.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties and investment property under development 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 each parcel of real estate 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 and investment property under development.

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 or investment property under development 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 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, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (continued)

(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.

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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

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

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

Financial assets at amortised cost 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, and trade and other payables (excluding rental received in advance).

(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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (continued)

(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.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to manage its interest rate risk exposure.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (continued)

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

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 dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation 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.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the statement of total return.

3.5 Impairment

(i) Non-derivative financial assets

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

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

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

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

General approach (continued)

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

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

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

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

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

Measurement of ECLs

ECLs are probability-weighted estimates 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

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 3.5(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.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and investment property under development, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.7 Leases

The Group has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 April 2019

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.

This policy is applied to contracts entered into, on or after 1 April 2019.

(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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (continued)

Policy applicable from 1 April 2019 (continued)

(i) As a lessee (continued)

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.

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

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

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

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

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

The Group applies the derecognition and impairment requirements in FRS 109 to the net investment in the lease (see note 3.5(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (continued)

Policy applicable from 1 April 2019 (continued)

(ii) As a lessor (continued)

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'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116.

Policy applicable before 1 April 2019

For contracts entered into before 1 April 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

In the comparative period, as a lessee, the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (continued)

Policy applicable before 1 April 2019 (continued)

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

Rental income from investment property is recognised as "revenue" on a straight-line basis over the term of the lease.

3.8 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.

3.9 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) 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.

3.10 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 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.

3.12 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 that affects neither accounting nor taxable profit;

- 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 differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Income tax expense (continued)

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 is measured at the tax rates that are expected to be applied to temporary differences when they reverse and based on the laws that have been enacted or substantively enacted by the reporting date.

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

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.

For distributions made to foreign non-individual Unitholders (as defined below) during the period from 18 February 2010 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Income tax expense (continued)

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 section 10(1)(a) of 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:

- 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 section 10(1)(a) of 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 Boardriders Asia Pacific HQ, Gold Coast, Queensland, Australia and Optus Centre, Macquarie Park, New South Wales, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 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 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 dollars.

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.

On 20 April 2012, the Manager announced the implementation of the 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.

3.14 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the 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.

3.15 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, interest and other income, borrowing costs, trust expenses and income tax expense.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, investment properties and investment property under development.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning from 1 April 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

- *Interest Rate Benchmark Reform* (Amendments to FRS 109, FRS 39 and FRS 103)
- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)

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

4. INVESTMENT PROPERTIES

		Group		Trust	
	Note	2020 $'000	2019 $'000	2020 $'000	2019 $'000
At 1 April		1,202,300	1,210,100	1,202,300	1,210,100
Recognition of right-of-use assets on initial application of FRS 116 *Leases* on 1 April 2019		88,029	–	88,029	–
Adjusted balance at 1 April		1,290,329	1,210,100	1,290,329	1,210,100
Capital expenditure capitalised		8,687	8,731	8,687	8,731
Acquisition of investment property		39,443	–	–	–
Remeasurement of lease liabilities due to revised lease payments		797	–	797	–
Net change in fair value of investment properties recognised in the statement of total return		(22,633)	(16,531)	(19,987)	(16,531)
Net change in fair value of right-of-use assets	14	(5,233)	–	(5,233)	–
Transfer from investment property under development (net)	5	58,149	–	58,149	–
Foreign currency translation and other movements		(2,750)	–	–	–
At 31 March		1,366,789	1,202,300	1,332,742	1,202,300

Included in capital expenditure capitalised are borrowing costs capitalised during the year of approximately $259,000 (2019: $51,000) for the financial year ended 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

4. INVESTMENT PROPERTIES (Continued)

Security

As at the reporting date, certain investment properties have been pledged as security for loan facilities granted by financial institutions to the Group (see note 12). The aggregate market value of the mortgaged investment properties are as follows:

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Investment properties	964,447	825,500	930,400	825,500

Fair value hierarchy

The fair value measurement for investment properties has been categorised as Level 3 fair values based on inputs to the valuation techniques used (see note 2.4).

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Fair value of investment properties (based on valuation reports)	1,276,847	1,202,300	1,242,800	1,202,300
Add: carrying amount of lease liabilities	89,942	–	89,942	–
Investment properties	1,366,789	1,202,300	1,332,742	1,202,300

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 is presented in the table above.

(ii) Valuation techniques

Investment properties are stated at fair value as at 31 March 2020 based on valuations performed by an independent professional valuer, CBRE Pte. Ltd., Cushman & Wakefield VHS Pte Ltd or CBRE Valuations Pty Limited (2019: Savills Valuation and Professional Services (S) Pte Ltd). 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.

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-collaborated discount rate, terminal capitalisation rate, capitalisation rate and market rental growth rates. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

4. INVESTMENT PROPERTIES (Continued)

Level 3 fair value measurements (continued)

(ii) Valuation techniques (continued)

The valuers have considered valuation techniques including the income capitalisation method, discounted cash flow analysis and/or direct comparison method in arriving at the open market value as at the reporting date. The valuation reports highlighted that given the unprecedented set of circumstances on which to base a judgement, less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Due to the unknown future impact that COVID-19 might have on the real estate market, the valuers have also recommended to keep the valuation of these properties under frequent review.

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 7.50% to 8.50% (2019: 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.00% to 8.00% (2019: 6.25% to 7.00%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	• 10-year average market rental growth rate of 1.75% to 2.95% (2019: 0.89% to 6.04%)	The estimated fair value would increase (decrease) if 10-year average market rental growth rate was higher (lower).
Capitalisation method	• Capitalisation rate of 5.75% to 7.50% (2019: 6.00% 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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

5. INVESTMENT PROPERTY UNDER DEVELOPMENT

	Note	Group and Trust 2020 $'000	2019 $'000
At 1 April		32,700	18,600
Recognition of right-of-use assets on initial application of FRS 116 *Leases* on 1 April 2019		6,418	–
Adjusted balance at 1 April		39,118	18,600
Development expenditure capitalised		12,423	14,100
Net change in fair value of investment property under development recognised in statement of total return		6,677	–*
Net change in fair value of right-of-use asset	14	(69)	–
Transfer to investment properties	4	(58,149)	–
At 31 March		–	32,700

* less than $1,000.

Included in development expenditure capitalised are borrowing costs capitalised during the year of approximately $622,000 (2019: $192,000) for the financial year ended 31 March 2020.

Fair value hierarchy

Investment property under development with fair value of $32.7 million as at 31 March 2019 was measured by an independent professional valuer, Savills Valuation and Professional Services (S) Pte Ltd, who has the appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for investment property under development has been categorised as a Level 3 fair values based on the inputs to the valuation techniques used (see note 2.4).

Level 3 fair value measurement

(i) Reconciliation of movements in Level 3 fair value measurement

The reconciliation of Level 3 fair value measurements for investment property under development is presented in the table above.

(ii) Valuation techniques

In determining the fair value of investment property under development, the valuers have adopted the residual method whereby the estimated development costs to be incurred and developer's profit are deducted from the gross development value to arrive at the residual value. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation and is determined using the income capitalisation method and discounted cash flow analysis (see note 4).

The key assumptions include the estimation of net income based on rental assumptions which are considered in line with prevailing market conditions and general market practice within Singapore, a market-corroborated discount rate, terminal capitalisation rate, capitalisation rate and estimated development costs to be incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

5. INVESTMENT PROPERTY UNDER DEVELOPMENT (Continued)

Level 3 fair value measurement (continued)

(iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models as at 31 March 2019:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Residual method	Discounted cash flows analysis • Discount rate of 8.00%	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.50%	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
	Capitalisation methods • Capitalisation rate of 6.25%	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
	Estimated development costs to be incurred (including land costs)	The estimated fair value would increase (decrease) if the estimated development costs to be incurred (including land costs) were lower (higher).

6. SUBSIDIARIES

	Trust 2020 $'000	Trust 2019 $'000
Unquoted equity, at cost	107,519	87,339

Details of the subsidiaries are as follows:

Subsidiaries of the Trust	Country of incorporation or constitution/ Principal place of business	Effective equity interest held by the Group 2020 %	Effective equity interest held by the Group 2019 %
AACI REIT MTN Pte. Ltd.[1]	Singapore	100.0	100.0
AACI REIT Opera Pte. Ltd.[2]	Singapore	100.0	100.0
AIMS APAC REIT (Australia) Trust[3]	Australia	100.0	100.0
AA REIT Macquarie Park Investment Trust[4]	Australia	100.0	100.0
AA REIT Australia Trust (QLD)[3]	Australia	100.0	–
Burleigh Heads Trust[4]	Australia	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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

6. SUBSIDIARIES (Continued)

AACI REIT MTN Pte. Ltd.

AACI REIT MTN Pte. Ltd. ("AACI MTN"), a wholly-owned subsidiary, was incorporated on 28 May 2012. Its principal activity is to issue notes under an unsecured multi-currency medium term note programme for and on behalf of the Trust, provide financial and treasury services in connection with such issuance and lend the proceeds from the issuance of such notes to the Trust.

AACI REIT Opera Pte. Ltd.

AACI REIT Opera Pte. Ltd., a wholly-owned subsidiary, was incorporated on 23 October 2013. Its principal activity is that of an investment holding company and it is dormant during the financial year.

AIMS APAC REIT (Australia) Trust

AIMS APAC REIT (Australia) Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

AA REIT Macquarie Park Investment Trust

AA REIT Macquarie Park Investment Trust, a wholly-owned trust, was constituted on 15 November 2013. Its principal activity is to acquire and hold Australian property-related investments.

AA REIT Australia Trust (QLD)

AA REIT Australia Trust (QLD), a wholly-owned trust, was constituted on 14 May 2019. Its principal activity is to acquire and hold Australian property-related investments.

Burleigh Heads Trust

Burleigh Heads Trust, a wholly-owned trust, was constituted on 14 May 2019. Its principal activity is to acquire and hold Australian property-related investments.

7. JOINT VENTURE

	Group	
	2020 $'000	2019 $'000
Investment in joint venture	244,338	221,806
Amounts due from joint venture, at amortised cost:		
– Interest-bearing loan	8,444	–
	252,782	221,806

The unitholders of the joint venture have extended an unsecured loan of up to AUD100 million to the joint venture based on their proportionate interests in the joint venture to fund the capital expenditure requirement in relation to Optus Centre. The term of the loan is for three years from the first utilisation date or such later date as may be agreed between the parties. The effective interest rate of the loan at the reporting date is BBSY[1] + margin and the interest rates are repriced at each interest period as mutually agreed between the parties.

As at 31 March 2020, the Group's share of the capital commitments of the joint venture is $19.8 million (2019: Nil).

[1] Bank Bill Swap Bid Rate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

7. JOINT VENTURE (Continued)

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 2020 %	2019 %
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, 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 prepared in accordance to International Financial Reporting Standards which is aligned with RAP 7, for the respective financial years ended 31 March.

	2020 $'000	2019 $'000
Assets and liabilities		
Non-current assets[a]	509,834	455,660
Current assets[b]	10,084	1,449
Total assets	519,918	457,109
Non-current liabilities	17,233	–
Current liabilities[c]	4,036	4,443
Total liabilities	21,269	4,443
Results		
Revenue	31,125	32,692
Expenses	(4,354)	(4,424)
Net change in fair value of investment property	97,921	20,223
Total return for the year	124,692	48,491

[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 2020 and the property was valued at AUD584.0 million (equivalent to approximately $509.8 million). As at 31 March 2019, the valuation of the property was carried out by Jones Lang LaSalle Advisory Pty Ltd, the property was valued at AUD470.0 million (equivalent to approximately $455.7 million).
[b] Includes cash at banks and in hand of $9.5 million (2019: $0.4 million).
[c] Comprises trade and other payables, current tax payable and provisions.

	2020 $'000	2019 $'000
Group's interest in net assets and carrying amount of joint venture		
At 1 April	221,806	220,763
Investment during the year	1,408	580
Share of profits of joint venture (net of tax) (including share of net change in fair value of investment property)	61,099	23,761
Distributions received/receivable	(14,846)	(15,130)
Foreign currency translation movements	(25,129)	(8,168)
At 31 March	244,338	221,806

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade receivables	794	1,757	559	1,757
Impairment losses	(33)	–	(33)	–
Net trade receivables	761	1,757	526	1,757
Deposits	33	28	33	28
Distribution receivable from a subsidiary	–	–	971	890
Distribution receivable from a joint venture	1,154	1,446	–	–
Interest receivable from a joint venture	85	–	–	–
Other receivables	1,180	135	1,137	135
	3,213	3,366	2,667	2,810
Prepayments	5,699	6,158	5,685	6,146
	8,912	9,524	8,352	8,956
Non-current	3,424	3,646	3,424	3,646
Current	5,488	5,878	4,928	5,310
	8,912	9,524	8,352	8,956

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 movements in impairment losses recognised in respect of trade receivables during the year are as follows:

	Group and Trust	
	2020	2019
	$'000	$'000
At 1 April	–	–
Provision of impairment losses during the year	33	–
At 31 March	33	–

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

9. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current assets				
Interest rate swaps at FVTPL	–	371	–	371
Current assets				
Interest rate swaps at FVTPL	–	9	–	9
Non-current liabilities				
Interest rate swaps:				
– used for hedging	–	(624)	–	(624)
– at FVTPL	(7,635)	(4,709)	(7,519)	(4,709)
	(7,635)	(5,333)	(7,519)	(5,333)
Current liabilities				
Interest rate swaps:				
– used for hedging	(618)	–	(618)	–
– at FVTPL	(215)	–	(215)	–
	(833)	–	(833)	–

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 2020, the Group had interest rate swap contracts with tenors between three and five years with total notional amounts of $127.0 million and AUD186.0 million, equivalent to approximately $162.4 million (2019: interest rate swap contracts with tenors between three and seven years with total notional amounts of $129.1 million and AUD175.0 million, equivalent to approximately $169.7 million). Under the contracts, the Group pays fixed interest rates of 0.795% to 2.825% (2019: 1.570% to 2.825%) and receives interest at the three-month Singapore Dollar swap offer rate ("SOR") or Australia Bank Bill Swap Bid Rate ("BBSY").

The Group and the Trust have designated the interest rate swap contracts with notional amounts of AUD65.0 million, equivalent to approximately $56.7 million (2019: AUD65.0 million, equivalent to approximately $63.0 million) as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD65.0 million, equivalent to approximately $56.7 million (2019: AUD65.0 million, equivalent to approximately $63.0 million) floating rate loans.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

9. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

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	Hedging reserve Trust $'000
Cash flow hedges		
Balance as at 1 April 2018	(1,426)	(31)
Effective portion of changes in fair value of cash flow hedges	802	(593)
Balance as at 31 March 2019	(624)	(624)
Effective portion of changes in fair value of cash flow hedges	6	6
Balance as at 31 March 2020	(618)	(618)

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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash at banks and in hand	19,498	13,420	18,202	12,121
Fixed deposits with financial institutions	951	4,671	951	4,671
	20,449	18,091	19,153	16,792

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

11. TRADE AND OTHER PAYABLES

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Trade payables and accrued expenses	10,973	13,389	10,605	13,143
Trade amounts due to:				
– the Manager	662	321	662	321
– the Property Manager	1,057	659	1,057	659
– the Trustee	47	44	47	44
– subsidiary	–	–	6	8
– entities controlled by corporate shareholders of the Manager	124	115	–	–
Goods and services tax payable	1,084	881	1,073	889
Rental received in advance	3,177	1,991	2,445	1,991
Rental and security deposits	16,492	15,482	16,492	15,482
Retention sums for development costs	2,445	1,827	2,445	1,827
Accrued development costs	3,149	8,256	3,149	8,256
Interest payable	2,916	2,617	2,402	1,928
	42,126	45,582	40,383	44,548
Non-current	11,901	11,506	11,901	11,506
Current	30,225	34,076	28,482	33,042
	42,126	45,582	40,383	44,548

12. INTEREST-BEARING BORROWINGS

		Group		Trust	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current					
Secured					
Bank borrowings	(a),(b)	235,163	369,661	112,222	263,017
Unsecured					
Medium term notes	(c)	150,000	50,000	150,000	50,000
		385,163	419,661	262,222	313,017
Less: Unamortised borrowing transaction costs		(2,473)	(2,211)	(1,612)	(1,501)
		382,690	417,450	260,610	311,516
Current					
Secured					
Bank borrowings	(a)	156,745	–	156,745	–
Unsecured					
Medium term notes	(c)	–	80,000	–	80,000
		156,745	80,000	156,745	80,000
Less: Unamortised borrowing transaction costs		(110)	(34)	(110)	(34)
		156,635	79,966	156,635	79,966
Total		539,325	497,416	417,245	391,482

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

12. INTEREST-BEARING BORROWINGS (Continued)

As at 31 March 2020, the Group had the following borrowings:

(a) Secured credit facilities of the Trust and its wholly-owned subsidiary

Secured credit facilities granted to the Trust and its wholly-owned subsidiary by financial institutions and secured on the following:

(i) first legal mortgage over 16 investment properties (2019: legal mortgage over 15 investment properties) with market value totalling $930.4 million (2019: $825.5 million) of the Trust (with one as mortgage-in-escrow) (the "Mortgaged Properties");

(ii) assignment of rights, benefits, title and interest in, *inter alia*, the building agreement and/or leases of two investment properties of the Trust;

(iii) 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; and

(iv) first ranking security over the bank account and units in Macquarie Park Trust held by AA REIT Investments (Australia) Pty Limited in its capacity as trustee of AA REIT Macquarie Park Investment Trust (a wholly-owned subsidiary of the Trust).

(b) Secured term loan facility of a wholly-owned subsidiary

A secured five-year term loan facility granted to a wholly-owned subsidiary of the Trust which is guaranteed by the Trust and secured by a mortgage over a property with market value of $34.0 million (2019: Nil) and a general security agreement over all present and after acquired property of the subsidiary.

(c) Unsecured medium term notes

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

(i) $50 million five-year medium term notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears, and will mature on 22 March 2022 which had been issued through AACI MTN under the $500 million Multicurrency Medium Term Note Programme, established in July 2012.The payment of all amounts payable in respect of the notes are unconditionally and irrevocably guaranteed by HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of the Trust; and

(ii) $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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

12. INTEREST-BEARING BORROWINGS (Continued)

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
2020						
SGD fixed rate medium term notes	3.60	March 2022	50,000	49,910	50,000	49,910
SGD fixed rate medium term notes	3.60	November 2024	100,000	99,320	100,000	99,320
SGD floating rate bank borrowings	SOR[1] + margin	August 2020	100,000	99,947	100,000	99,947
SGD floating rate bank borrowings	SOR[1] + margin	November 2021	–	(241)	–	(241)
AUD floating rate bank borrowings	BBSY[2] + margin	June 2022	20,666	20,403	12,222	12,072
SGD floating rate bank borrowings	SOR[1] + margin	July 2022	100,000	99,639	100,000	99,639
SGD floating rate bank borrowings	SOR[1] + margin	July 2022	–	(90)	–	(90)
AUD floating rate bank borrowings	BBSY[2] + margin	November 2020	56,745	56,688	56,745	56,688
AUD floating rate bank borrowings	BBSY[2] + margin	July 2023	96,030	95,540	–	–
AUD floating rate bank borrowings	BBSY[2] + margin	July 2024	18,467	18,209	–	–
			541,908	539,325	418,967	417,245
2019						
SGD fixed rate medium term notes	3.80	May 2019	50,000	49,991	50,000	49,991
SGD fixed rate medium term notes	4.35	December 2019	30,000	29,975	30,000	29,975
SGD fixed rate medium term notes	3.60	March 2022	50,000	49,864	50,000	49,864
SGD floating rate bank borrowings	SOR[1] + margin	August 2020	100,000	99,809	100,000	99,809
SGD floating rate bank borrowings	SOR[1] + margin	November 2021	–	(384)	–	(384)
SGD floating rate bank borrowings	SOR[1] + margin	July 2022	100,000	99,485	100,000	99,485
SGD floating rate bank borrowings	SOR[1] + margin	July 2022	–	(129)	–	(129)
AUD floating rate bank borrowings	BBSY[2] + margin	November 2020	63,017	62,871	63,017	62,871
AUD floating rate bank borrowings	BBSY[2] + margin	July 2023	106,644	105,934	–	–
			499,661	497,416	393,017	391,482

1 Swap Offer Rate.
2 Bank Bill Swap Bid Rate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

12. INTEREST-BEARING BORROWINGS (Continued)

Reconciliation of changes in liabilities arising from financing activities

		Financing cash flows					
	Adjusted balance at 1 April 2019 $'000	Proceeds from borrowings $'000	Repayment of borrowings/ lease liabilities $'000	Borrowing costs paid $'000	Borrowing costs expensed/ capitalised $'000	Foreign exchange and other movement $'000	At 31 March 2020 $'000
Group							
Medium term notes	129,830	100,000	(80,000)	(737)	137	–	149,230
Bank borrowings	367,586	109,386	(67,000)	(599)	861	(20,139)	390,095
Interest payable	2,617	–	–	(18,327)	18,627	(1)	2,916
Lease liabilities	94,447	–	(8,642)	–	3,340	797	89,942
	594,480	209,386	(155,642)	(19,663)	22,965	(19,343)	632,183

		Financing cash flows					
	At 1 April 2018 $'000	Proceeds from borrowings $'000	Repayment of borrowings $'000	Borrowing costs paid $'000	Borrowing costs expensed/ capitalised $'000	Foreign exchange and other movement $'000	At 31 March 2019 $'000
Group							
Medium term notes	129,680	–	–	–	150	–	129,830
Bank borrowings	363,527	224,063	(212,724)	(1,627)	905	(6,558)	367,586
Interest payable	2,548	–	–	(17,782)	17,871	(20)	2,617
	495,755	224,063	(212,724)	(19,409)	18,926	(6,578)	500,033

13. DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year are as follows:

	At 1 April 2018 $'000	Recognised in statement of total return (note 23) $'000	At 31 March 2019 $'000	Recognised in statement of total return (note 23) $'000	At 31 March 2020 $'000
Group					
Deferred tax liabilities					
Tax on unrealised profits of subsidiaries	6,411	1,607	8,018	6,098	14,116

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

14. LEASES

Leases as lessee (FRS 116)

The Group leases land in respect of certain properties from JTC and 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 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. Previously, these leases were classified as operating leases under FRS 17.

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

(a) Amounts recognised in the statement of financial position

		Group and Trust	
	Note	2020 $'000	2019 $'000
Right-of-use assets (included within Investment Properties)	4	89,942	–
Lease liabilities			
– Non-current		84,435	–
– Current		5,507	–
		89,942	–

(b) Amounts recognised in the statement of total return

		Group and Trust	
	Note	2020 $'000	2019 $'000
Leases under FRS 116			
Interest on lease liabilities	20	3,161	–
Net change in fair value of right-of-use assets (included within net change in fair value of investment properties and investment property under development)	4,5	5,302	–
Operating leases under FRS 17			
Land rent	18	–	8,260

(c) Amounts recognised in the statement of cash flows

	Group 2020 $'000
Repayment of lease liabilities	8,642

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

14. LEASES (Continued)

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 $68.3 million as at 31 March 2020.

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 lessee to reflect market rentals. None of the leases contain contingent rental arrangements.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date and excluding prevailing market rent adjustments.

	Group $'000	Trust $'000
2020 – Operating leases under FRS 116		
Less than one year	70,910	68,234
One to two years	47,471	44,716
Two to three years	29,159	26,321
Three to four years	19,139	16,215
Four to five years	16,260	13,248
More than five years	60,148	39,071
Total lease receivables	243,087	207,805

	Group and Trust $'000
2019 – Operating leases under FRS 17	
Within one year	77,555
After one but within five years	117,316
More than five years	28,165
Total lease receivables	223,036

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

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. UNITS IN ISSUE AND TO BE ISSUED

		Group and Trust	
	Note	2020 '000	2019 '000
Units in issue at beginning of the year		690,913	683,452
Issue of new Units:			
Units issued as payment of Manager's base fees	(a)	2,643	2,948
Units issued as payment of Property Manager's fees	(b)	–	785
Units issued pursuant to Distribution Reinvestment Plan	(c)	13,107	3,728
Units in issue at end of the year		706,663	690,913
Units to be issued:			
Manager's base fees		–	634
Total Units in issue and to be issued at end of the year		706,663	691,547

(a) During the financial year ended 31 March 2020, there were the following issuances of Units to the Manager:

(i) 1,285,485 new Units on 10 July 2019 at an average issue price of $1.4070 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2019 to 30 June 2019; and

(ii) 1,357,787 new Units on 16 January 2020 at an average issue price of $1.4277 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2019 to 31 December 2019.

During the financial year ended 31 March 2019, there were the following issuances of Units to the Manager:

(i) 1,328,323 new Units on 11 July 2018 at an average issue price of $1.3779 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2018 to 30 June 2018; and

(ii) 1,619,540 new Units on 17 January 2019 at an average issue price of $1.3757 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2018 to 31 December 2018.

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 accrued.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

16. UNITS IN ISSUE AND TO BE ISSUED (Continued)

(b) On 11 July 2018, the Trust issued 785,445 new Units at an issue price of $1.3841 per Unit to the Property Manager as payment for marketing services provided by the Property Manager in respect of securing tenants at various AA REIT's properties.

The issue price for marketing services fee 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 accrued.

(c) During the financial year ended 31 March 2020, there were the following issuances of Units to eligible Unitholders who elected to participate in the AA REIT DRP:

(i) 2,649,766 new Units on 20 June 2019 at an issue price of $1.3625 per Unit in respect of the distribution for the quarter ended 31 March 2019;

(ii) 2,003,444 new Units on 19 September 2019 at an issue price of $1.4352 per Unit in respect of the distribution for the quarter ended 30 June 2019;

(iii) 5,226,341 new Units on 20 December 2019 at an issue price of $1.3681 per Unit in respect of the distribution for the quarter ended 30 September 2019; and

(iv) 3,226,832 new Units on 26 March 2020 at an issue price of $1.4178 per Unit in respect of the distribution for the quarter ended 31 December 2019.

During the financial year ended 31 March 2019, there were the following issuances of Units to eligible Unitholders who elected to participate in the AA REIT DRP:

(i) 1,534,829 new Units on 21 December 2018 at an issue price of $1.3065 per Unit in respect of the distribution for the quarter ended 30 September 2018; and

(ii) 2,192,926 new Units on 29 March 2019 at an issue price of $1.3565 per Unit in respect of the distribution for the quarter ended 31 December 2018.

17. GROSS REVENUE

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Property rental income	82,992	83,099	80,656	83,099
Service charge, land rent and property tax	19,729	20,010	19,461	20,010
Other property expenses recoverable from tenants and other property income	16,139	14,969	16,139	14,969
	118,860	118,078	116,256	118,078

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

18. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Land rent	–	8,260	–	8,260
Property and lease management fees	2,420	2,497	2,420	2,497
Property tax	6,303	10,508	6,140	10,508
Other operating expenses	21,083	18,320	20,969	18,320
	29,806	39,585	29,529	39,585

19. INTEREST AND OTHER INCOME

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interest income – third party	250	193	224	160
Interest income – joint venture	89	–	–	–
	339	193	224	160

20. BORROWING COSTS

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Interest expense on borrowings	17,397	17,172	14,144	13,090
Interest expense on lease liabilities (note 14)	3,161	–	3,161	–
Amortisation of borrowing transaction costs	997	1,055	767	790
Others	529	456	409	456
	22,084	18,683	18,481	14,336

21. MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2020 $'000	2019 $'000
Base fees		
– Paid/payable in cash	4,824	3,357
– Paid/payable in Units	2,862	4,033
	7,686	7,390

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

22. OTHER TRUST EXPENSES

	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Audit fees paid/payable to:				
– auditors of the Trust	183	183	175	175
– other auditors	40	20	–	–
Non-audit fees paid/payable to auditors of the Trust	79	99	63	96
Trustees' fees	498	409	283	268
Valuation fees	129	113	98	113
Professional fees	93	63	71	34
Non-deal road show expenses	32	48	32	48
Acquisition fees written off	342	11	342	11
Other expenses	1,296	1,208	997	872
	2,692	2,154	2,061	1,617

23. INCOME TAX EXPENSE

	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Singapore current tax	1	–*	–	–
Overseas deferred tax (note 13)	6,098	1,607	–	–
Overseas withholding tax	1,467	1,111	1,467	1,111
Total tax expense	7,566	2,718	1,467	1,111

* less than $1,000.

Reconciliation of effective tax rate:

	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Total return before income tax	93,085	52,767	56,524	46,571
Tax calculated using Singapore tax rate of 17% (2019: 17%)	15,824	8,970	9,609	7,917
Non-tax chargeable items	(8)	(6)	(8)	(6)
Non-tax deductible items	3,355	3,932	3,355	3,932
Tax transparency	(10,610)	(10,948)	(10,610)	(10,948)
Foreign-sourced income	(8,560)	(1,948)	(2,346)	(895)
Deferred tax on unrealised profits of subsidiaries	6,098	1,607	–	–
Overseas withholding tax	1,467	1,111	1,467	1,111
	7,566	2,718	1,467	1,111

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

24. EARNINGS PER UNIT

	Group	
	2020	2019
Earnings per Unit (cents)		
Basic and diluted	12.27	7.30

The earnings per Unit ("EPU") is computed using total return after tax over the weighted average number of Units outstanding as follows:

	Group	
	2020 $'000	2019 $'000
Total return after income tax	85,519	50,049

	Trust Number of Units	
	2020 '000	2019 '000
Basic EPU		
Units in issue at beginning of the year	690,913	683,452
Effect of Units issued/issuable relating to:		
– Distribution Reinvestment Plan	4,662	449
– Manager's base fees	1,216	1,289
– Property Manager's fees	–	568
Weighted average number of Units at end of the year	696,791	685,758
Diluted EPU		
Units in issue at beginning of the year	690,913	683,452
Effect of Units issued/issuable relating to:		
– Distribution Reinvestment Plan	4,662	449
– Manager's base fees	1,216	1,325
– Property Manager's fees	–	568
Weighted average number of Units at end of the year	696,791	685,794

25. COMMITMENTS

Capital commitments

	Group and Trust	
	2020 $'000	2019 $'000
Capital expenditure contracted but not provided for	–	16,449

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
The Manager				
Manager's management fees				
Base fees	7,686	7,390	7,686	7,390
Acquisition fees	367	–	367	–
Entities controlled by corporate shareholders of the Manager				
Marketing services commissions[1]	1,703	–	–	–
Administrator fees[1]	109	–	–	–
Investment management fees	290	324	–	–
Trustees' fees	209	132	–	–
Debt advisory fees	–	222	–	–
The Property Manager				
Property management fees	1,613	1,662	1,613	1,662
Lease management fees	807	831	807	831
Marketing services commissions	2,175	2,862	2,175	2,862
Project management fees	273	393	273	393
Property tax services fees	5	3	5	3
The Trustee				
Trustee's fees	276	268	276	268
Joint venture				
Interest income	89	–	–	–
Subsidiaries				
Distribution income	–	–	12,689	10,278
Interest expense	–	–	2,952	5,005
Service fee expense	–	–	38	51

[1] Represents the Group's share of costs incurred by joint venture entity, Macquarie Park Trust.

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.

On 16 April 2020, the MAS announced that the aggregate leverage limit for S-REITs will be raised from 45% to 50% with immediate effect. In its public consultation last year, the MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation. As at 31 March 2020, the Group's aggregate leverage was 34.8% (2019: 33.7%) with an ICR of 4.0 times[1] (2019: 4.4 times[1]). 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.

[1] As defined in Appendix 6 of the CIS Code ("Property Funds Appendix") (last revised on 16 April 2020).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

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 lessee 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 lessees. 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 lessees 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.

At 31 March 2020, $248,000 of net trade receivables related to two tenants (2019: $934,000 of net trade receivables related to two tenants). Except for this, concentration of credit risk relating to trade receivables is limited due to the Group's varied tenants' profile and credit policy of obtaining security deposits, banker's guarantees or other forms of collateral from tenants.

Cash and cash equivalents

Cash is 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 a 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 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (continued)

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 2020.

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 2020 $'000	Impairment losses 2020 $'000	Gross 2019 $'000	Impairment losses 2019 $'000
Group				
Not past due	3,036	–	2,118	–
Past due 1 – 30 days	44	–	728	–
Past due 31 – 90 days	37	(4)	465	–
Past due more than 90 days	129	(29)	55	–
	3,246	(33)	3,366	–
Trust				
Not past due	2,490	–	1,562	–
Past due 1 – 30 days	44	–	728	–
Past due 31 – 90 days	37	(4)	465	–
Past due more than 90 days	129	(29)	55	–
	2,700	(33)	2,810	–

(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 2020, the current interest-bearing borrowings relate to term loans of $100.0 million and AUD65.0 million which are due to mature in August 2020 and November 2020 respectively. In May 2020, the Group received commitments from its lenders to refinance the facilities with a new four-year term loan facility of $100.0 million and a new three-year term loan facility of AUD32.5 million. In addition, the Group and the Trust have total undrawn committed facilities of $181.1 million to fulfil their liabilities as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (continued)

The Group also monitors and observes the Property Funds Appendix issued by the MAS concerning limits on total borrowings.

The following are the expected contractual undiscounted cash outflows of financial liabilities, 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					
2020					
Non-derivative financial liabilities					
Medium term notes	(149,230)	(170,180)	(3,970)	(166,210)	–
Bank borrowings	(390,095)	(406,388)	(162,524)	(243,864)	–
Trade and other payables*	(38,949)	(38,949)	(27,048)	(10,784)	(1,117)
Lease liabilities	(89,942)	(126,988)	(8,655)	(30,819)	(87,514)
	(668,216)	(742,505)	(202,197)	(451,677)	(88,631)
Derivative financial liabilities					
Non-current liabilities					
Interest rate swaps					
– at FVTPL (net-settled)	(7,635)	(7,852)	(2,111)	(5,741)	–
Current liabilities					
Interest rate swaps					
– used for hedging (net-settled)	(618)	(626)	(626)	–	–
– at FVTPL (net-settled)	(215)	(162)	(162)	–	–
	(8,468)	(8,640)	(2,899)	(5,741)	–
2019					
Non-derivative financial liabilities					
Medium term notes	(129,830)	(136,503)	(82,903)	(53,600)	–
Bank borrowings	(367,586)	(400,632)	(10,724)	(389,908)	–
Trade and other payables*	(43,591)	(43,591)	(32,085)	(9,479)	(2,027)
	(541,007)	(580,726)	(125,712)	(452,987)	(2,027)
Derivative financial liabilities					
Non-current liabilities					
Interest rate swaps					
– used for hedging (net-settled)	(624)	(683)	(313)	(370)	–
– at FVTPL (net-settled)	(4,709)	(5,209)	(890)	(4,319)	–
	(5,333)	(5,892)	(1,203)	(4,689)	–

* Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (continued)

	Carrying amount $'000	Contractual cash flows Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2020					
Non-derivative financial liabilities					
Medium term notes	(149,230)	(170,180)	(3,970)	(166,210)	–
Bank borrowings	(268,015)	(275,543)	(160,246)	(115,297)	–
Trade and other payables*	(37,938)	(37,938)	(26,037)	(10,784)	(1,117)
Lease liabilities	(89,942)	(126,988)	(8,655)	(30,819)	(87,514)
	(545,125)	(610,649)	(198,908)	(323,110)	(88,631)
Derivative financial liabilities					
Non-current liabilities					
Interest rate swaps					
– at FVTPL (net settled)	(7,519)	(7,712)	(2,074)	(5,638)	–
Current liabilities					
Interest rate swaps					
– used for hedging (net-settled)	(618)	(626)	(626)	–	–
– at FVTPL (net-settled)	(215)	(162)	(162)	–	–
	(8,352)	(8,500)	(2,862)	(5,638)	–
2019					
Non-derivative financial liabilities					
Medium term notes	(129,830)	(136,503)	(82,903)	(53,600)	–
Bank borrowings	(261,652)	(280,362)	(6,972)	(273,390)	–
Trade and other payables*	(42,557)	(42,557)	(31,051)	(9,479)	(2,027)
	(434,039)	(459,422)	(120,926)	(336,469)	(2,027)
Derivative financial liabilities					
Non-current liabilities					
Interest rate swaps					
– used for hedging (net-settled)	(624)	(683)	(313)	(370)	–
– at FVTPL (net-settled)	(4,709)	(5,209)	(890)	(4,319)	–
	(5,333)	(5,892)	(1,203)	(4,689)	–

* Excluding rental received in advance.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

(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.

As at 31 March 2020, the Group had interest rate swap contracts with total notional amounts of $127.0 million and AUD186.0 million (2019: $129.1 million and AUD175.0 million) whereby the Group had agreed with counterparties to exchange at specified intervals, the difference between the floating rates pegged to the SOR 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	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Fixed rate instruments				
Financial liabilities	(150,000)	(130,000)	(150,000)	(130,000)
Interest rate swaps	(289,379)	(298,806)	(279,776)	(298,806)
	(439,379)	(428,806)	(429,776)	(428,806)
Variable rate instruments				
Financial liabilities	(391,908)	(369,661)	(268,967)	(263,017)
Interest rate swaps	289,379	298,806	279,776	298,806
	(102,529)	(70,855)	10,809	35,789

Sensitivity analysis

For the variable rate financial liabilities on which interest rate swaps have not been entered into, a decrease/increase of 100 basis points ("bps") in interest rate at the reporting date would increase/(decrease) the statement of total return of the Group by $1,025,000 (2019: $709,000) and (decrease)/increase the statement of total return of the Trust by $108,000 (2019: $358,000) as a result of higher/lower borrowing costs on these financial liabilities. This analysis assumes that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (continued)

(ii) Foreign currency risk

Risk management policy

The Group has exposure to foreign currency risks arising from its interest in a joint venture and an investment property 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 property to mitigate the currency risk. As at 31 March 2020, the Group's investment in its Australian assets was hedged as approximately 68% (2019: 76%) of the Australian portfolio value was funded with Australian dollar denominated borrowings.

Exposure to currency risk

The Group's and Trust's exposure to foreign currencies in relation to financial assets and liabilities as at 31 March 2020 and 31 March 2019 was as follows:

	Group		Trust	
	Australian Dollar 2020 $'000	Australian Dollar 2019 $'000	Australian Dollar 2020 $'000	Australian Dollar 2019 $'000
Amounts due from joint venture	8,444	–	–	–
Cash and cash equivalents	2,226	6,449	951	5,170
Trade and other receivables	1,515	1,446	971	890
Trade and other payables	(1,022)	(307)	(507)	(307)
Derivative financial instruments	(7,669)	(5,333)	(7,554)	(5,333)
Interest-bearing borrowings	(191,908)	(169,661)	(68,967)	(63,017)
Net financial liabilities	(188,414)	(167,406)	(75,106)	(62,597)
Add: Non-financial assets				
Investment in joint venture	244,338	221,806	–	–
Investment property	34,047	–	–	–
Currency profile including non-financial assets	89,971	54,400	(75,106)	(62,597)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (continued)

(ii) Foreign currency risk (continued)

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		
2020		
Australian dollar (5% strengthening)	(325)	4,823
Australian dollar (5% weakening)	325	(4,823)
2019		
Australian dollar (5% strengthening)	8	2,712
Australian dollar (5% weakening)	(8)	(2,712)
Trust		
2020		
Australian dollar (5% strengthening)	(3,724)	(31)
Australian dollar (5% weakening)	3,724	31
2019		
Australian dollar (5% strengthening)	(3,099)	(31)
Australian dollar (5% weakening)	3,099	31

27. FINANCIAL RISK MANAGEMENT (Continued)

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. Further, for the current year, the fair value disclosure of lease liabilities is also not required.

		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										
2020										
Financial assets not measured at fair value										
Amounts due from joint venture	7	8,444	–	–	–	8,444				
Trade and other receivables*	8	3,213	–	–	–	3,213				
Cash and cash equivalents	10	20,449	–	–	–	20,449				
		32,106	–	–	–	32,106				
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(7,850)	(618)	–	(8,468)	–	(8,468)	–	(8,468)
Financial liabilities not measured at fair value										
Trade and other payables**	11	–	–	–	(38,949)	(38,949)				
Interest-bearing borrowings	12	–	–	–	(539,325)	(539,325)	–	(537,467)	–	(537,467)
Lease liabilities	14	–	–	–	(89,942)	(89,942)				
		–	–	–	(668,216)	(668,216)				

* Excluding prepayments.
** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

Classification and fair value of financial instruments (continued)

		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										
2019										
Financial assets not measured at fair value										
Trade and other receivables*	8	3,366	–	–	–	3,366				
Cash and cash equivalents	10	18,091	–	–	–	18,091				
		21,457	–	–	–	21,457				
Financial assets measured at fair value										
Derivative financial assets	9	–	380	–	–	380	–	380	–	380
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(4,709)	(624)	–	(5,333)	–	(5,333)	–	(5,333)
Financial liabilities not measured at fair value										
Trade and other payables**	11	–	–	–	(43,591)	(43,591)				
Interest-bearing borrowings	12	–	–	–	(497,416)	(497,416)	–	(494,811)	–	(494,811)
		–	–	–	(541,007)	(541,007)				

* Excluding prepayments.
** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

Classification and fair value of financial instruments (continued)

		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										
2020										
Financial assets not measured at fair value										
Trade and other receivables*	8	2,667	–	–	–	2,667				
Cash and cash equivalents	10	19,153	–	–	–	19,153				
		21,820	–	–	–	21,820				
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(7,734)	(618)	–	(8,352)	–	(8,352)	–	(8,352)
Financial liabilities not measured at fair value										
Trade and other payables**	11	–	–	–	(37,938)	(37,938)				
Interest-bearing borrowings	12	–	–	–	(417,245)	(417,245)	–	(415,387)	–	(415,387)
Lease liabilities	14	–	–	–	(89,942)	(89,942)				
		–	–	–	(545,125)	(545,125)				

* Excluding prepayments.
** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

Classification and fair value of financial instruments (continued)

		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										
2019										
Financial assets not measured at fair value										
Trade and other receivables*	8	2,810	–	–	–	2,810				
Cash and cash equivalents	10	16,792	–	–	–	16,792				
		19,602	–	–	–	19,602				
Financial assets measured at fair value										
Derivative financial assets	9	–	380	–	–	380	–	380	–	380
Financial liabilities measured at fair value										
Derivative financial liabilities	9	–	(4,709)	(624)	–	(5,333)	–	(5,333)	–	(5,333)
Financial liabilities not measured at fair value										
Trade and other payables**	11	–	–	–	(42,557)	(42,557)				
Interest-bearing borrowings	12	–	–	–	(391,482)	(391,482)	–	(388,877)	–	(388,877)
		–	–	–	(434,039)	(434,039)				

* Excluding prepayments.
** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

27. FINANCIAL RISK MANAGEMENT (Continued)

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 (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. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement 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 amount of borrowings 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. Further, for the current year, the fair value disclosure of lease liabilities is also not required.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, is computed from the market rates as follows:

	Group and Trust	
	2020	2019
	%	%
Other financial liabilities	2.42	3.52

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

Segment information is presented in respect of the Group's geographical segments. The operations of each of the Group's geographical segments are separately managed because of different economic and regulatory environments in which they operate in. For the purpose of making resource allocation and the assessment of segment performance, the Group's CODMs have focused on its investment properties. 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*.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

28. SEGMENT REPORTING (Continued)

Information about reportable segments

	Singapore $'000	Australia $'000	Total $'000
2020			
Revenue and expenses			
Gross revenue	116,256	2,604	118,860
Property operating expenses	(29,529)	(277)	(29,806)
Net property income	86,727	2,327	89,054
Share of profits of joint venture (net of tax)	–	61,099[1]	61,099
Net change in fair value of investment properties and investment property under development	(13,310)	(2,646)	(15,956)
Net change in fair value of right-of-use assets	(5,302)	–	(5,302)
Net change in fair value of derivative financial instruments	(1,178)	(2,348)	(3,526)
			125,369
Unallocated items:			
Foreign exchange loss			(161)
Interest and other income			339
Borrowing costs			(22,084)
Trust expenses			(10,378)
Total return before income tax			93,085
Income tax expense			(7,566)
Total return after income tax			85,519
Non-current assets[2]	1,336,166	286,829	1,622,995
Other segment items:			
Joint venture	–	252,782	252,782
Capital expenditure[3]	(21,110)	–	(21,110)
Acquisition of investment property	–	(39,443)	(39,443)
2019			
Revenue and expenses			
Gross revenue	118,078	–	118,078
Property operating expenses	(39,585)	–	(39,585)
Net property income	78,493	–	78,493
Share of profits of joint venture (net of tax)	–	23,761[1]	23,761
Net change in fair value of investment properties and investment property under development	(16,531)	–	(16,531)
Net change in fair value of derivative financial instruments	(69)	(4,709)	(4,778)
			80,945
Unallocated items:			
Foreign exchange loss			(144)
Interest and other income			193
Borrowing costs			(18,683)
Trust expenses			(9,544)
Total return before income tax			52,767
Income tax expense			(2,718)
Total return after income tax			50,049
Non-current assets[2]	1,238,646	221,806	1,460,452
Other segment items:			
Joint venture	–	221,806	221,806
Capital expenditure[3]	(22,831)	–	(22,831)

[1] Included in the share of profits of joint venture (net of tax) is the share of revaluation surplus recognised on the valuation of Optus Centre of $48.0 million (FY2019: $9.9 million).

[2] Excluding derivative financial instruments.

[3] Capital expenditure consists of additions of investment properties and investment property under development.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2020

28. SEGMENT REPORTING (Continued)

Information about reportable segments (continued)

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 $8.3 million (2019: $9.5 million rental income from one major tenant) of the Group's rental income.

29. FINANCIAL RATIOS

	Group	
	2020 %	2019 %
Expenses to weighted average net assets[1]		
– Expense ratio excluding performance-related fee	1.06	1.01
– Expense ratio including performance-related fee	1.06	1.01
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, investment property under development 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 EVENTS

On 12 May 2020, the Manager announced a distribution of 2.00 cents per Unit, amounting to approximately $14.1 million in respect of the period from 1 January 2020 to 31 March 2020.

In May 2020, the Group received commitments from its lenders to refinance the existing secured debt facilities due in August 2020 and November 2020 with a new four-year term loan facility of $100.0 million and a new three-year term loan facility of AUD32.5 million, respectively.

The Manager has been closely monitoring the COVID-19 outbreak since early 2020, given the disruptions and uncertainty that it has on global economic prospects. The Manager has assessed the inherent risk of the outbreak and has put in place mitigating measures including those directed by the respective authorities. As at the date of this report, the Manager have considered substantially all available information in their assessment of the impact of COVID-19 on the Group, including the Singapore COVID-19 (Temporary Measures) Act 2020 which provides temporary relief from legal action for businesses and individuals who are unable to fulfil their contractual obligations due to COVID-19, as well as the legal requirement for landlords of industrial properties to grant eligible tenants with a waiver of base rent. However, as the situation continues to evolve, the Manager is unable to ascertain the full impact of COVID-19 to the Group in the medium-to-longer term. The Manager will continue to monitor the situation and take the appropriate measures to deal with the implications of COVID-19 in accordance with guidelines, regulations and legislations provided by the authorities in the respective countries that the Group operates in and will take the necessary actions to ensure the long-term sustainability of the Group.

STATISTICS OF UNITHOLDINGS

As at 29 June 2020

ISSUED AND FULLY PAID UNITS

706,662,583 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	459	4.72	16,572	0.00
100 – 1,000	1,358	13.96	748,719	0.11
1,001 – 10,000	4,906	50.44	24,480,217	3.46
10,001 – 1,000,000	2,976	30.60	120,591,401	17.06
1,000,001 and above	27	0.28	560,825,674	79.37
Total	**9,726**	**100.00**	**706,662,583**	**100.00**

TOP 20 UNITHOLDERS

As listed in the Register of Unitholders

No.	Name	Number of Units	%
1	Raffles Nominees (Pte.) Limited	128,704,274	18.21
2	Citibank Nominees Singapore Pte Ltd	95,047,234	13.45
3	HSBC (Singapore) Nominees Pte Ltd	89,983,848	12.73
4	DBS Nominees (Private) Limited	66,685,157	9.44
5	DBSN Services Pte. Ltd.	43,508,477	6.16
6	AIMS Financial Holding Limited	28,081,428	3.97
7	RHB Bank Nominees Pte Ltd	28,008,135	3.96
8	RHB Securities Singapore Pte. Ltd.	20,252,865	2.87
9	OCBC Securities Private Limited	6,795,968	0.96
10	DB Nominees (Singapore) Pte Ltd	6,321,540	0.89
11	Maybank Kim Eng Securities Pte. Ltd	5,806,176	0.82
12	United Overseas Bank Nominees (Private) Limited	4,530,325	0.64
13	ABN AMRO Clearing Bank N.V.	4,344,259	0.61
14	AIMS APAC REIT Management Limited	4,262,812	0.60
15	OCBC Nominees Singapore Private Limited	3,878,021	0.55
16	Morgan Stanley Asia (Singapore) Securities Pte Ltd	3,356,331	0.47
17	CGS-CIMB Securities (Singapore) Pte. Ltd.	2,936,906	0.42
18	Phillip Securities Pte Ltd	2,886,980	0.41
19	UOB Kay Hian Private Limited	2,690,393	0.38
20	BPSS Nominees Singapore (Pte.) Ltd.	2,612,582	0.37
	Total	**550,693,711**	**77.91**

STATISTICS OF UNITHOLDINGS

SUBSTANTIAL UNITHOLDERS AS AT 29 JUNE 2020

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 Financial Holding Limited[1]	33,319,528	4,262,812	37,582,340	5.32
Great World Financial Group Pty Ltd[2]	–	56,637,090	56,637,090	8.01
Great World Financial Group Holdings Pty Ltd[2]	–	56,637,090	56,637,090	8.01
Mr George Wang[2]	–	56,637,090	56,637,090	8.01
Credit Suisse AG[3]	–	35,499,288	35,499,288	5.02
Credit Suisse Group AG[3]	–	35,499,288	35,499,288	5.02
Dragon Pacific Assets Limited	62,992,801	–	62,992,801	8.91
ESR HK Management Limited	49,941,141	–	49,941,141	7.07
ESR Cayman Limited[4]	9,101,957	77,949,276	87,051,233	12.32
Mr Chan Wai Kheong[5]	9,425,695	26,172,842	35,598,537	5.04

1 Deemed to have an interest in 4,262,812 Units held by AIMS APAC REIT Management Limited (the "Manager") as the Manager is a wholly-owned subsidiary of AIMS Financial Holding Limited ("AFHL").

2 Deemed to have an interest in:
(i) Units held by AFHL and Units which AFHL has interests in;
(ii) 4,148,064 Units held by a fund managed by AIMS Fund Management Limited ("AFML");
(iii) 14,761,900 Units held by AIMS Fund Management (Cayman) Limited ("AFMCL"); and
(iv) 144,786 Units held by a fund managed by AIMS Real Estate Funds Limited ("AREFL").

3 Deemed to have an interest in Units held by affiliates of Credit Suisse AG. Credit Suisse AG is a wholly-owned subsidiary of Credit Suisse Group AG.

4 Deemed to have an interest in:
(i) 49,941,141 Units held by ESR HK Management Limited, a wholly-owned subsidiary of ESR Cayman Limited ("ESR"); and
(ii) 28,008,135 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 2020

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]	–	56,637,090	56,637,090	8.01

6 Deemed to have an interest in (i) Units held by AFHL and 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 AREFL.

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 29 June 2020, approximately 92.0% 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/ INTERESTED PARTY TRANSACTIONS

The transactions entered into with interested persons/interested parties 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/ interested party transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all interested person/interested party 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	7,686	–
– Manager's acquisition fees		367	–
AIMS APAC Property Management Pte. Ltd.	Subsidiaries of the controlling shareholder of the REIT Manager		
– Property management fees		1,613	–
– Lease management fees		807	–
– Marketing services commissions		2,175	–
– Project management fees		273	–
AA REIT Management Australia Pty Limited			
– Marketing services commissions[1]		1,703	–
– Investment management fees		290	–
– Administrator fees[1]		136	–
AIMS Capital Management Pty Ltd			
– Trustee's fees[2]		698	–
AIMS Investment Managers Ltd			
– Trustee's fees[2]		640	–
HSBC Institutional Trust Services (Singapore) Limited	REIT Trustee		
– Trustee's fees		276	–

1 Relates to the Group's 49% share of the total contract sums entered into during the financial year ended 31 March 2020 by joint venture entity, Macquarie Park Trust, in relation to Optus Centre.

2 Includes the estimated aggregate trustee fees for two Australian trusts constituted during the financial year ended 31 March 2020 in connection with the acquisition of Boardriders Asia Pacific HQ.

The Trust has not obtained a Unitholders' mandate pursuant to Rule 920 of the Listing Manual for Interested Person Transactions.

ADDITIONAL INFORMATION

INTERESTED PERSON/ INTERESTED PARTY TRANSACTIONS (Continued)

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 directors or controlling Unitholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year; and

(b) there were no additional interested person/interested party transactions (excluding transactions of less than S$100,000 each) entered into up to and including 31 March 2020.

OPERATING EXPENSES AND TAXATION

In accordance with the disclosure requirements under paragraph 11.1 item (l) of 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 parties) was S$40.2 million, which is approximately 4.2% of its net asset value as at 31 March 2020. Taxation including provision for deferred tax liabilities for the Trust's investment in Australia was S$7.6 million.

CORPORATE DIRECTORY

AIMS APAC REIT

Website : www.aimsapacreit.com
Email : investorrelations@aimsapac.com

Stock code : O5RU
Counter name : AIMS APAC Reit

REGISTERED ADDRESS

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

TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard
Marina Bay Financial Centre
Tower 2 #45-01
Singapore 018983
Telephone : (65) 6658 6667

AUDITOR

KPMG LLP
(Public Accountants and Chartered Accountants, Singapore)
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone : (65) 6213 3388

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

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone : (65) 6536 5355
Fax : (65) 6536 1360

THE MANAGER

AIMS APAC REIT Management Limited
Company Registration No. 200615904N

REGISTERED ADDRESS

One George Street
#23-03
Singapore 049145
Telephone : (65) 6309 1050
Fax : (65) 6534 3942

DIRECTORS OF THE MANAGER

Mr George Wang (Chairman)
Mr Ko Kheng Hwa (Lead Independent Director)
Mr Chong Teck Sin
Mr Peter Michael Heng
Mr Koh Wee Lih

AUDIT, RISK AND COMPLIANCE COMMITTEE

Mr Chong Teck Sin (Chairman)
Mr Ko Kheng Hwa
Mr Peter Michael Heng

NOMINATING AND REMUNERATION COMMITTEE

Mr Ko Kheng Hwa (Chairman)
Mr Chong Teck Sin
Mr Peter Michael Heng
Mr George Wang

COMPANY SECRETARY

Ms Stella Yeak Shuk Phin

AIMS APAC REIT

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

One George Street
#23-03
Singapore 049145

Telephone : (65) 6309 1050
Website : www.aimsapacreit.com

For online version of AA REIT FY2020 Annual Report, please refer to investor.aimsapacreit.com/ar.html

MIX
Paper from responsible sources
FSC™ C126022
www.fsc.org

The Manager is committed to responsible corporate citizenship and we endeavour to do our part to protect the environment. This Annual Report is produced by a printer certified by the Forest Stewardship Council™ (FSC™) and uses soy-based ink – a more environmentally responsible option than the traditionally used petroleum-based ink on environmentally-friendly paper. It does not have finishing processes like lamination and ultraviolet coating, both paper used and finishing process are certified to be environmentally friendly in accordance to the FSC™ standard.