



**AIMS APAC REIT  
UNAUDITED FINANCIAL STATEMENT  
ANNOUNCEMENT  
FOURTH QUARTER ENDED 31 MARCH 2019  
("4Q FY2019")**

**Introduction**

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

The Group<sup>1</sup> has a portfolio of 26 industrial properties, 25 of which are located throughout Singapore and one business park property in Macquarie Park, New South Wales ("NSW"), Australia<sup>2</sup>.

**Summary of AIMS APAC REIT Group results**

|  | Note | 4Q<br>FY2019 | 3Q<br>FY2019 | +/(−)  | 4Q<br>FY2018 | +/(−)  | FY2019  | FY2018  | +/(−) |
|--|------|--------------|--------------|--------|--------------|--------|---------|---------|-------|
|  |      | S\$'000      | S\$'000      | %      | S\$'000      | %      | S\$'000 | S\$'000 | %     |
| Gross revenue                                  | (a)  | 29,918       | 29,819       | 0.3    | 28,032       | 6.7    | 118,078 | 116,916 | 1.0   |
| Net property income                            | (a)  | 20,323       | 19,447       | 4.5    | 17,669       | 15.0   | 78,493  | 76,417  | 2.7   |
| Share of results of joint venture (net of tax) | (a)  | 13,402       | 3,471        | >100.0 | 6,363        | >100.0 | 23,761  | 17,418  | 36.4  |
| Distributions to Unitholders                   | (b)  | 19,000       | 17,218       | 10.3   | 17,975       | 5.7    | 70,496  | 67,370  | 4.6   |
| Distribution per Unit ("DPU") (cents)          |      | 2.75         | 2.50         | 10.0   | 2.63         | 4.6    | 10.25   | 10.30   | (0.5) |

**Notes:**

- (a) Please refer to section 8 on "Review of the performance" for explanation of the variances.
- (b) The Manager resolved to distribute S\$19.0 million for 4Q FY2019, comprising (i) taxable income of S\$17.1 million from Singapore operations; and (ii) tax-exempt income distribution of S\$1.2 million and capital distribution of S\$0.7 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.
- AA REIT's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For FY2019, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

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

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

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**Distribution and Books Closure Date**

|                    |   |
|--------------------|---|
| Distribution       | For 1 January 2019 to 31 March 2019   |
| Distribution Type  | (a) Taxable Income<br>(b) Tax-Exempt Income<br>(c) Capital Distribution <sup>3</sup>  |
| Distribution Rate  | (a) Taxable Income Distribution: 2.474 cents per Unit<br>(b) Tax-Exempt Income Distribution: 0.180 cents per Unit<br>(c) Capital Distribution <sup>3</sup> : <u>0.096 cents per Unit</u><br><u>2.750 cents per Unit</u> |
| Books Closure Date | 6 May 2019  |
| Payment Date       | 20 June 2019  |

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

|   |         | Group<br>4Q<br>FY2019<br>S\$'000 | Group<br>4Q<br>FY2018<br>S\$'000 | + / (-)<br>% | Group<br>FY2019<br>S\$'000 | Group<br>FY2018<br>S\$'000 | + / (-)<br>% |
|---|---------|----------------------------------|----------------------------------|--------------|----------------------------|----------------------------|--------------|
| Gross revenue   | (a)     | 29,918                           | 28,032                           | 6.7          | 118,078                    | 116,916                    | 1.0          |
| Property operating expenses   | (a)     | (9,595)                          | (10,363)                         | (7.4)        | (39,585)                   | (40,499)                   | (2.3)        |
| <b>Net property income</b>  | (a)     | 20,323                           | 17,669                           | 15.0         | 78,493                     | 76,417                     | 2.7          |
| Foreign exchange gain/(loss)  | (b)     | 45                               | (110)                            | >(100.0)     | (144)                      | (149)                      | (3.4)        |
| Interest and other income   |         | 68                               | 18                               | >100.0       | 193                        | 189                        | 2.1          |
| Borrowing costs   | (a)     | (4,602)                          | (4,854)                          | (5.2)        | (18,683)                   | (19,417)                   | (3.8)        |
| Manager's management fees   |         | (1,834)                          | (1,822)                          | 0.7          | (7,390)                    | (7,385)                    | 0.1          |
| Other trust expenses  | (a)     | (597)                            | (496)                            | 20.4         | (2,154)                    | (1,881)                    | 14.5         |
| Non-property expenses   |         | (7,033)                          | (7,172)                          | (1.9)        | (28,227)                   | (28,683)                   | (1.6)        |
| <b>Net income before joint venture's results</b>  |         | 13,403                           | 10,405                           | 28.8         | 50,315                     | 47,774                     | 5.3          |
| Share of results of joint venture (net of tax)  | (a),(c) | 13,402                           | 6,363                            | >100.0       | 23,761                     | 17,418                     | 36.4         |
| <b>Net income</b>   |         | 26,805                           | 16,768                           | 59.9         | 74,076                     | 65,192                     | 13.6         |
| Net change in fair value of investment properties and investment property under development | (d)     | (18,342)                         | 2,079                            | >(100.0)     | (16,531)                   | (4,682)                    | >100.0       |
| Net change in fair value of derivative financial instruments                                | (e)     | (1,969)                          | 842                              | >(100.0)     | (4,778)                    | 506                        | >(100.0)     |
| Gain on divestment of investment property   | (f)     | -                                | 1,597                            | (100.0)      | -                          | 1,597                      | (100.0)      |
| <b>Total return before income tax</b>   |         | 6,494                            | 21,286                           | (69.5)       | 52,767                     | 62,613                     | (15.7)       |
| Income tax expense  | (g)     | (1,911)                          | (577)                            | >100.0       | (2,718)                    | (1,421)                    | 91.3         |
| <b>Total return after income tax</b>  |         | 4,583                            | 20,709                           | (77.9)       | 50,049                     | 61,192                     | (18.2)       |

<sup>3</sup> This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

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**Notes:**

- (a) Please refer to section 8 on “Review of the performance” for explanation of the variances.
- (b) The foreign exchange gain/(loss) mainly relates to the exchange differences on the Trust’s Australian distribution income and Australian dollar cash and cash equivalents.
- (c) The share of results of joint venture (net of tax) comprised contribution from the Group’s 49.0% interest in Optus Centre, which is located in Macquarie Park, NSW, Australia. The higher contribution in 4Q FY2019 was mainly due to the share of revaluation surplus recognised from the valuation of the underlying property. As at 31 March 2019, the independent valuation of the underlying property was carried out by Jones Lang LaSalle Advisory Services Pty Ltd and valued at A\$470.0 million (equivalent to approximately S\$455.7 million) (31 March 2018: A\$450.0 million (equivalent to approximately S\$453.1 million)).
- (d) The net change in fair value of investment properties and investment property under development for 4Q FY2019 arose mainly from the revaluation of the Trust’s 25 Singapore properties as at 31 March 2019. The independent valuations of the properties were carried out by Savills Valuation And Professional Services (S) Pte Ltd.  
  
The net change in fair value of investment properties and investment property under development is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.
- (e) This relates to changes in fair value due to the revaluation of certain interest rate swap contracts in accordance with Financial Reporting Standard (“FRS”) 109. Please refer to note (f) of section 1(b)(i) for further details of the swap contracts. The net change in fair value of derivative financial instruments is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.
- (f) The gain on divestment of investment property in 4Q FY2018 relates to the completion of sale of property at 10 Soon Lee Road on 29 March 2018 for a consideration of S\$8.17 million.
- (g) Income tax expense relates to withholding tax paid/payable by the Trust on the distribution from Australia, income tax payable by the Trust’s wholly-owned subsidiary, AACI REIT MTN Pte Ltd (“AACI REIT MTN”) as well as provision for deferred tax liabilities for the Trust’s investment in Australia.

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

|   |             | <b>Group<br/>4Q<br/>FY2019<br/>S\$'000</b> | <b>Group<br/>4Q<br/>FY2018<br/>S\$'000</b> | <b>+/(-) %</b> | <b>Group<br/>FY2019<br/>S\$'000</b> | <b>Group<br/>FY2018<br/>S\$'000</b> | <b>+/(-) %</b> |
|---|-------------|--|--|----------------|-------------------------------------|-------------------------------------|----------------|
|   | <b>Note</b> |  |  |                |                                     |                                     |                |
| Total return before income tax                                  |             | 6,494                                      | 21,286                                     | (69.5)         | 52,767                              | 62,613                              | (15.7)         |
| Net effect of tax adjustments                                   | (a)         | 22,449                                     | (2,380)                                    | >(100.0)       | 30,545                              | 10,133                              | >100.0         |
| Other adjustments   | (b)         | (12,305)                                   | (4,792)                                    | >100.0         | (18,911)                            | (11,088)                            | 70.6           |
| Release of distribution retained in previous quarters           |             | 455  | 1,947                                      | (76.6)         | -                                   | -                                   | -              |
| Amount available for distribution from Singapore taxable income |             | 17,093                                     | 16,061                                     | 6.4            | 64,401                              | 61,658                              | 4.4            |
| Distribution from Singapore taxable income                      | (c)         | 17,093                                     | 16,061                                     | 6.4            | 64,401                              | 61,658                              | 4.4            |
| Distribution from tax-exempt income                             | (d)         | 1,244                                      | 1,025                                      | 21.4           | 3,442                               | 2,698                               | 27.6           |
| Capital distribution  | (e)         | 663  | 889  | (25.4)         | 2,653                               | 3,014                               | (12.0)         |
| Distributions to Unitholders                                    |             | 19,000                                     | 17,975                                     | 5.7            | 70,496                              | 67,370                              | 4.6            |

**Notes:**

(a) Net effect of tax adjustments

|   | <b>Group<br/>4Q<br/>FY2019<br/>S\$'000</b> | <b>Group<br/>4Q<br/>FY2018<br/>S\$'000</b> | <b>+/(-) %</b> | <b>Group<br/>FY2019<br/>S\$'000</b> | <b>Group<br/>FY2018<br/>S\$'000</b> | <b>+/(-) %</b> |
|---|--|--|----------------|-------------------------------------|-------------------------------------|----------------|
| Amortisation and write-off of borrowing transaction costs                                   | 180  | 176  | 2.3            | 790                                 | 774                                 | 2.1            |
| Foreign exchange loss   | 9  | 93   | (90.3)         | 209                                 | 143                                 | 46.2           |
| Manager's management fees in Units  | 886  | 911  | (2.7)          | 4,033                               | 3,692                               | 9.2            |
| Net change in fair value of investment properties and investment property under development | 18,342                                     | (2,079)                                    | >(100.0)       | 16,531                              | 4,682                               | >100.0         |
| Net change in fair value of derivative financial instruments                                | 1,969                                      | (842)                                      | >(100.0)       | 4,778                               | (506)                               | >(100.0)       |
| Gain on divestment of investment property   | -  | (1,597)                                    | (100.0)        | -                                   | (1,597)                             | (100.0)        |
| Net tax adjustment on foreign sourced income  | 677  | 570  | 18.8           | 2,665                               | 2,377                               | 12.1           |
| Proceeds from insurance claims  | -  | -  | -              | -                                   | (114)                               | (100.0)        |
| Temporary differences and other tax adjustments   | 386  | 388  | (0.5)          | 1,539                               | 682                                 | >100.0         |
| Net effect of tax adjustments   | 22,449                                     | (2,380)                                    | >(100.0)       | 30,545                              | 10,133                              | >100.0         |

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

(c) The Trust's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For FY2019, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders.

(d) This relates to tax-exempt income arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

(e) This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

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**1(b)(i) Statements of Financial Position as at 31 March 2019 vs. 31 March 2018**

|                                       |             | <b>Group</b>       | <b>Group</b>       |                | <b>Trust</b>       | <b>Trust</b>       |                |
|---------------------------------------|-------------|--------------------|--------------------|----------------|--------------------|--------------------|----------------|
|                                       | <b>Note</b> | <b>31 Mar 2019</b> | <b>31 Mar 2018</b> | <b>+/(-) %</b> | <b>31 Mar 2019</b> | <b>31 Mar 2018</b> | <b>+/(-) %</b> |
|                                       |             | <b>S\$'000</b>     | <b>S\$'000</b>     |                | <b>S\$'000</b>     | <b>S\$'000</b>     |                |
| <b>Non-current assets</b>             |             |                    |                    |                |                    |                    |                |
| Investment properties                 | (a)         | 1,202,300          | 1,210,100          | (0.6)          | 1,202,300          | 1,210,100          | (0.6)          |
| Investment property under development | (b)         | 32,700             | 18,600             | 75.8           | 32,700             | 18,600             | 75.8           |
| Subsidiaries                          | (c)         | -                  | -                  | -              | 87,339             | 85,200             | 2.5            |
| Joint venture                         | (d)         | 221,806            | 220,763            | 0.5            | -                  | -                  | -              |
| Trade and other receivables           | (e)         | 3,646              | 3,569              | 2.2            | 3,646              | 3,569              | 2.2            |
| Derivative financial instruments      | (f)         | 371                | 512                | (27.5)         | 371                | 512                | (27.5)         |
|                                       |             | <b>1,460,823</b>   | <b>1,453,544</b>   | <b>0.5</b>     | <b>1,326,356</b>   | <b>1,317,981</b>   | <b>0.6</b>     |
| <b>Current assets</b>                 |             |                    |                    |                |                    |                    |                |
| Derivative financial instruments      | (f)         | 9                  | -                  | NM             | 9                  | -                  | NM             |
| Trade and other receivables           | (e)         | 5,878              | 6,525              | (9.9)          | 5,310              | 6,037              | (12.0)         |
| Cash and cash equivalents             | (g)         | 18,091             | 17,550             | 3.1            | 16,792             | 16,281             | 3.1            |
|                                       |             | <b>23,978</b>      | <b>24,075</b>      | <b>(0.4)</b>   | <b>22,111</b>      | <b>22,318</b>      | <b>(0.9)</b>   |
| <b>Total assets</b>                   |             | <b>1,484,801</b>   | <b>1,477,619</b>   | <b>0.5</b>     | <b>1,348,467</b>   | <b>1,340,299</b>   | <b>0.6</b>     |
| <b>Non-current liabilities</b>        |             |                    |                    |                |                    |                    |                |
| Trade and other payables              | (h)         | 11,506             | 9,735              | 18.2           | 11,506             | 9,735              | 18.2           |
| Interest-bearing borrowings           | (i)         | 417,450            | 305,043            | 36.8           | 311,516            | 305,043            | 2.1            |
| Derivative financial instruments      | (f)         | 5,333              | 95                 | >100.0         | 5,333              | 95                 | >100.0         |
| Deferred tax liabilities              | (j)         | 8,018              | 6,411              | 25.1           | -                  | -                  | -              |
|                                       |             | <b>442,307</b>     | <b>321,284</b>     | <b>37.7</b>    | <b>328,355</b>     | <b>314,873</b>     | <b>4.3</b>     |
| <b>Current liabilities</b>            |             |                    |                    |                |                    |                    |                |
| Trade and other payables              | (k)         | 34,076             | 28,094             | 21.3           | 33,042             | 26,885             | 22.9           |
| Interest-bearing borrowings           | (i)         | 79,966             | 188,164            | (57.5)         | 79,966             | 76,882             | 4.0            |
| Derivative financial instruments      | (f)         | -                  | 1,118              | (100.0)        | -                  | -                  | -              |
|                                       |             | <b>114,042</b>     | <b>217,376</b>     | <b>(47.5)</b>  | <b>113,008</b>     | <b>103,767</b>     | <b>8.9</b>     |
| <b>Total liabilities</b>              |             | <b>556,349</b>     | <b>538,660</b>     | <b>3.3</b>     | <b>441,363</b>     | <b>418,640</b>     | <b>5.4</b>     |
| <b>Net assets</b>                     |             | <b>928,452</b>     | <b>938,959</b>     | <b>(1.1)</b>   | <b>907,104</b>     | <b>921,659</b>     | <b>(1.6)</b>   |
| Represented by:                       |             |                    |                    |                |                    |                    |                |
| Unitholders' funds                    |             | 928,452            | 938,959            | (1.1)          | 907,104            | 921,659            | (1.6)          |
|                                       |             | <b>928,452</b>     | <b>938,959</b>     | <b>(1.1)</b>   | <b>907,104</b>     | <b>921,659</b>     | <b>(1.6)</b>   |

NM: not meaningful.

**Notes:**

(a) The decrease in investment properties was mainly due to net revaluation loss of S\$16.5 million recognised in FY2019. This was partially offset by capital expenditure incurred on investment properties of S\$8.7 million which included the asset enhancement initiative at 29 Woodlands Industrial Park E1 ("NorthTech").

(b) As at 31 March 2019, the investment property under development relates to the redevelopment of 3 Tuas Avenue 2. In 1Q FY2019, the Manager announced plans to redevelop the property into a modern and versatile ramp-up industrial

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facility suitable for both production and storage. Upon completion, the gross floor area of the property is expected to increase by 52% to approximately 24,890 square metres, improving the plot ratio from the current 0.92 to the maximum of 1.40 and will cost around S\$48.2 million including land and associated costs. The redevelopment is targeted to be completed in the second half of 2019.

- (c) This relates to the Trust's interest in its wholly-owned subsidiaries, AACI REIT MTN Pte. Ltd., AIMS AMP Capital Industrial REIT (Australia) Trust and AACI REIT Opera Pte. Ltd.
- (d) This relates to the Group's 49.0% interest in Macquarie Park Trust, the Australian unit trust which holds Optus Centre, located in Macquarie Park, NSW, Australia. The increase in the joint venture balances was mainly due to the share of revaluation surplus of the underlying property, partially offset by the strengthening of the Singapore Dollar against the Australian Dollar. As the Australian investment is substantially hedged through the use of Australian Dollar denominated loans, there is a corresponding reduction in Australian Dollar denominated interest-bearing borrowings of S\$6.6 million (see note 1(b)(i)(i) below).
- (e) Non-current trade and other receivables relate to the unamortised portion of the marketing services commission for leases with tenors of more than one year. The increase in the balances was mainly attributed to marketing services commission on new and renewal leases executed. Current trade and other receivables as at 31 March 2019 of S\$5.9 million was S\$0.6 million lower compared to balances as at 31 March 2018. The decrease was mainly due to the timing of billing and collection of receivables from tenants.
- (f) The derivative financial instruments as at 31 March 2019 were in relation to interest rate swap contracts with a total notional amount of S\$298.8 million. As at 31 March 2019, approximately 85.8% of the Group's borrowings were on fixed rates taking into account (i) the interest rate swap contracts entered into and (ii) the medium term notes ("Medium Term Notes"). Under the interest rate swap contracts, the Group pays fixed interest rates of between 1.57% to 2.82% per annum and receives interest at the three-month Singapore swap offer rate or at the three-month Australian bank bill swap bid rates, as the case may be. The changes in fair value were mainly due to the revaluation of the interest rate swap contracts in accordance with FRS 109.
- (g) Cash and cash equivalents as at 31 March 2019 of S\$18.1 million were S\$0.5 million higher compared to balances as at 31 March 2018. This was mainly due to receipt of rental proceeds offset by payments for capital expenditure on investment properties and investment property under development.
- (h) Non-current trade and other payables mainly comprised rental deposits received from tenants with tenors of more than one year. The increase in the balances was mainly attributed to rental deposits received on new and renewal leases executed. Non-current trade and other payables as at 31 March 2019 also included retention sum of S\$0.5 million relating to the development of 3 Tuas Avenue 2 and asset enhancement initiative at NorthTech (31 March 2018: Nil).
- (i) On 29 June 2018, the Trust and its subsidiary executed a supplemental loan facility agreement with a syndicate of financial institutions to refinance the term loan facilities with a new four-year term loan facility of S\$125.0 million and a new five-year term loan facility of A\$110.0 million. The new facilities were drawn down on 25 July 2018 to refinance the secured facilities due in November 2018 and February 2019 respectively.

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The total borrowings of the Group as at 31 March 2019 of S\$497.4 million was S\$4.2 million higher compared to balances as at 31 March 2018 mainly due to a net drawdown of S\$11.3 million to mainly fund the payment of retention sums and development costs of the Trust's recent development projects and other asset enhancement initiatives which was largely offset by the decrease in the Australian dollar denominated borrowings as a result of the strengthening of the Singapore dollar against the Australian dollar (see note 1(b)(i)(d) above).

As at 31 March 2019, the current interest-bearing borrowings relate to the Trust's five-year Medium Term Notes of S\$50.0 million and seven-year Medium Term Notes of S\$30.0 million which are due to mature in May 2019 and December 2019 respectively. The Group and the Trust has undrawn committed facilities of S\$145.0 million to fulfil their liabilities as and when they fall due.

- (j) This relates to the provision of deferred tax liabilities for the Trust's investment in Australia.
- (k) Current trade and other payables as at 31 March 2019 included retention sum of S\$1.6 million relating to the development of 8 Tuas Avenue 20, 51 Marsiling Road and 3 Tuas Avenue 2 as well as development cost payable relating to the development of 3 Tuas Avenue 2 and 8 Tuas Avenue 20 as well as the asset enhancement initiative at NorthTech of S\$11.0 million (31 March 2018: included retention sum of S\$2.9 million relating to the development of 30 Tuas West Road, 8 Tuas Avenue 20 and greenfield development at 51 Marsiling Road as well as development cost payable relating to 8 Tuas Avenue 20 of S\$0.9 million). As at 31 March 2019, the Group and the Trust had undrawn committed facilities of S\$145.0 million to fulfil their liabilities as and when they fall due.

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

|   | <b>Group<br/>31 Mar 2019<br/>S\$'000</b> | <b>Group<br/>31 Mar 2018<br/>S\$'000</b> | <b>Trust<br/>31 Mar 2019<br/>S\$'000</b> | <b>Trust<br/>31 Mar 2018<br/>S\$'000</b> |
|---|--|--|--|--|
| <b>Interest-bearing borrowings</b>            |  |  |  |  |
| Amount repayable within one year              |  |  |  |  |
| <b>Secured</b>                                |  |  |  |  |
| Term loans                                    | -  | 188,427                                  | -  | 77,000                                   |
| <b>Unsecured</b>                              |  |  |  |  |
| Medium Term Notes                             | 80,000                                   | -  | 80,000                                   | -  |
| Less: Unamortised borrowing transaction costs | (34)                                     | (263)                                    | (34)                                     | (118)                                    |
|   | 79,966                                   | 188,164                                  | 79,966                                   | 76,882                                   |
| Amount repayable after one year               |  |  |  |  |
| <b>Secured</b>                                |  |  |  |  |
| Term loans                                    | 369,661                                  | 165,453                                  | 263,017                                  | 165,453                                  |
| Revolving credit facility                     | -  | 11,000                                   | -  | 11,000                                   |
|   | 369,661                                  | 176,453                                  | 263,017                                  | 176,453                                  |
| <b>Unsecured</b>                              |  |  |  |  |
| Medium Term Notes                             | 50,000                                   | 130,000                                  | 50,000                                   | 130,000                                  |
| Less: Unamortised borrowing transaction costs | (2,211)                                  | (1,410)                                  | (1,501)                                  | (1,410)                                  |
|   | 417,450                                  | 305,043                                  | 311,516                                  | 305,043                                  |
| <b>Total</b>                                  | <b>497,416</b>                           | <b>493,207</b>                           | <b>391,482</b>                           | <b>381,925</b>                           |

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**Details of borrowings and collateral**

**(a) Secured borrowings**

Secured debt facilities and revolving credit facility of the Trust and its subsidiary comprised:

- a four-year term loan facility of S\$100.0 million maturing in August 2020;
- a three-year term loan facility of A\$65.0 million maturing in November 2020, to partially fund the 49.0% interest in Optus Centre, Macquarie Park, NSW, Australia;
- a four-year revolving credit facility of S\$120.0 million maturing in November 2021;
- a four-year term loan facility of S\$125.0 million maturing in July 2022, to fund real estate development and/or acquisitions; and
- a five-year term loan facility of A\$110.0 million maturing in July 2023, to partially fund the 49.0% interest in Optus Centre, Macquarie Park, NSW, Australia.

The details of the collateral for the secured debt facilities and revolving credit facility of the Trust and its subsidiary are as follows:

- first legal mortgage over 15 investment properties of the Trust (with two as mortgages-in-escrow);
- assignment of rights, benefits, title and interest in, *inter alia*, the building agreement and leases of two investment properties of the Trust;
- assignment of rights, benefits, title and interest in the property management agreements, insurances and tenancy agreements, sale agreements and performance guarantees (including sale proceeds and rental proceeds) of the mortgaged 15 investment properties of the Trust; and
- first ranking specific security agreement over the bank account and units in Macquarie Park Trust held by AMP Capital AA REIT Investments (Australia) Pty Limited in its capacity as trustee of AA REIT Macquarie Park Investment Trust (an indirect wholly-owned subsidiary of the Trust).

**(b) Unsecured borrowings**

On 25 July 2012, the Trust, through its subsidiary AACI REIT MTN, established a S\$500 million MTN Programme.

As at 31 March 2019, S\$130.0 million Medium Term Notes had been issued comprising:

- (i) S\$50.0 million five-year Medium Term Notes with a fixed rate of 3.80% per annum, payable semi-annually in arrears and will mature on 21 May 2019;
- (ii) S\$30.0 million seven-year Medium Term Notes with a fixed rate of 4.35% per annum, payable semi-annually in arrears and will mature on 5 December 2019; and
- (iii) S\$50.0 million five-year Medium Term Notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears and will mature on 22 March 2022.



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

|   | <b>Group<br/>4Q FY2019<br/>S\$'000</b> | <b>Group<br/>4Q FY2018<br/>S\$'000</b> | <b>Group<br/>FY2019<br/>S\$'000</b> | <b>Group<br/>FY2018<br/>S\$'000</b> |
|---|--|--|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>   |  |  |                                     |                                     |
| Total return after income tax   | 4,583                                  | 20,709                                 | 50,049                              | 61,192                              |
| <b>Adjustments for:</b>   |  |  |                                     |                                     |
| Share of results of joint venture (net of tax)  | (13,402)                               | (6,363)                                | (23,761)                            | (17,418)                            |
| Borrowing costs   | 4,602                                  | 4,854                                  | 18,683                              | 19,417                              |
| Foreign exchange (gain)/loss  | (45)                                   | 110                                    | 144                                 | 149                                 |
| Manager's management fees in Units  | 886                                    | 911                                    | 4,033                               | 3,692                               |
| Net change in fair value of investment properties and investment property under development | 18,342                                 | (2,079)                                | 16,531                              | 4,682                               |
| Net change in fair value of derivative financial instruments                                | 1,969                                  | (842)                                  | 4,778                               | (506)                               |
| Gain on divestment of investment property   | -                                      | (1,597)                                | -                                   | (1,597)                             |
| Income tax expense  | 1,911                                  | 577                                    | 2,718                               | 1,421                               |
| <b>Operating income before working capital changes</b>                                      | <b>18,846</b>                          | <b>16,280</b>                          | <b>73,175</b>                       | <b>71,032</b>                       |
| <b>Changes in working capital</b>   |  |  |                                     |                                     |
| Trade and other receivables   | 153                                    | 175                                    | 573                                 | (1,554)                             |
| Trade and other payables  | 356                                    | 1,515                                  | (249)                               | 4,719                               |
| Cash generated from operations  | 19,355                                 | 17,970                                 | 73,499                              | 74,197                              |
| Income tax paid   | (289)                                  | (263)                                  | (1,111)                             | (859)                               |
| <b>Net cash from operating activities</b>   | <b>19,066</b>                          | <b>17,707</b>                          | <b>72,388</b>                       | <b>73,338</b>                       |
| <b>Cash flows from investing activities</b>   |  |  |                                     |                                     |
| Capital expenditure on investment properties and investment property under development      | (5,747)                                | (2,019)                                | (14,332)                            | (33,181)                            |
| Investment in a joint venture   | -                                      | -                                      | (580)                               | -                                   |
| Distributions from a joint venture  | 3,766                                  | 3,919                                  | 15,127                              | 15,688                              |
| Proceeds from divestment of investment property   | -                                      | 7,997                                  | -                                   | 7,997                               |
| <b>Net cash (used in)/from investing activities</b>   | <b>(1,981)</b>                         | <b>9,897</b>                           | <b>215</b>                          | <b>(9,496)</b>                      |
| <b>Cash flows from financing activities</b>   |  |  |                                     |                                     |
| Distributions to Unitholders  | (14,240)                               | (17,778)                               | (63,755)                            | (67,965)                            |
| Proceeds from interest-bearing borrowings   | 6,000                                  | 5,500                                  | 224,063                             | 147,350                             |
| Repayments of interest-bearing borrowings   | -                                      | (3,000)                                | (212,724)                           | (171,228)                           |
| Borrowing costs paid  | (4,194)                                | (4,327)                                | (19,409)                            | (19,972)                            |
| Proceeds from placement   | -                                      | -                                      | -                                   | 54,999                              |
| Issue expenses paid   | (60)                                   | -                                      | (60)                                | (1,005)                             |
| <b>Net cash used in financing activities</b>  | <b>(12,494)</b>                        | <b>(19,605)</b>                        | <b>(71,885)</b>                     | <b>(57,821)</b>                     |
| <b>Net increase in cash and cash equivalents</b>  | <b>4,591</b>                           | <b>7,999</b>                           | <b>718</b>                          | <b>6,021</b>                        |
| <b>Cash and cash equivalents at beginning of the period/year</b>                            | <b>13,445</b>                          | <b>9,702</b>                           | <b>17,550</b>                       | <b>11,727</b>                       |
| Effect of exchange rate fluctuations on cash held   | 55                                     | (151)                                  | (177)                               | (198)                               |
| <b>Cash and cash equivalents at end of the period/year</b>                                  | <b>18,091</b>                          | <b>17,550</b>                          | <b>18,091</b>                       | <b>17,550</b>                       |

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**1(c)(a) Significant non-cash transactions**

There were the following significant non-cash transactions:

- (i) During the financial year, the Trust issued an aggregate of 2,947,863 new Units amounting to S\$4.1 million as partial payment of the base fee element of the Manager's management fees incurred. Please refer to details in section 1(d)(iii).
- (ii) On 11 July 2018, the Trust issued an aggregate of 785,445 new Units amounting to S\$1.1 million to AIMS APAC Property Management Pte. Ltd. (formerly known as AIMS AMP Capital Property Management Pte. Ltd.) (the "Property Manager") as payment for marketing services provided by the Property Manager in respect of securing tenants at various AA REIT's properties. Please refer to details in section 1(d).
- (iii) In 3Q FY2019, the Trust issued an aggregate 1,534,829 new Units amounting to S\$2.0 million as part payment of the distributions for 2Q FY2019 pursuant to the AIMS APAC REIT Distribution Reinvestment Plan (the "AA REIT DRP"). Please refer to details in section 1(d).
- (iv) In 4Q FY2019, the Trust issued an aggregate 2,192,926 new Units amounting to S\$3.0 million as part payment of the distributions for 3Q FY2019 pursuant to the AA REIT DRP. Please refer to details in section 1(d).

**1(d)(i) Statements of Movements in Unitholders' Funds (4Q FY2019 vs. 4Q FY2018)**

|   | <b>Group<br/>4Q FY2019<br/>S\$'000</b> | <b>Group<br/>4Q FY2018<br/>S\$'000</b> | <b>Trust<br/>4Q FY2019<br/>S\$'000</b> | <b>Trust<br/>4Q FY2018<br/>S\$'000</b> |
|---|--|--|--|--|
| <b>Balance at beginning of the period</b>   | 937,162                                | 923,485                                | 924,940                                | 904,621                                |
| <b>Operations</b>   |  |  |  |  |
| Total return after income tax   | 4,583                                  | 20,709                                 | (4,073)                                | 21,033                                 |
| <b>Foreign currency translation reserve</b>   |  |  |  |  |
| Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations | 470                                    | (1,614)                                | -                                      | -                                      |
| <b>Hedging reserve</b>  |  |  |  |  |
| Effective portion of changes in fair value of cash flow hedges  | (353)                                  | 321                                    | (353)                                  | (53)                                   |
| <b>Unitholders' transactions</b>  |  |  |  |  |
| Issuance of Units (including units to be issued):   |  |  |  |  |
| - Distribution Reinvestment Plan  | 2,978                                  | -                                      | 2,978                                  | -                                      |
| - Manager's management fees   | 886                                    | 911                                    | 886                                    | 911                                    |
| Distributions to Unitholders  | (17,218)                               | (4,853)                                | (17,218)                               | (4,853)                                |
| Issue expenses  | (56)                                   | -                                      | (56)                                   | -                                      |
| Change in Unitholders' funds resulting from Unitholders' transactions   | (13,410)                               | (3,942)                                | (13,410)                               | (3,942)                                |
| Total (decrease)/increase in Unitholders' funds   | (8,710)                                | 15,474                                 | (17,836)                               | 17,038                                 |
| <b>Balance at end of the period</b>   | <b>928,452</b>                         | <b>938,959</b>                         | <b>907,104</b>                         | <b>921,659</b>                         |

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**1(d)(ii) Statements of Movements in Unitholders' Funds (FY2019 vs. FY2018)**

|   | <b>Group<br/>FY2019<br/>S\$'000</b> | <b>Group<br/>FY2018<br/>S\$'000</b> | <b>Trust<br/>FY2019<br/>S\$'000</b> | <b>Trust<br/>FY2018<br/>S\$'000</b> |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <b>Balance at beginning of the year</b>   | 938,959                             | 888,447                             | 921,659                             | 867,220                             |
| <b>Operations</b>   |                                     |                                     |                                     |                                     |
| Total return after income tax   | 50,049                              | 61,192                              | 45,460                              | 63,933                              |
| <b>Foreign currency translation reserve</b>   |                                     |                                     |                                     |                                     |
| Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations | (1,936)                             | (2,488)                             | -                                   | -                                   |
| <b>Hedging reserve</b>  |                                     |                                     |                                     |                                     |
| Effective portion of changes in fair value of cash flow hedges  | 802                                 | 1,272                               | (593)                               | (30)                                |
| <b>Unitholders' transactions</b>  |                                     |                                     |                                     |                                     |
| Issuance of Units (including units to be issued):   |                                     |                                     |                                     |                                     |
| - Private placement   | -                                   | 54,999                              | -                                   | 54,999                              |
| - Distribution Reinvestment Plan  | 4,985                               | -                                   | 4,985                               | -                                   |
| - Manager's management fees   | 4,033                               | 3,692                               | 4,033                               | 3,692                               |
| - Property Manager's fees   | 1,087                               | -                                   | 1,087                               | -                                   |
| Distributions to Unitholders  | (69,471)                            | (67,150)                            | (69,471)                            | (67,150)                            |
| Issue expenses  | (56)                                | (1,005)                             | (56)                                | (1,005)                             |
| Change in Unitholders' fund resulting from Unitholders' transactions  | (59,422)                            | (9,464)                             | (59,422)                            | (9,464)                             |
| Total (decrease)/increase in Unitholders' funds   | (10,507)                            | 50,512                              | (14,555)                            | 54,439                              |
| <b>Balance at end of the year</b>   | <b>928,452</b>                      | <b>938,959</b>                      | <b>907,104</b>                      | <b>921,659</b>                      |

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

|  | <b>Note</b> | <b>Trust<br/>4Q FY2019<br/>Units<br/>'000</b> | <b>Trust<br/>4Q FY2018<br/>Units<br/>'000</b> | <b>Trust<br/>FY2019<br/>Units<br/>'000</b> | <b>Trust<br/>FY2018<br/>Units<br/>'000</b> |
|--|-------------|---|---|--|--|
| Units in issue at beginning of the period/year                         |             | 687,101                                       | 682,125                                       | 683,452                                    | 638,658                                    |
| <u>Issue of new Units relating to:</u>                                 |             |   |   |  |  |
| - Manager's management fees  | (a)         | 1,619   | 1,327   | 2,947                                      | 2,649                                      |
| - Marketing service fees   | (b)         | -   | -   | 786  | -  |
| - Placement Units  | (c)         | -   | -   | -  | 42,145                                     |
| - Distribution Reinvestment Plan                                       | (d)         | 2,193   | -   | 3,728                                      | -  |
| Units in issue at end of the period                                    |             | 690,913                                       | 683,452                                       | 690,913                                    | 683,452                                    |
| <u>Units to be issued:</u>   |             |   |   |  |  |
| Manager's base fees  | (e)         | 634   | 667   | 634  | 667  |
| <b>Total Units in issue and to be issued at end of the period/year</b> |             | <b>691,547</b>                                | <b>684,119</b>                                | <b>691,547</b>                             | <b>684,119</b>                             |

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- (a) During the financial year, there were the following issuance of Units to the Manager:
- (i) 1,328,323 new Units on 11 July 2018 at an average price of S\$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 price of S\$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.

During the previous financial year, there were the following issuance of Units to the Manager:

- (i) 1,321,199 new Units on 28 July 2017 at an average price of S\$1.3869 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2017 to 30 June 2017; and
  - (ii) 1,327,341 new Units on 16 January 2018 at an average price of S\$1.4089 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2017 to 31 December 2017.
- (b) On 11 July 2018, the Trust issued an aggregate of 785,445 new Units at an issue price of S\$1.3841 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.
- (c) On 1 December 2017, the Trust issued 42,145,000 new Units at an issue price of S\$1.305 per Unit by way of private placement, raising gross proceeds of approximately S\$55.0 million.
- (d) During the financial year, there were the following issuance 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 S\$1.3065 per Unit in respect of the 2Q FY2019 distribution; and
  - (ii) 2,192,926 new Units on 29 March 2019 at an issue price of S\$1.3565 per Unit in respect of the 3Q FY2019 distribution.
- (e) The new Units to be issued relate to 633,688 Units to be issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2019 to 31 March 2019.

The issue price for management fees paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrue.

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

The figures have not been audited or reviewed by auditors.

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

Not applicable.

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

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Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation applied in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2018.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2018. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

|   | <b>Group<br/>4Q FY2019</b> | <b>Group<br/>4Q FY2018</b> | <b>Group<br/>FY2019</b> | <b>Group<br/>FY2018</b> |
|---|----------------------------|----------------------------|-------------------------|-------------------------|
| <u>Basic EPU</u>                        |                            |                            |                         |                         |
| Weighted average number of Units ('000) | 688,530                    | 683,231                    | 685,758                 | 653,796                 |
| Earnings per Unit (cents)               | <b>0.67</b>                | <b>3.03</b>                | <b>7.30</b>             | <b>9.36</b>             |
| <u>Diluted EPU</u>                      |                            |                            |                         |                         |
| Weighted average number of Units ('000) | 688,678                    | 683,461                    | 685,794                 | 653,853                 |
| Earnings per Unit (cents)               | <b>0.67</b>                | <b>3.03</b>                | <b>7.30</b>             | <b>9.36</b>             |

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

The decrease in the EPU for the current period was mainly due to a higher net revaluation deficit recognised in Singapore for the valuation of the investment properties and investment property under development and net fair value loss on revaluation of the interest rate swap contracts in accordance with FRS 109.

The net change in fair value of investment properties and investment property under development and net fair value loss on revaluation of the interest rate swap contracts is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

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

|  | <b>Group<br/>4Q FY2019</b> | <b>Group<br/>4Q FY2018</b> | <b>Group<br/>FY2019</b> | <b>Group<br/>FY2018</b> |
|--|----------------------------|----------------------------|-------------------------|-------------------------|
| Number of Units in issue at end of period ('000) | 690,913                    | 683,452                    | 690,913                 | 683,452                 |
| <b>Distribution per Unit (cents)</b>             | <b>2.75</b>                | <b>2.63</b>                | <b>10.25</b>            | <b>10.30</b>            |

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

|  | Group<br>31 Mar 2019<br>S\$ | Group<br>31 Mar 2018<br>S\$ | Trust<br>31 Mar 2019<br>S\$ | Trust<br>31 Mar 2018<br>S\$ |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Net asset value / net tangible asset per Unit <sup>4</sup> | 1.34                        | 1.37                        | 1.31                        | 1.35                        |

**8 Review of the performance**

|  | Group<br>4Q FY2019<br>S\$'000 | Group<br>4Q FY2018<br>S\$'000 | Group<br>3Q FY2019<br>S\$'000 | Group<br>FY2019<br>S\$'000 | Group<br>FY2018<br>S\$'000 |
|--|-------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|
| Gross revenue                                    | 29,918                        | 28,032                        | 29,819                        | 118,078                    | 116,916                    |
| Property operating expenses                      | (9,595)                       | (10,363)                      | (10,372)                      | (39,585)                   | (40,499)                   |
| <b>Net property income</b>                       | <b>20,323</b>                 | <b>17,669</b>                 | <b>19,447</b>                 | <b>78,493</b>              | <b>76,417</b>              |
| <b>Net property income margin</b>                | <b>67.9%</b>                  | <b>63.0%</b>                  | <b>65.2%</b>                  | <b>66.5%</b>               | <b>65.4%</b>               |
| Foreign exchange gain/(loss)                     | 45                            | (110)                         | (105)                         | (144)                      | (149)                      |
| Interest and other income                        | 68                            | 18                            | 46                            | 193                        | 189                        |
| Borrowing costs                                  | (4,602)                       | (4,854)                       | (4,677)                       | (18,683)                   | (19,417)                   |
| Manager's management fees                        | (1,834)                       | (1,822)                       | (1,861)                       | (7,390)                    | (7,385)                    |
| Other trust expenses                             | (597)                         | (496)                         | (536)                         | (2,154)                    | (1,881)                    |
| Non-property expenses                            | (7,033)                       | (7,172)                       | (7,074)                       | (28,227)                   | (28,683)                   |
| <b>Net income before joint venture's results</b> | <b>13,403</b>                 | <b>10,405</b>                 | <b>12,314</b>                 | <b>50,315</b>              | <b>47,774</b>              |
| Share of results of joint venture (net of tax)   | 13,402                        | 6,363                         | 3,471                         | 23,761                     | 17,418                     |
| <b>Net income</b>                                | <b>26,805</b>                 | <b>16,768</b>                 | <b>15,785</b>                 | <b>74,076</b>              | <b>65,192</b>              |
| <b>Distributions to Unitholders</b>              | <b>19,000</b>                 | <b>17,975</b>                 | <b>17,218</b>                 | <b>70,496</b>              | <b>67,370</b>              |

**Review of the performance for 4Q FY2019 vs. 3Q FY2019**

The gross revenue achieved for 4Q FY2019 of S\$29.9 million was S\$0.1 million higher than that of 3Q FY2019. This was mainly due to higher rental contribution and occupancy rates for the property at 20 Gul Way offset by lower rental and recoveries for the property at 27 Penjuru Lane.

Property operating expenses for 4Q FY2019 of S\$9.6 million were S\$0.8 million lower than the property operating expenses for 3Q FY2019 mainly due to lower property tax expense for certain properties in Singapore.

Net property income for 4Q FY2019 stood at S\$20.3 million, or S\$0.9 million higher than 3Q FY2019 in line with the increase in net property income margin at 67.9% compared to 65.2% in 3Q FY2019.

<sup>4</sup> Based on Units in issue and to be issued at the end of the period.

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The share of results of joint venture (net of tax) for 4Q FY2019 comprised the contribution from the Group's 49.0% interest in Optus Centre which is located in Macquarie Park, NSW, Australia. The share of results of joint venture (net of tax) in 4Q FY2019 included the share of revaluation surplus recognised from the valuation of Optus Centre. The valuation of the property stood at A\$470.0 million (equivalent to approximately S\$455.7 million) (31 March 2018: A\$450.0 million (equivalent to approximately S\$453.1 million)) based on the independent valuation carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2019.

Distributions to Unitholders for 4Q FY2019 stood at S\$19.0 million, which was S\$1.8 million higher compared to the distributions to Unitholders for 3Q FY2019, mainly due to higher net property income as well as the distribution of income retained in previous quarters.

**Review of the performance for 4Q FY2019 vs. 4Q FY2018**

Gross revenue for 4Q FY2019 of S\$29.9 million was S\$1.9 million higher than the gross revenue for 4Q FY2018 mainly due to maiden rental contribution from the property at 51 Marsiling Road from 27 April 2018 and higher rental and recoveries for the properties at 8 Tuas Avenue 20, NorthTech, 8 & 10 Pandan Crescent and 20 Gul Way. This increase was partially offset by lower rental and recoveries for the property at 27 Penjuru Lane as well as the loss of revenue from 10 Soon Lee Road following the divestment of the property on 29 March 2018.

Property operating expenses for 4Q FY2019 of S\$9.6 million were S\$0.8 million lower than the property operating expenses for 4Q FY2018 mainly due to lower property tax expense as well as lower repair and maintenance costs incurred for certain properties in Singapore.

Net property income for 4Q FY2019 stood at S\$20.3 million, or S\$2.7 million higher compared to 4Q FY2018 in line with the increase in net property income margin at 67.9% compared to 63.0% in 4Q FY2018.

Borrowing costs for 4Q FY2019 of S\$4.6 million was S\$0.3 million lower than borrowing costs for 4Q FY2018 mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019 respectively and lower interest costs on the Australian dollar denominated borrowings as a result of the strengthening of the Singapore dollar against the Australian dollar.

Other trust expenses for 4Q FY2019 of S\$0.6 million was S\$0.1 million higher compared to 4Q FY2018 due to costs associated with the administration of AA REIT DRP.

The share of results of joint venture (net of tax) for 4Q FY2019 of S\$13.4 million was S\$7.0 million higher compared to the corresponding period in the previous financial year mainly due to the share of revaluation surplus recognised from the valuation of Optus Centre. The increase was partially offset by lower contribution in 4Q FY2019 arising from the strengthening of the Singapore dollar against Australian dollar.

Distributions to Unitholders for 4Q FY2019 stood at S\$19.0 million, which was S\$1.0 million higher compared to the distributions to Unitholders for 4Q FY2018 mainly due to higher net property income offset by a higher amount of distribution of income retained in previous quarter for 4Q FY2018 compared to 4Q FY2019.

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**Review of the performance for FY2019 vs. FY2018**

The gross revenue achieved for FY2019 of S\$118.1 million was S\$1.2 million higher compared to the gross revenue for FY2018 of S\$116.9 million mainly due to maiden rental contribution from the property at 51 Marsiling Road from 27 April 2018, higher rental contribution and occupancy rates for the property at 8 Tuas Avenue 20. This increase was partially offset by lower rental and occupancies for the property at 20 Gul Way (as six phases of the master leases had reverted to multi-tenancy leases), lower rental and recoveries for the property at 27 Penjuru Lane as well as the loss of revenue from 10 Soon Lee Road following the divestment of the property on 29 March 2018.

Property operating expenses for FY2019 of S\$39.6 million were S\$0.9 million lower than the property operating expenses for FY2018 mainly due to lower property tax expense as well as lower repair and maintenance costs incurred for certain properties in Singapore.

Net property income for FY2019 stood at S\$78.5 million, or S\$2.1 million higher compared to FY2018 .

Borrowing costs for FY2019 of S\$18.7 million was S\$0.7 million lower than borrowing costs for the corresponding period in the previous year mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019 respectively and lower interest costs on the Australian dollar denominated borrowings as a result of the strengthening of the Singapore dollar against the Australian dollar.

Other trust expenses for FY2019 of S\$2.2 million was S\$0.3 million higher compared to the corresponding period in the previous financial year mainly due to costs associated with the administration of the AA REIT DRP.

The share of results of joint venture (net of tax) for FY2019 of S\$23.8 million was S\$6.3 million higher compared to the corresponding period in the previous financial year mainly due to the share of revaluation surplus recognised from the valuation of Optus Centre of S\$9.9 million (FY2018: S\$2.6 million). The increase was partially offset by lower contribution in FY2019 arising from the strengthening of the Singapore dollar against Australian dollar.

Distributions to Unitholders for FY2019 stood at S\$70.5 million, an increase of S\$3.1 million compared to FY2018 . This was mainly due to higher net property income, temporary differences and other tax adjustments which resulted in higher distributable income in FY2019.

**9 Variance between Forecast / Prospect Statement**

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



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

Based on advance estimates from the Ministry of Trade and Industry ("MTI") announced on 12 April 2019, the Singapore economy grew by 1.3% on a year-on-year ("y-o-y") basis in the first quarter of 2019 ("1Q 2019"), moderating from the 1.9% growth in the fourth quarter of 2018 ("4Q 2018"). On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the Singapore economy expanded at a faster pace of 2.0% as compared to the 1.4% growth in the preceding quarter. The Singapore manufacturing sector contracted by 1.9% on a y-o-y basis in 1Q 2019, a reversal from the 5.1% growth in the previous quarter, largely weighed down by output declines in the precision engineering and electronics clusters. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector contracted by 12.0%, extending the 2.7% decline in the preceding quarter.

The full year economic growth for Singapore was 3.2% in 2018, supported largely by the manufacturing sector. MTI announced on 15 February 2019 that it maintains the Singapore economy growth forecast at "1.5% to 3.5%" in 2019, with growth expected to come in slightly below the mid-point of the forecast range, after taking into account the expected moderation in the pace of growth in 2019 across the global and domestic economies as compared to 2018.

Based on JTC Corporation's market report for 4Q 2018 released on 24 January 2019, the occupancy rate of Singapore's overall industrial property market rose marginally by 0.2 percentage point to 89.3% from the preceding quarter. On a y-o-y basis, the occupancy rate rose by 0.4 percentage point. Prices and rentals of industrial space remained stable. In 4Q 2018, both the price and rental indices for the overall industrial property market remained unchanged as compared to the previous quarter. Compared to a year ago, the price index remained unchanged while the rental index fell by 0.3%. In 2019, another 1.5 million sqm of industrial space is estimated to come on-stream, in comparison to the average annual supply of industrial space over the past three years of around 1.4 million sqm.

Although growth in both the US and Eurozone economies are projected to moderate in 2019, their respective private consumption and domestic demand are expected to continue to provide support. In Asia, the People's Republic of China's ("PRC") growth is also projected to ease in 2019 on the back of a slowdown in investment and exports growth, and the key ASEAN economies are expected to expand at a slower pace in 2019, supported by resilient domestic demand. As such, the pace of growth for the Singapore economy is expected to slow in 2019 as compared to 2018, with the manufacturing sector likely to see a significant moderation in growth in tandem with the growth outlook of Singapore's key final demand markets, including the US, Eurozone and regional economies. Similarly, according to the Reserve Bank of Australia ("RBA"), growth in the Australian economy is expected to be around 3.0% over 2019 due to the expected moderation in growth in Australia's major trading partners. However, RBA expects accommodative monetary policy and tighter labour market conditions to provide ongoing support to growth in household income, consumption and business investment. At the same time, uncertainties and downside risks in the global economy have increased, including further escalation of trade conflicts between the US and its key trading partners, a sharper-than-expected slowdown of the PRC economy and the uncertainty over the United Kingdom's Brexit. In particular, trade tensions between US and the PRC remain uncertain and may cause disruptions to global supply chains, suppressing global trade and investment growth. The impact on the ASEAN economies may vary due to their different dependence on US-PRC trade. If overall regional trade flows decline due to trade tariffs, the Singapore economy will likely be impacted due to its dependence on trade and manufacturing activities. But being a regional hub, Singapore could potentially capitalise on the possibility of businesses reassessing their supply chains and sourcing locations.

As the global and Singapore economies continue to evolve, the Manager remains focused on anticipating and adapting to these changes by building a diversified and resilient portfolio through unlocking organic growth and strategic acquisitions to ensure the creation of sustainable, long-term value for Unitholders.

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**11 Distributions**

**(a) Current financial period**

Any distributions declared for the current financial period: Yes

Name of distribution: Fifty-second distribution, for the period from 1 January 2019 to 31 March 2019

Distribution Type: Taxable Income  
Tax-Exempt Income  
Capital Distribution

|                    |                      |                             |
|--------------------|----------------------|-----------------------------|
| Distribution Rate: | Taxable Income       | 2.474 cents per Unit        |
|                    | Tax-Exempt Income    | 0.180 cents per Unit        |
|                    | Capital Distribution | <u>0.096 cents per Unit</u> |
|                    | Total                | <u>2.750 cents per Unit</u> |

Par value of units: Not applicable

Tax Rate:

**Taxable Income Distributions**

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

**Tax-Exempt Income Distributions**

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

**Capital Distributions**

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

The Manager has determined that the AA REIT Distribution Reinvestment Plan will apply to the distribution for the period from 1 January 2019 to 31 March 2019. The Distribution Reinvestment Plan provides Unitholders with an option to elect to receive fully paid Units in AA REIT in lieu of the cash amount of any distribution (including any interim, final, special or other distribution) which is declared on the holding of Units held by them after the deduction of any applicable income tax. The Unitholders will receive a copy of the Notice of Election for their distribution election. The pricing of the DRP Units issued will be announced by the Manager on or around 6 May 2019.

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**(b) Corresponding period of the immediately preceding period**

Any distributions declared for the previous corresponding financial period: Yes

Name of distribution: Forty-eighth distribution, for the period from 1 January 2018 to 31 March 2018

Distribution Type: Taxable Income  
Tax-Exempt Income  
Capital Distribution

|                    |                      |                            |
|--------------------|----------------------|----------------------------|
| Distribution Rate: | Taxable Income       | 2.35 cents per Unit        |
|                    | Tax-Exempt Income    | 0.15 cents per Unit        |
|                    | Capital Distribution | <u>0.13 cents per Unit</u> |
|                    | Total                | <u>2.63 cents per Unit</u> |

Par value of units: Not applicable

Tax Rate:

**Taxable Income Distributions**

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

**Tax-Exempt Income Distributions**

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

**Capital Distributions**

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

**(c) Books closure date:** 6 May 2019

**(d) Date payable:** 20 June 2019

**12 If no distribution has been declared (recommended), a statement to that effect and the reason(s) for the decision**

Not applicable.

**13 Interested Person Transactions**

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

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**14 Segment revenue and results**

| <b>FY2019</b>   | <b>Singapore</b> | <b>Australia</b>    | <b>Total</b>   |
|---|------------------|---------------------|----------------|
|   | <b>S\$'000</b>   | <b>S\$'000</b>      | <b>S\$'000</b> |
| <b>Revenue and expenses</b>   |                  |                     |                |
| Gross revenue   | 118,078          | -                   | 118,078        |
| Property operating expenses   | (39,585)         | -                   | (39,585)       |
| <b>Net property income</b>  | 78,493           | -                   | 78,493         |
| Share of results of joint venture (net of tax)  | -                | 23,761 <sup>5</sup> | 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)        |
| <b>Total return before income tax</b>   |                  |                     | 52,767         |
| Income tax expense  |                  |                     | (2,718)        |
| <b>Total return after income tax</b>  |                  |                     | 50,049         |
| <b>FY2018</b>   | <b>Singapore</b> | <b>Australia</b>    | <b>Total</b>   |
|   | <b>S\$'000</b>   | <b>S\$'000</b>      | <b>S\$'000</b> |
| <b>Revenue and expenses</b>   |                  |                     |                |
| Gross revenue   | 116,916          | -                   | 116,916        |
| Property operating expenses   | (40,499)         | -                   | (40,499)       |
| <b>Net property income</b>  | 76,417           | -                   | 76,417         |
| Share of results of joint venture (net of tax)  | -                | 17,418 <sup>5</sup> | 17,418         |
| Net change in fair value of investment property and investment property under development   | (4,682)          | -                   | (4,682)        |
| Net change in fair value of derivative financial instruments                                | 287              | 219                 | 506            |
| Gain on divestment of investment property   | 1,597            | -                   | 1,597          |
|   |                  |                     | 91,256         |
| Unallocated items:  |                  |                     |                |
| Foreign exchange loss   |                  |                     | (149)          |
| Interest and other income   |                  |                     | 189            |
| Borrowing costs   |                  |                     | (19,417)       |
| Trust expenses  |                  |                     | (9,266)        |
| <b>Total return before income tax</b>   |                  |                     | 62,613         |
| Income tax expense  |                  |                     | (1,421)        |
| <b>Total return after income tax</b>  |                  |                     | 61,192         |

<sup>5</sup> Included in the share of results of joint venture (net of tax) is the share of revaluation surplus recognised on the valuation of Optus Centre of S\$9.9 million (FY2018: S\$2.6 million).

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

**15 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8 for review of actual performance.

**16 Breakdown of sales**

|                               | <b>Group<br/>FY2019<br/>S\$'000</b> | <b>Group<br/>FY2018<br/>S\$'000</b> | <b>+(-)<br/>%</b> |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------|
| <u>First half of year</u>     |                                     |                                     |                   |
| Gross revenue                 | 58,341                              | 60,017                              | (2.8)             |
| Total return after income tax | 31,543                              | 16,820                              | 87.5              |
| <u>Second half of year</u>    |                                     |                                     |                   |
| Gross revenue                 | 59,737                              | 56,899                              | 5.0               |
| Total return after income tax | 18,506                              | 44,372                              | (58.3)            |

**17 Breakdown of the total annual distributions**

|   | <b>DPU<br/>(Cents)</b> | <b>Group<br/>FY2019<br/>S\$'000</b> | <b>Group<br/>FY2018<br/>S\$'000</b> |
|---|------------------------|-------------------------------------|-------------------------------------|
| <u>Distributions paid during the year</u> |                        |                                     |                                     |
| For the period :                          |                        |                                     |                                     |
| 01/10/2018 to 31/12/2018                  | 2.50                   | 17,218                              | -                                   |
| 01/07/2018 to 30/09/2018                  | 2.50                   | 17,139                              | -                                   |
| 01/04/2018 to 30/06/2018                  | 2.50                   | 17,139                              | -                                   |
| 01/01/2018 to 31/03/2018                  | 2.63                   | 17,975                              | -                                   |
| 01/12/2017 to 31/12/2017                  | 0.71                   | -                                   | 4,852                               |
| 01/10/2017 to 30/11/2017                  | 1.91                   | -                                   | 12,224                              |
| 01/07/2017 to 30/09/2017                  | 2.55                   | -                                   | 16,320                              |
| 01/04/2017 to 30/06/2017                  | 2.50                   | -                                   | 15,999                              |
| 01/01/2017 to 31/03/2017                  | 2.78                   | -                                   | 17,755                              |
|   |                        | <b>69,471</b>                       | <b>67,150</b>                       |

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

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

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

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

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

**By Order of the Board**

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

Koh Wee Lih  
Chief Executive Officer  
24 April 2019