AIMS APAC REIT	**AIMS APAC REIT UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FIRST QUARTER ENDED 30 JUNE 2019 ("1Q FY2020")**

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.

As at the date of this announcement, the Group[1] has a portfolio of 27 industrial properties, 25 of which are located throughout Singapore, one industrial property located in Gold Coast, Queensland, Australia and one business park property in Macquarie Park, New South Wales ("NSW"), Australia[2].

Summary of AIMS APAC REIT Group results

	Note	1Q FY2020	4Q FY2019	+/(-)	1Q FY2019	+/(-)
		S$'000	S$'000	%	S$'000	%
Gross revenue	(a)	30,589	29,918	2.2	28,925	5.8
Net property income	(a)	22,941	20,323	12.9	19,431	18.1
Share of results of joint venture (net of tax)	(a)	3,374	13,402	(74.8)	3,339	1.0
Distributions to Unitholders	(b)	17,371	19,000	(8.6)	17,139	1.4
Distribution per Unit ("DPU") (cents)		2.50	2.75	(9.1)	2.50	-

Notes:

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

(b) The Manager resolved to distribute S$17.4 million for 1Q FY2020, comprising (i) taxable income of S$16.7 million from Singapore operations; and (ii) tax-exempt income distribution 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 1Q FY2020, the Manager has resolved to distribute 96.5% of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

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

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

Distribution and Books Closure Date

Distribution	For 1 April 2019 to 30 June 2019	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[3]	
Distribution Rate	(a) Taxable Income Distribution: (b) Tax-Exempt Income Distribution: (c) Capital Distribution[3]:	2.400 cents per Unit 0.095 cents per Unit 0.005 cents per Unit 2.500 cents per Unit
Books Closure Date	5 August 2019	
Payment Date	19 September 2019	

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

	Note	Group 1Q FY2020 S$'000	Group 1Q FY2019 S$'000	+/(-) %
Gross revenue	(a)	30,589	28,925	5.8
Property operating expenses	(a),(b)	(7,648)	(9,494)	(19.4)
Net property income	(a)	22,941	19,431	18.1
Foreign exchange (loss)/gain	(c)	(117)	5	>(100.0)
Interest and other income		43	43	-
Borrowing costs	(a),(b)	(5,331)	(4,821)	10.6
Manager's management fees		(1,846)	(1,838)	0.4
Other trust expenses	(a)	(576)	(451)	27.7
Non-property expenses		(7,753)	(7,110)	9.0
Net income before joint venture's results		15,114	12,369	22.2
Share of results of joint venture (net of tax)	(d)	3,374	3,339	1.0
Net income		18,488	15,708	17.7
Net change in fair value of investment properties and investment property under development	(b),(e)	(1,300)	-	NM
Net change in fair value of derivative financial instruments	(f)	(1,899)	392	>(100.0)
Total return before income tax		15,289	16,100	(5.0)
Income tax expense	(g)	(157)	(334)	(53.0)
Total return after income tax		15,132	15,766	(4.0)

NM: not meaningful.

Notes:

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

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

(b) AA REIT's operating lease arrangements relate to land rent payments to JTC Corporation and Ascendas Land (Singapore) Pte Ltd for certain properties in its portfolio. On 1 April 2019, AA REIT adopted FRS 116 *Leases* ("FRS 116") which introduces a single, on-balance sheet lease accounting model for lessees and requires AA REIT to recognise right-of-use ("ROU") assets representing its right to use the underlying properties and lease liabilities representing its obligation to make lease payments. Using the modified retrospective approach, AA REIT did not adjust its comparatives for the effects arising from the adoption of the new standard. The ROU assets and liabilities are derived from discounting the future land rent payments over the respective lease terms by applying a single discount rate to the portfolio of property leases. The ROU assets are included within "Investment Properties" and "Investment Property under development" in the Statements of Financial Position.

As at 1 April 2019, AA REIT recognised ROU assets of S$94.4 million and lease liabilities of the same amounts for its leases previously classified as operating leases. Lease liabilities increase with the accretion of imputed interest expense computed using the effective interest rate method and decrease as land rent payments are made. Fair value changes on ROU assets are recorded to ensure that the carrying values of ROU assets and lease liabilities are equal at all times.

Prior to the adoption of FRS 116, the land rent payments were included within "Property operating expenses" in arriving at the "Net property income" in the Consolidated Statements of Total Return and formed part of "Cash flows from operating activities" in the Consolidated Statement of Cash Flows. With the adoption of FRS 116, these payments are reclassified and included within (i) "Borrowing costs" based on the imputed interest expense computed using the effective interest rate method and (ii) "Net change in fair value of investment properties and investment property under development" in the Consolidated Statements of Total Return. In the Consolidated Statement of Cash Flows, the land rent payments are reflected as "Repayment of lease liabilities" within "Cash flows from financing activities". For 1Q FY2020, AA REIT recognised interest expense on lease liabilities of S$0.8 million (net of interest expense capitalised) and changes in fair value of ROU assets of S$1.3 million in the Consolidated Statements of Total Return.

In line with a circular issued by the Monetary Authority of Singapore dated 26 November 2018 on the exclusion of on-balance sheet operating lease liabilities from REITs' Aggregate Leverage for operating leases entered into before 1 January 2019, AA REIT's ROU assets and lease liabilities have been excluded from the computation of the Aggregate Leverage. As at 30 June 2019, AA REIT's Aggregate Leverage was 33.8% (31 March 2019: 33.7%). In addition, the adoption of FRS 116 has no impact on the taxable income and distributable income of AA REIT.

(c) The foreign exchange (loss)/gain mainly relates to the exchange differences on the Trust's Australian distribution income and Australian dollar cash and cash equivalents.

(d) 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.

(e) The net change in fair value of investment properties and investment property under development for 1Q FY2020 arose due to the fair value adjustments of ROU assets included in investment properties and investment property under development as at 30 June 2019, in accordance with FRS 116. The net change in fair value of investment properties and investment property under development is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(f) This relates to changes in fair value due to the revaluation of certain interest rate swap contracts in accordance with FRS 109. Please refer to note (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.

(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.

1(a)(ii) Distribution Statement

	Note	Group 1Q FY2020 S$'000	Group 1Q FY2019 S$'000	+/(-) %
Total return before income tax		15,289	16,100	(5.0)
Net effect of tax adjustments	(a)	4,362	1,457	>100.0
Other adjustments	(b)	(2,366)	(1,807)	30.9
Amount available for distribution from Singapore taxable income		17,285	15,750	9.7
Distribution from Singapore taxable income	(c)	16,676	15,699	6.2
Distribution from tax-exempt income	(d)	660	686	(3.8)
Capital distribution	(e)	35	754	(95.4)
Distributions to Unitholders		17,371	17,139	1.4

Notes:

(a) Net effect of tax adjustments

	Group 1Q FY2020 S$'000	Group 1Q FY2019 S$'000	+/(-) %
Amortisation and write-off of borrowing transaction costs	175	179	(2.2)
Foreign exchange loss/(gain)	83	(6)	>(100.0)
Manager's management fees in Units	923	919	0.4
Land rent paid/payable on investment properties	(2,072)	-	NM
Interest expense on lease liabilities	795	-	NM
Net change in fair value of investment properties and investment property under development	1,300	-	NM
Net change in fair value of derivative financial instruments	1,899	(392)	>(100.0)
Net tax adjustment on foreign sourced income	764	561	36.2
Temporary differences and other tax adjustments	495	196	>100.0
Net effect of tax adjustments	4,362	1,457	>100.0

NM: not meaningful.

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

(c) The Trust's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 1Q FY2020, the Manager has resolved to distribute 96.5% of the Singapore taxable income available for distribution to the Unitholders.

(d) This relates to tax-exempt income arising from the distributions remitted from the Group's 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.

1(b)(i) Statements of Financial Position as at 30 June 2019 vs. 31 March 2019

	Note	Group 30 Jun 2019 S$'000	Group 31 Mar 2019 S$'000	+/(-) %	Trust 30 Jun 2019 S$'000	Trust 31 Mar 2019 S$'000	+/(-) %
Non-current assets							
Investment properties	(a)	1,290,909	1,202,300	7.4	1,290,909	1,202,300	7.4
Investment property under development	(b)	40,970	32,700	25.3	40,970	32,700	25.3
Subsidiaries	(c)	-	-	-	92,378	87,339	5.8
Joint venture	(d)	218,168	221,806	(1.6)	-	-	-
Trade and other receivables	(e)	3,379	3,646	(7.3)	3,379	3,646	(7.3)
Derivative financial instruments	(f)	136	371	(63.3)	136	371	(63.3)
		1,553,562	1,460,823	6.3	1,427,772	1,326,356	7.6
Current assets							
Derivative financial instruments	(f)	-	9	(100.0)	-	9	(100.0)
Trade and other receivables	(e)	10,109	5,878	72.0	5,756	5,310	8.4
Cash and cash equivalents	(g)	11,658	18,091	(35.6)	10,235	16,792	(39.0)
		21,767	23,978	(9.2)	15,991	22,111	(27.7)
Total assets		**1,575,329**	**1,484,801**	6.1	**1,443,763**	**1,348,467**	7.1
Non-current liabilities							
Trade and other payables	(h)	11,895	11,506	3.4	11,895	11,506	3.4
Interest-bearing borrowings	(i)	469,276	417,450	12.4	365,415	311,516	17.3
Derivative financial instruments	(f)	7,288	5,333	36.7	7,288	5,333	36.7
Deferred tax liabilities	(j)	7,885	8,018	(1.7)	-	-	-
Lease liabilities	(k)	88,150	-	NM	88,150	-	NM
		584,494	442,307	32.1	472,748	328,355	44.0
Current liabilities							
Trade and other payables	(l)	27,767	34,076	(18.5)	26,751	33,042	(19.0)
Interest-bearing borrowings	(i)	29,985	79,966	(62.5)	29,985	79,966	(62.5)
Derivative financial instruments	(f)	16	-	NM	16	-	NM
Lease liabilities	(k)	5,339	-	NM	5,339	-	NM
		63,107	114,042	(44.7)	62,091	113,008	(45.1)
Total liabilities		**647,601**	**556,349**	16.4	**534,839**	**441,363**	21.2
Net assets		**927,728**	**928,452**	(0.1)	**908,924**	**907,104**	0.2
Represented by:							
Unitholders' funds		927,728	928,452	(0.1)	908,924	907,104	0.2
		927,728	**928,452**	(0.1)	**908,924**	**907,104**	0.2

NM: not meaningful.

Notes:

(a) The increase in investment properties was mainly due to the recognition of S$87.1 million ROU assets in relation to the capitalisation of land rent payments, in accordance with FRS 116 and capital expenditure incurred on investment properties of S$1.5 million which included the asset enhancement initiative at 29 Woodlands Industrial Park E1 ("NorthTech").

(b) As at 30 June 2019, the investment property under development relates to the redevelopment of 3 Tuas Avenue 2 and the recognition of S$6.4 million ROU assets in relation to the capitalisation of land rent payments, in accordance with FRS 116. In 1Q FY2019, the Manager announced plans to redevelop the property into a modern and versatile ramp-up industrial 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. On 18 July 2019, the Manager announced that it has successfully secured a master tenant for the property at 3 Tuas Avenue 2 and the redevelopment is now expected to be completed in the first half of 2020.

(c) This relates to the Trust's interest in its wholly-owned subsidiaries, AACI REIT MTN Pte. Ltd., AIMS APAC REIT (Australia) Trust (formerly known as AIMS AMP Capital Industrial REIT (Australia) Trust) and AACI REIT Opera Pte. Ltd. The increase in subsidiaries was mainly due to equity contribution to fund the initial deposit and other transaction costs incurred in relation to the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia (see note 1(b)(i)(e) below).

(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 decrease in the joint venture balances was mainly due to 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$3.4 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. Current trade and other receivables as at 30 June 2019 of S$10.1 million was S$4.2 million higher compared to balances as at 31 March 2019. The increase was mainly due to the initial deposit and other transaction costs incurred in relation to the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia (see note 1(b)(i)(c) above).

(f) The derivative financial instruments as at 30 June 2019 were in relation to interest rate swap contracts with a total notional amount of S$325.4 million. As at 30 June 2019, approximately 80.9% 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 30 June 2019 of S$11.7 million were S$6.4 million lower compared to balances as at 31 March 2019. This was mainly due to the initial deposit and other transaction costs incurred in relation to the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia (see note 1(b)(i)(e) above).

(h) Non-current trade and other payables mainly comprised rental deposits received from tenants with tenors of more than one year and retention sums on the redevelopment of 3 Tuas Avenue 2 and asset enhancement initiative at NorthTech. The increase in the balances was mainly attributed to the increase in retention sums which stood at S$1.2 million as at 30 June 2019 (31 March 2019: S$0.5 million).

(i) On 21 May 2019, the Trust 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% Medium Term Notes due 21 May 2019, being the maturity date of the Medium Term Notes.

The total borrowings of the Group as at 30 June 2019 of S$499.3 million was S$1.8 million higher compared to balances as at 31 March 2019 mainly due to a net drawdown of S$5.0 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 30 June 2019, the current interest-bearing borrowings relate to the Trust's seven-year Medium Term Notes of S$30.0 million which is due to mature in December 2019. The Group and the Trust have undrawn committed facilities of S$90.0 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) This relates to recognition of lease liabilities in relation to the capitalisation of land rent payments, in accordance with FRS 116.

(l) Current trade and other payables as at 30 June 2019 included retention sums of S$1.2 million relating to the Trust's recent development projects as well as development cost payable relating to the redevelopment of 3 Tuas Avenue 2 and the asset enhancement initiative at NorthTech of S$5.3 million (31 March 2019: included retention sum of S$1.6 million relating to the Trust's recent development projects as well as development cost payable relating to the redevelopment of 3 Tuas Avenue 2 and 8 Tuas Avenue 20 as well as the asset enhancement initiative at NorthTech of S$11.0 million). As at 30 June 2019, the Group and the Trust had undrawn committed facilities of S$90.0 million to fulfil their liabilities as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group 30 Jun 2019 S$'000	Group 31 Mar 2019 S$'000	Trust 30 Jun 2019 S$'000	Trust 31 Mar 2019 S$'000
Interest-bearing borrowings				
Amount repayable within one year				
Unsecured				
Medium Term Notes	30,000	80,000	30,000	80,000
Less: Unamortised borrowing transaction costs	(15)	(34)	(15)	(34)
	29,985	79,966	29,985	79,966
Amount repayable after one year				
Secured				
Term loans	366,275	369,661	261,759	263,017
Revolving credit facility	55,000	-	55,000	-
	421,275	369,661	316,759	263,017
Unsecured				
Medium Term Notes	50,000	50,000	50,000	50,000
	471,275	419,661	366,759	313,017
Less: Unamortised borrowing transaction costs	(1,999)	(2,211)	(1,344)	(1,501)
	469,276	417,450	365,415	311,516
Total	499,261	497,416	395,400	391,482

Details of borrowings and collateral

(a) Secured borrowings

Secured debt facilities and revolving credit facility of the Trust and its indirect wholly-owned 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 indirect wholly-owned 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 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 wholly-owned subsidiary AACI REIT MTN, established a S$500 million MTN Programme.

As at 30 June 2019, S$80.0 million Medium Term Notes had been issued comprising:

(i) 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

(ii) 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.

On 21 May 2019, AACI REIT MTN redeemed the S$50.0 million five-year Medium Term Notes with a fixed rate of 3.80% per annum issued in May 2014, being the maturity date of the Medium Term Notes.

1(b)(iii) Additional borrowings secured in July 2019

On 2 July 2019, the Trust and its indirect wholly-owned subsidiary entered into a supplemental agreement with existing lenders for an additional three-year revolving credit facility of A$65.0 million to finance real estate development and/or acquisitions, and/or general working capital purposes. On 9 July 2019, the Trust (as guarantor) and its indirect wholly-owned subsidiary, Burleigh Heads Trust (as borrower) secured a five-year term loan facility of A$21.153 million with a lender. The five-year term loan facility was fully utilised and the three-year revolving credit facility was partially utilised to fund the acquisition of the Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia which was completed on 15 July 2019.

1(c) Consolidated Statement of Cash Flows

	Group 1Q FY2020 S$'000	Group 1Q FY2019 S$'000
Cash flows from operating activities		
Total return after income tax	15,132	15,766
Adjustments for:		
Share of results of joint venture (net of tax)	(3,374)	(3,339)
Borrowing costs	5,331	4,821
Foreign exchange loss/(gain)	117	(5)
Manager's management fees in Units	923	919
Net change in fair value of investment properties and investment property under development	1,300	-
Net change in fair value of derivative financial instruments	1,899	(392)
Income tax expense	157	334
Operating income before working capital changes	**21,485**	**18,104**
Changes in working capital		
Trade and other receivables	(171)	(936)
Trade and other payables	179	(1,228)
Cash generated from operations	21,493	15,940
Income tax paid	(290)	(200)
Net cash from operating activities	**21,203**	**15,740**
Cash flows from investing activities		
Capital expenditure on investment properties and investment property under development	(8,922)	(2,433)
Acquisition of investment property	(3,970)[4]	-
Investment in a joint venture	(1,120)	-
Distributions from a joint venture	3,886	3,639
Net cash (used in)/from investing activities	**(10,126)**	**1,206**
Cash flows from financing activities		
Distributions to Unitholders	(15,300)	(17,239)
Proceeds from interest-bearing borrowings	55,000	11,000
Repayments of interest-bearing borrowings	(50,000)	(11,000)
Borrowing costs paprid	(4,944)	(4,854)
Repayment of lease liabilities	(2,152)	-
Net cash used in financing activities	**(17,396)**	**(22,093)**
Net decrease in cash and cash equivalents	**(6,319)**	**(5,147)**
Cash and cash equivalents at beginning of the period	**18,091**	**17,550**
Effect of exchange rate fluctuations on cash held	(114)	9
Cash and cash equivalents at end of the period	**11,658**	**12,412**

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

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

There were the following significant non-cash transactions:

(i) In 1Q FY2020, the Trust issued an aggregate 2,649,766 new Units amounting to S$3.6 million as part payment of the distributions for 4Q FY2019 pursuant to the AIMS APAC REIT Distribution Reinvestment Plan (the "AA REIT DRP"). Please refer to details in section 1(d).

1(d)(i) Statements of Movements in Unitholders' Funds (1Q FY2020 vs. 1Q FY2019)

	Group 1Q FY2020 S$'000	Group 1Q FY2019 S$'000	Trust 1Q FY2020 S$'000	Trust 1Q FY2019 S$'000
Balance at beginning of the period	928,452	938,959	907,104	921,659
Operations				
Total return after income tax	15,132	15,766	16,598	16,088
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(1,078)	90	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(314)	390	(314)	(16)
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Distribution Reinvestment Plan	3,613	-	3,613	-
- Manager's management fees	923	919	923	919
- Property Manager's fees	-	1,087	-	1,087
Distributions to Unitholders	(19,000)	(17,975)	(19,000)	(17,975)
Change in Unitholders' funds resulting from Unitholders' transactions	(14,464)	(15,969)	(14,464)	(15,969)
Total (decrease)/increase in Unitholders' funds	(724)	277	1,820	103
Balance at end of the period	927,728	939,236	908,924	921,762

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

	Note	Trust 1Q FY2020 Units '000	Trust 1Q FY2019 Units '000
Units in issue at beginning of the period		690,913	683,452
Issue of new Units relating to:			
- Distribution Reinvestment Plan	(a)	2,650	-
Units in issue at end of the period		693,563	683,452
Units to be issued:			
Manager's management fees	(b)	1,285	1,328
Property Manager's fees		-	786
Total Units in issue and to be issued at end of the period		694,848	685,566

(a) On 20 June 2019, the Trust issued 2,649,766 new Units at an issue price of S$1.3625 per Unit to eligible Unitholders who elected to participate in the AA REIT DRP in respect of the 4Q FY2019 distribution.

(b) The new Units to be issued relate to 1,285,485 Units issued to the Manager on 10 July 2019 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.

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.

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 2019.

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 has adopted FRS 116 *Leases* effective for the financial period beginning 1 April 2019. FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises an ROU asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, FRS INT 104 *Determining whether an Arrangement contains a Lease*, FRS INT 15 *Operating Leases – Incentives* and FRS INT 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted. Please refer to note 1(a)(i)(b) for further details.

As at 1 April 2019, AA REIT recorded ROU assets in the investment properties and investment property under development and their corresponding lease liabilities of approximately S$94.4 million. Such adjustments did not have an impact on the net assets, total return and distributable amount to Unitholders.

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

	Group 1Q FY2020	**Group 1Q FY2019**
<u>Basic EPU</u>		
Weighted average number of Units ('000)	691,233	683,452
Earnings per Unit (cents)	**2.19**	**2.31**
<u>Diluted EPU</u>		
Weighted average number of Units ('000)	692,093	684,354
Earnings per Unit (cents)	**2.19**	**2.30**

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 from 1 January 2019 to 30 June 2019.

The decrease in the EPU for the current period was mainly due to a higher net fair value loss on revaluation of the interest rate swap contracts in accordance with FRS 109, which was partially offset by higher net property income for the current period.

The net change in 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.

	Group 1Q FY2020	Group 1Q FY2019
Number of Units in issue at end of period ('000)	693,563	683,452
Number of Units to be issued before the Books Closure Date ('000)	1,285	2,114
Applicable number of Units for calculation of DPU ('000)	694,848	685,566
Distribution per Unit (cents)	**2.50**	**2.50**

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

	Group 30 Jun 2019 S$	Group 31 Mar 2019 S$	Trust 30 Jun 2019 S$	Trust 31 Mar 2019 S$
Net asset value / net tangible asset per Unit[5]	1.34	1.34	1.31	1.31

8 Review of the performance

	Group 1Q FY2020 S$'000	Group 4Q FY2019 S$'000	Group 1Q FY2019 S$'000
Gross revenue	30,589	29,918	28,925
Property operating expenses	(7,648)	(9,595)	(9,494)
Net property income	22,941	20,323	19,431
Net property income margin	*75.0%*	*67.9%*	*67.2%*
Foreign exchange (loss)/gain	(117)	45	5
Interest and other income	43	68	43
Borrowing costs	(5,331)	(4,602)	(4,821)
Manager's management fees	(1,846)	(1,834)	(1,838)
Other trust expenses	(576)	(597)	(451)
Non-property expenses	(7,753)	(7,033)	(7,110)
Net income before joint venture's results	15,114	13,403	12,369
Share of results of joint venture (net of tax)	3,374	13,402	3,339
Net income	18,488	26,805	15,708
Distributions to Unitholders	17,371	19,000	17,139

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

Review of the performance for 1Q FY2020 vs. 4Q FY2019

The gross revenue achieved for 1Q FY2020 of S$30.6 million was S$0.7 million higher than that of 4Q FY2019. This was mainly due to higher rental and recoveries for the properties at 20 Gul Way and 27 Penjuru Lane.

Property operating expenses for 1Q FY2020 of S$7.6 million were S$1.9 million lower than the property operating expenses for 4Q FY2019 mainly due to land rent that was excluded from the property operating expenses with the adoption of FRS 116, effective 1 April 2019.

Net property income for 1Q FY2020 stood at S$22.9 million, or S$2.6 million higher than 4Q FY2019 mainly due to higher gross revenue and lower property operating expenses arising from the adoption of FRS 116. As a result, net property income margin increased to 75.0% in 1Q FY2020 compared to 67.9% in 4Q FY2019.

Borrowing costs for 1Q FY2020 of S$5.3 million was S$0.7 million higher than borrowing costs for 4Q FY2019 mainly due to interest expenses on lease liabilities recognised as a result of the adoption of FRS 116.

The share of results of joint venture (net of tax) for 1Q FY2020 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 based on the independent valuation carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2019.

Distributions to Unitholders for 1Q FY2020 stood at S$17.4 million, which was S$1.6 million lower compared to the distributions to Unitholders for 4Q FY2019. This was mainly due to the 4Q FY2019 distribution which included retained distributions from the previous three quarters of FY2019 and partial retention of the current quarter's distribution to fund the working capital and/or capital expenditure of the Trust.

Review of the performance for 1Q FY2020 vs. 1Q FY2019

Gross revenue for 1Q FY2020 of S$30.6 million was S$1.7 million higher than the gross revenue for 1Q FY2019 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, 103 Defu Lane 10 and 20 Gul Way. This increase was partially offset by lower rental and recoveries for the property at 27 Penjuru Lane.

Property operating expenses for 1Q FY2020 of S$7.6 million were S$1.8 million lower than the property operating expenses for 1Q FY2019 mainly due to land rent that was excluded from the property operating expenses due to the adoption of FRS 116, effective 1 April 2019.

Net property income for 1Q FY2020 stood at S$22.9 million, or S$3.5 million higher compared to 1Q FY2019 mainly due to higher gross revenue and lower property operating expenses arising from the adoption of FRS 116. As a result, net property income margin increased to 75.0% in 1Q FY2020 compared to 67.2% in 1Q FY2019.

Borrowing costs for 1Q FY2020 of S$5.3 million was S$0.5 million higher than borrowing costs for 1Q FY2019 mainly due to interest expenses on lease liabilities recognised as a result of the adoption of FRS 116 which was partially offset by the 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 1Q FY2020 of S$0.6 million was S$0.1 million higher compared to 1Q FY2019 mainly due to costs associated with the administration of AA REIT DRP.

9 Variance between Forecast / Prospect Statement

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

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

Based on advance estimates from the Ministry of Trade and Industry ("MTI") announced on 12 July 2019, the Singapore economy grew by 0.1% on a year-on-year ("y-o-y") basis in the second quarter of 2019 ("2Q 2019"), slower than the 1.1% growth in the first quarter of 2019 ("1Q 2019"). On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the Singapore economy shrank by 3.4% as compared to the 3.8% growth in the preceding quarter. The Singapore manufacturing sector contracted by 3.8% on a y-o-y basis in 2Q 2019, extending the 0.4% decline in the previous quarter, largely due to output declines in the precision engineering and electronics clusters. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector contracted by 6.0%, moderating from the 6.4% decline in the preceding quarter.

Based on JTC Corporation's market report for 1Q 2019 released on 25 April 2019, the occupancy rate of Singapore's overall industrial property market remained unchanged at 89.3% from the preceding quarter. On a y-o-y basis, the occupancy rate rose by 0.3 percentage point. Prices and rentals of industrial space remained relatively stable. In 1Q 2019, the price index for the overall industrial property fell marginally by 0.1% while the rental index remained unchanged as compared to the previous quarter. Compared to a year ago, the price index remained unchanged while the rental index fell by 0.2%. For the rest of 2019, another 1.2 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.

Growth for the US for 2019 is projected to moderate, weighed down by weaker export demand and reduced fiscal impetus. Growth momentum is also expected to ease in the Eurozone, dampened by weak demand conditions and continued Brexit-related uncertainties. In Asia, despite the 6.2% growth registered by China in 2Q 2019, its growth is also projected to slow in 2019 on the back of a moderation in investment growth and weaker exports due in part by the effect of the US tariffs. The key ASEAN economies are expected to remain unchanged or ease from the levels recorded in 2018, 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 slowdown 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 2.75% 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. On 2 July 2019, the RBA cut its official cash rate by 25 basis points to 1.0% to support sustainable growth in its economy.

Although the US Federal Reserve has signalled a more accommodative monetary policy stance and markets became more optimistic about a US–China trade deal, uncertainties and downside risks continue to cloud the global economy. Such risks include the ongoing trade conflicts between the US and its key trading partners, a slower-than-expected growth in the China economy and the prolonged uncertainty over the delay in the United Kingdom's Brexit until 31 October 2019. In particular, trade tensions between US and China 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-China trade. If overall regional and world 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 benefit from businesses reassessing their supply chains and sourcing locations.

Against this external backdrop, 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.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes	
Name of distribution:	Fifty-third distribution, for the period from 1 April 2019 to 30 June 2019	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.400 cents per Unit
	Tax-Exempt Income	0.095 cents per Unit
	Capital Distribution	0.005 cents per Unit
	Total	2.500 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

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

Tax-Exempt Income Distributions

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

Capital Distributions

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

The Manager has determined that the AA REIT Distribution Reinvestment Plan will apply to the distribution for the period from 1 April 2019 to 30 June 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 5 August 2019.

(b) Corresponding period of the immediately preceding period

Any distributions declared for the previous corresponding financial period:	Yes	
Name of distribution:	Forty-ninth distribution, for the period from 1 April 2018 to 30 June 2018	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.29 cents per Unit
	Tax-Exempt Income	0.10 cents per Unit
	Capital Distribution	0.11 cents per Unit
	Total	2.50 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

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

Tax-Exempt Income Distributions

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

Capital Distributions

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

(c) Books closure date: 5 August 2019

(d) Date payable: 19 September 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.

14 Confirmation by the board pursuant to Rule 705(5) of the Listing Manual

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of AIMS APAC REIT Management Limited (as Manager of AA REIT) which may render these interim financial statements to be false or misleading in any material respect.

On behalf of the Board of Directors of
AIMS APAC REIT Management Limited
(as Manager of AIMS APAC REIT)

George Wang
Chairman and Director

Koh Wee Lih
Director

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

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

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
25 July 2019