A Forward Force

Annual Report 2021

AIMS
AA REIT

ABOUT AIMS APAC REIT

AIMS APAC REIT ("AA REIT") is a real estate investment trust listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 2007. The principal investment objective of AA REIT is to invest in a diversified portfolio of income-producing industrial, logistics and business park real estate located throughout the Asia Pacific region. The real estate assets are utilised for a variety of purposes, including but not limited to warehousing & distribution activities, business parks activities and manufacturing activities. AA REIT's portfolio consists of 28 properties, of which 26 properties are located throughout Singapore, and 2 in Australia.

VISION

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

MISSION

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

On the Cover
Breathtaking waterfalls are carved through nature's rhythmic motion over geological timescales. They showcase how environmental elements can be forceful yet gentle, gradual yet radical, resilient yet flexible. It is a persistent progression, a continuous flow of energy and life.

In similar fashion, our growth is a result of our unwavering dedication to seek constant progress. A strong flow of balanced executions that shape our course, creating results that merit trust and recognition from our stakeholders and the public.

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THE TRUST

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

THE MANAGER

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

OUR SPONSOR

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

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

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

EXPANDING REACH, MULTIPLYING STRENGTH

Our foundation is built on strong governance and reinforced by the unwavering support of our sponsor. Our robust asset portfolio and constant and unyielding commitment to progress and expansion for the future will lead to sustainable returns over the long term. Never content to stand still, we will continue to carve our path through the course of time.

CHAIRMAN'S STATEMENT

> "Our focus on growth does not simply centre on increasing the size of the REIT or the number of assets we own. It is based on identifying quality real estate in great locations, with sustainable income and the potential for long-term capital growth."

Dear Unitholders,

Looking back, the financial year ended 31 March 2021 was beset with concerns over the unprecedented COVID-19 outbreak, which deeply affected Singapore and the global economy. Though Singapore's economy and global growth contracted over the past year, AA REIT was able to deliver strong results for the financial year.

ACHIEVING GROWTH AND STABILITY AMIDST GLOBAL UNCERTAINTIES

We are strong believers in the long-term growth of AA REIT. Our focus on growth does not simply centre on increasing the size of the REIT or the number of assets we own. It is based on identifying quality real estate in great locations, with sustainable income and the potential for long-term capital growth. If we were to build a portfolio with poor quality assets, the weak foundation would not be able to sustain the growth projections that we intended for AA REIT. It is only through disciplined selection of strong foundational assets that we can raise the portfolio to a larger size, using each opportunity as a stone to construct a solid foundation for future growth and appreciation. We believe the quality of our assets and their location, along with our professional and prudent management team will be key factors in driving AA REIT's long-term sustained performance and growth.

During this challenging and highly uncertain period, AIMS Financial Group responded swiftly and decisively by directing several key initiatives aimed at creating long-term value and enhancing the portfolio's capital position for the benefit of AA REIT unitholders. They include:

- Successful S$129.6 million acquisition of 7 Bulim Street, a modern 4-storey ramp-up warehouse fully leased to KWE, a leading Japanese logistics and freight forwarding company, in October 2020;
- Proposed S$102 million acquisition of 315 Alexandra Road, a city-fringe premium light industrial property, anchored by a subsidiary of a Malaysian government linked company, in January 2021;
- Conclusion of 105 leases covering 259,933 square metres or 35.1% of the existing portfolio net lettable area since the beginning of the financial year;
- Successful issuance of the S$125 million perpetual securities in August 2020, amidst the difficulty presented due to the COVID-19 pandemic;
- Proactive management of our overall gearing at 33.9% (as at 31 March 2021), far below the Monetary Authority of Singapore's ("MAS") maximum permitted gearing level of 50%; and
- Maintaining a healthy interest coverage ratio of 4.0x, with approximately 78% of our debt exposure hedged.

Although the pandemic created significant uncertainties in the market, we continued the pursuit of new acquisitions to increase Unitholder returns. The purchase of 7 Bulim Street and 315 Alexander Road during the financial year were both considered defensive, COVID-19 proof investments given their strategic locations, modern buildings specifications and strength of the tenant covenants. These two properties will augment AA REIT's portfolio with stable and growing income streams over the long term.

Despite the difficult COVID-19 pandemic period, AA REIT reported strong financial performance as a result of our portfolio of high quality properties, that is leased to over 193 reputable global and local companies across multiple industries. Just over half the portfolio comprise of modern, ramp-up and high specification warehouses servicing the logistics segment, which has reported strong demand and rental growth due to the exponential growth of e-commerce activities and stockpiling of essential goods.

While we expect the logistics segment to continue its growth trajectory, we recognise that other segments such as the business park and light industrial space, are undergoing some stress due to the "work from home" directives.
Our team has had active and regular engagements with our tenants in Singapore and Australia, who have been affected by the COVID-19 situation, to address their circumstances.

In addition, AA REIT has passed on the property tax rebates and rental relief to eligible tenants as prescribed by the Singapore government. Both the REIT and our tenants have played an important role in each other's success and we will continue to lend our support as we work through this challenging time together.

In support of our portfolio's strong full year performance, our two Australian properties at Macquarie Park, Sydney and Burleigh Heads, Gold Coast, contributed 15.3% of AA REIT's distribution. In addition, both properties reported strong year-on-year valuation growth of AUD42.7 million or 13.1%. The total valuation gain of AUD44.1 million achieved for Optus Centre at Macquarie Park since the commencement of the asset enhancement initiative in 2019 and extension of lease for an additional 10 years is a culmination of the team's efforts to achieve a mutually beneficial outcome for both the tenant and Unitholders of AA REIT. This valuation uplift provides AA REIT with additional debt headroom to undertake new acquisitions and asset enhancement works to further drive returns for Unitholders.

To stay resilient over this period, AA REIT maintained a disciplined approach to capital management and completed the issuance of the S$125 million perpetual securities in August 2020. AA REIT will continue to be prudent in its consideration of its sources of funding and will strive to maintain an optimal capital structure that balances costs with duration.

COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

Another important trend that has arisen during the pandemic is the renewed focus on Environmental, Social and Governance (ESG) factors and creation of a stakeholder value in a sustainable and responsible manner.

I am pleased that AA REIT has been conferred the Gold Award at The Asset ESG Corporate Awards 2020, one of the world's leading and Asia's longest-running honours. This marks AA REIT's fourth consecutive year of winning this prestigious award. We will continue to uphold the highest standards in our environmental, social and governance responsibilities in our pursuit for sustainable development.

Our corporate social responsibility and sustainability goals continue to be focused on serving the interests of all stakeholders. Sound corporate governance, upholding health and safety standards, mitigation of our environmental impact as well as community engagement remain key tenets of our ESG framework.

Over the year, our team continued to work closely with the community. When COVID-19 struck, there were shortages as well as rising costs of various medical equipment. In Singapore, we donated various medical equipment, including an oxygen concentrator, to XiSer CareServe for its residents.

CHAIRMAN'S STATEMENT

MOVING FORWARD

As we transition out of the COVID-19 pandemic, our approach to portfolio and capital management will remain disciplined and prudent. The objectives over the next year will be focused on the following:

1. Strategic investments to generate attractive long-term total returns:

a. Continued evaluation of total return investment opportunities in Singapore and Australia, that offer:

i. Sustainable and growing income yield; and

ii. Capital growth, through selective asset enhancement works and underlying land appreciation in strategic locations. This may include established logistics and business park precincts and/or industrial locations that are likely to benefit from future infrastructure investment and urban regeneration.

b. Focus on successful delivery of built-to-suit development projects on time and within budget.

c. Active portfolio management and recycling of assets with lower capital growth potential.

2. Active Asset Management & Leasing Management:

a. Continual focus on prudent asset and lease management.

b. Unlocking value of selected assets within the portfolio through enhancements.

c. Ensure high occupancy is maintained.

3. Prudent Capital & Risk Management:

a. Prudent capital management and staggering of debt maturities.

b. Maintaining a conservative gearing ratio.

c. Focus on growing distribution per unit.

d. Diversify funding sources and capitalise on low cost of funding when market conditions are favourable.

4. Rebalancing of portfolio to freehold assets, whilst not compromising on growth:

a. With our Singapore properties, accounting for 78.2% of our portfolio, held through Jurong Town Corporation (JTC) on a leasehold basis, it is prudent that we progressively rebalance AA REIT's portfolio to longer tenure or freehold properties to minimise the future impact of a shortening land tenure.

b. By increasing our portfolio allocation to select Australian properties, AA REIT will be able to benefit from annual rental escalations and long-term capital appreciation due to the freehold land title, stable economy, sound political system and a growing population. Properties may also appreciate further from potential re-zoning, asset enhancement and re-development.

5. Capital and business partnerships to fuel growth:

Our partnership strategy utilises AIMS track record in asset management, development and investments to attract new capital and business partners:

a. Introducing new capital partners will diversify AA REIT's risk via the expansion of its holdings through joint investments in select assets and developments. This will enable AA REIT's capital to be invested across a greater range of assets with different risk and return profiles.

b. Collaborating with business partners, such as third party logistics operators or other end users, can create synergies and lead to built-to-suit development and co-investment opportunities.

ACKNOWLEDGEMENT

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

Yours faithfully,

George Wang
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

"We are adapting to the 'new normal' and steering in the direction that is relevant for all stakeholders. We will consistently be on the lookout for meaningful and sustainable growth opportunities in this market. Together with the rest of the management team, we will work hard to fortify AA REIT's foundations to craft the forward motion to bring the REIT to greater heights."

Dear Unitholders,

On the back of the financial year ended 31 March 2021 (FY2021) pervaded by the COVID-19 pandemic and lockdowns, AIMS APAC REIT (AA REIT or the REIT) was able to emerge stronger, underpinned by our resilient high-quality portfolio, with over half of the portfolio in the essential warehouse and logistics sector. The pandemic had affected global supply chains, highlighting the importance of resilient domestic supply chains and the local logistics sector. The acceleration of e-commerce in the past year also drove demand for inventory requirements.

We are also pleased to note that the REIT had achieved an important milestone in FY2021, through the inclusion into two indices – the **FTSE Russell ST Singapore Shariah Index** and **MSCI Singapore Small Cap Index**. These will likely further increase the overall awareness of the REIT, and boost trading liquidity and visibility among global institutional investors.

Our momentum with the completion of the acquisition of 7 Bulim Street and the ongoing acquisition of 315 Alexandra Road[1], and inclusion into two indices have carved the path for new avenues of growth. Despite the volatile environment that looks set to continue in the coming year, we remain confident in the REIT's portfolio and business strategy, as well

[1] The acquisition is pending JTC Corporation's approval.

CHIEF EXECUTIVE OFFICER'S REVIEW

as AIMS APAC REIT Management Limited's (the Manager) capabilities and unyielding commitment to growth, and to navigate through the challenges. We remain vigilant in monitoring the situation and be financially prudent, and will continue to proactively manage the portfolio to protect its long-term value for Unitholders.

RESILIENT PERFORMANCE REINFORCING GROWTH

For FY2021, we reported gross revenue of S$122.6 million, 3.2% higher compared to FY2020. This was mainly due to the full year contribution from Boardriders Asia Pacific HQ (acquired in July 2019) and the newly redeveloped 3 Tuas Avenue 2 (from March 2020 onwards), as well as 7 Bulim Street (acquired in October 2020). The increase was partially offset by the estimated Additional Rental Relief for eligible tenants under the Singapore rental relief framework, lower contributions from 1A International Business Park arising from the conversion of master lease to multi-tenancy leases, as well as the expiry of the previous master lease at 541 Yishun Industrial Park A in April 2020. The new master tenant secured for the property at 541 Yishun Industrial Park A commenced its maiden rental contribution from January 2021.

Total FY2021 Distribution per Unit (DPU) was 8.95 cents and cumulative distributions to Unitholders was S$63.2 million, which was lower compared to FY2020. This was mainly due to lower net property income (net of amount reserved for distribution to Perpetual Securities holders), management fees paid fully in cash for FY2021, but partially offset by the full release of the Australian distributable income of S$2.9 million previously retained in 4Q FY2020.

During the year, AA REIT successfully executed 105 new and renewed leases representing 259,933 square metres and 35.1% of the portfolio's total net lettable area. Portfolio occupancy stood at a healthy rate of 95.4% as at 31 March 2021, above JTC Corporation's industry average of 90.0% for the first quarter of 2021.

ACTIVE AND CONSISTENT EFFORTS IN LEASE MANAGEMENT

Part of our three-pronged strategy, asset enhancement initiatives include building out properties with under-utilised plot ratios and refurbishing older assets to ensure they are contemporary and relevant. This path of organic growth will help boost rental and total assets under management value, as these higher quality assets with better specifications and facilities are more likely to attract tenants at higher rental rates.

The second prong of AA REIT's growth strategy is acquisitions. In FY2021, we actively sought growth opportunities to further fortify our portfolio to expand our revenue streams for the long term.

The acquisition of 7 Bulim Street, which was completed in October 2020, presented an attractive long-term investment as a strategically located property within the Jurong Innovation District, enabling us to become the first industrial REIT with a presence in this advanced manufacturing campus, with good connectivity to transport nodes. The strong lease covenant and master tenant, KWE – a wholly-owned subsidiary of a major Japanese freight forwarding and logistics group, Kintetsu World Express, Inc. – provide stability, and boost our overall portfolio occupancy.

In January 2021, the Manager had proposed the REIT's first acquisition of a light industrial asset in a city-fringe location, along Alexandra Road premium showroom and business space precinct. The addition of such a centrally-located and highly coveted light industrial building will be a strategic fit to AA REIT's portfolio. When completed, the acquisition will provide immediate DPU accretion, long-term income stability and diversity to the REIT.

Riding on the favourable demand dynamics for logistics space, which is supported by structural demand drivers such as the growth in e-commerce, AA REIT will remain vigilant in identifying suitable opportunities to unlock value and further optimise the portfolio.

REINFORCING PARTNERSHIPS

Underpinning the active asset management strategy is the REIT's focus on nurturing strong partnerships with its tenants.

AA REIT had passed on the property tax rebates announced in the Singapore Government's Budgets, as well as provided rental reliefs to qualifying Small and Medium Enterprises tenants. In addition to passing on the rebate and concessions to qualifying tenants in Singapore under the respective governments' measures, we continued to actively engage with our tenants affected by the pandemic and provide assistance on a case-by-case basis to assist tenants in overcoming these challenging times.

Separately, in FY2021, AA REIT successfully secured a new master tenant, a subsidiary of a major Japanese energy and environment group, for the entire premises of 541 Yishun Industrial Park A, which commenced its maiden rental contribution from January 2021.

DISCIPLINED APPROACH TOWARDS CAPITAL AND RISK MANAGEMENT

We take a prudent and disciplined approach towards capital management. AA REIT has access to diversified sources of capital, including the equity and debt capital market and perpetual securities. We continue to maintain strong and healthy banking relationships with financial institution partners. The Manager's capital management strategy is characterised by proactive re-financing of AA REIT's debts ahead of their maturities; maintaining a staggered debt maturity profile to minimise refinancing risk in any one year; and substantially hedging interest rate exposures.

During the year, the REIT issued S$125 million perpetual securities as part of the S$750 million multicurrency debt issuance programme to provide further balance sheet flexibility. The net proceeds were used for the partial funding of the acquisition of 7 Bulim Street.

As at 31 March 2021, AA REIT's aggregate leverage was 33.9%. This debt headroom provides AA REIT with financial flexibility to pursue new acquisitions and asset enhancement initiatives. In May 2021, AA REIT received a mandate letter for new upsized debt facilities which will enable the Trust to refinance several of its secured debts and repay the fixed rate notes due in March 2022. Furthermore, AA REIT has a well-staggered debt maturity profile, with approximately 78% of AA REIT's borrowings on fixed rates, taking into account interest rate swaps and fixed rate notes. The overall blended funding cost reduced from 3.5% in FY2020 to 3.0% in FY2021.

As at 31 March 2021, AA REIT had cash balances of approximately S$11.2 million and undrawn committed facilities of S$135.2 million. Post refinancing and assuming the fixed rate notes due in March 2022 were refinanced with the new facilities, the weighted average term to maturity stood at 3.5 years on a pro forma basis as at 31 March 2021.

3 Tuas Avenue 2, Singapore

CHIEF EXECUTIVE OFFICER'S REVIEW

SUSTAINABLE PRACTICES TO DRIVE FUTURE GROWTH

AA REIT is committed to incorporating Environmental, Social and Governance (ESG) factors in our strategy and operations, to ensure that we uphold best practices for the long-term sustainability of our business. AA REIT's fifth annual sustainability report is included in this Annual Report in accordance with the Global Reporting Initiative (GRI) Standards.

Our ESG focus areas include improving and minimising environmental impact; promoting inclusive and sustainable economic growth; understanding and serving interests of all stakeholders; and ensuring a robust governance framework.

Since 2014, we have been a participant in the annual Global Real Estate Sustainability Benchmark (GRESB) assessment to provide an objective standard in engagement with our stakeholders. An independent GRESB scoring benchmark provides a consistent and effective way of communicating our sustainability track record and performance.

AA REIT continually incorporate ESG elements within our assets such as energy and water saving initiatives. As a testament to our ESG efforts, our completed redevelopments projects at 3 Tuas Avenue 2 and NorthTech are Building and Construction Authority (BCA) certified. Additionally, half of our portfolio by net lettable area is BCA Green Mark compliant.

We also received the Gold Award at The Asset ESG Corporate Awards 2020 for the fourth consecutive year, testament to our continued efforts and achievements in building a sustainable business. The awards offer a rigorous benchmarking service for listed companies in the area of corporate sustainability.

Our commitment to consistently improve disclosures and standards of corporate governance within the REIT has enabled us to rank third out of 45 REITs and Business Trusts in the Governance Index For Trusts (GIFT) 2020. Notably, in the governance and business risk sections of GIFT, AA REIT was also assessed as having both good governance and low business risk, being ranked amongst the top 10 on both factors.

We will continue to strive towards greater transparency, and social and environmental practices for all our stakeholders.

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

8 & 10 Pandan Crescrent, Singapore

LOOKING AHEAD

The International Monetary Fund has raised global growth projections for 2021 and 2022 to reflect additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of 2021. Global prospects, however, remain uncertain with government fiscal support and economic recovery diverging, and as some economies see a resurgence in cases.

The overall industrial outlook continues to be supported by favourable operating conditions of the biomedical manufacturing sector, improving demand in the electronics sector, and continued e-commerce purchasing activity by consumers.

The Manager remains confident in the REIT's portfolio and business strategy. We will continue to remain vigilant and agile in the face of challenges, and turn them into opportunities to carve new streams of growth. We will remain prudent and actively manage the portfolio to retain long-term value for the Unitholders.

We are adapting to the 'new normal' and steering in the direction that is relevant for all stakeholders. We will consistently be on the lookout for meaningful and sustainable growth opportunities in this market. Together with the rest of the management team, we will work hard to fortify AA REIT's foundations and craft our way forward to bring the REIT to greater heights.

IN APPRECIATION

On behalf of Management, I would like to show appreciation to our Board of Directors, Unitholders, business partners, financiers and valued tenants for their trust and support in Management and our business strategy.

I would also like to thank our staff, facility manager and service providers for their hard work and contributions towards making it a successful year for AA REIT, despite the health crisis.

This has been an unusual year, and they have proven selfless in their efforts to ensure the health and safety of the tenants and teams. As a team, we will all strive towards more successful years to come for the REIT.

Yours faithfully,

Koh Wee Lih
Chief Executive Officer

FINANCIAL HIGHLIGHTS

(S$'million unless otherwise stated)

For the Financial Year ended 31 March	2021	2020	2019
Gross revenue	**122.6**	118.9	118.1
Net property income	**87.5**[1]	89.1[1]	78.5
Distributions to Unitholders	**63.2**[2]	66.5[2]	70.5
Distribution per Unit ("DPU") (cents)	**8.95**	9.50	10.25

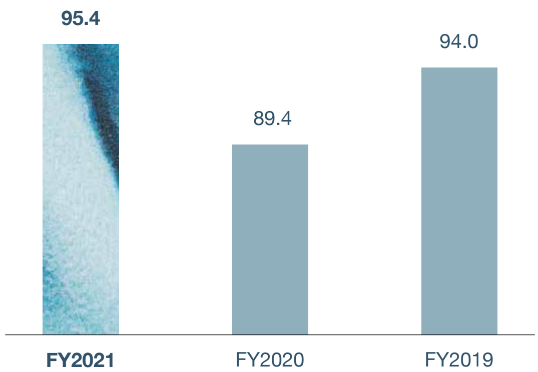
Balance Sheet as at 31 March	2021	2020	2019
Total assets	**1,846.6**[3]	1,648.9[3]	1,484.8
Total liabilities	**759.2**[3]	693.9[3]	556.3
Total borrowings	**593.8**	541.9	499.7
Unitholders' funds	**962.8**	955.0	928.5
Perpetual Securities holders' funds	**124.6**	-	-

Key Financial Ratios as at 31 March	2021	2020	2019
Net asset value per Unit (S$)	**1.36**	1.35	1.34
Aggregate leverage ratio[4] (%)	**33.9**	34.8	33.7
Interest coverage ratio[5] (times)	**4.0**	4.0	4.4
All-in-cost of financing (%)	**3.0**	3.5	3.6

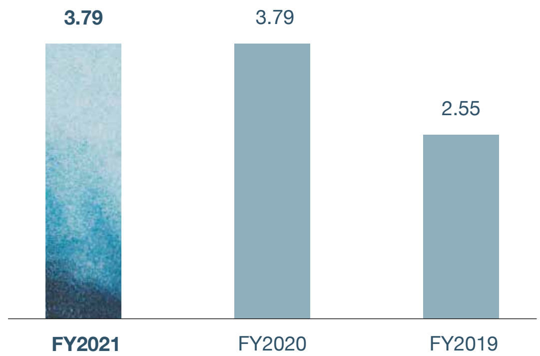
1 Pursuant to the adoption of FRS 116 *Leases* on 1 April 2019, land rent payments for certain properties in AA REIT's portfolio were excluded from property operating expenses and net property income from 1 April 2019.
2 In FY2020, AA REIT retained S$2.9 million of the Australian distributable income to conserve cash for working capital purposes in view of the COVID-19 situation. In FY2021, distributions to Unitholders include the full release of the S$2.9 million Australian distributable income previously retained in FY2020.
3 Pursuant to the adoption of FRS 116 *Leases* on 1 April 2019, AA REIT recognised right-of-use assets ("ROU assets") and lease liabilities of S$95.3 million and S$89.9 million in its balance sheet as at 31 March 2021 and 31 March 2020 respectively.
4 Aggregate leverage ratio is computed as total borrowings as a percentage of total assets. ROU assets and lease liabilities were excluded from the computation of aggregate leverage. The total borrowings excluded Perpetual Securities holders' fund.
5 Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes (last revised on 16 April 2020). For purpose of the computation, interest expense included borrowing costs on lease liabilities.

KEY HIGHLIGHTS

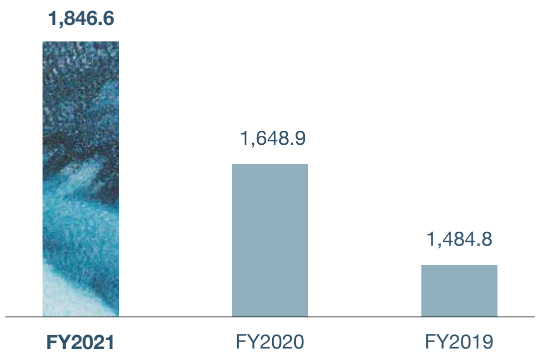
Occupancy Rate (%)



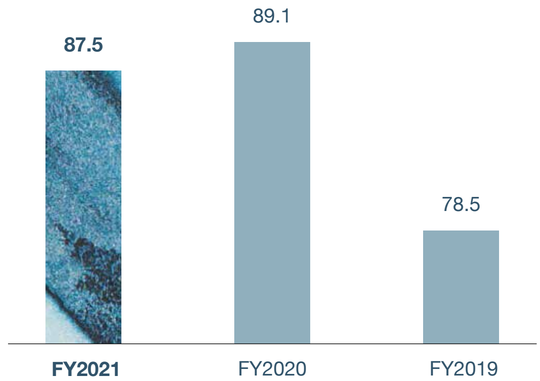
Weighted Average Lease Expiry ("WALE") (Years) (with forward leases)



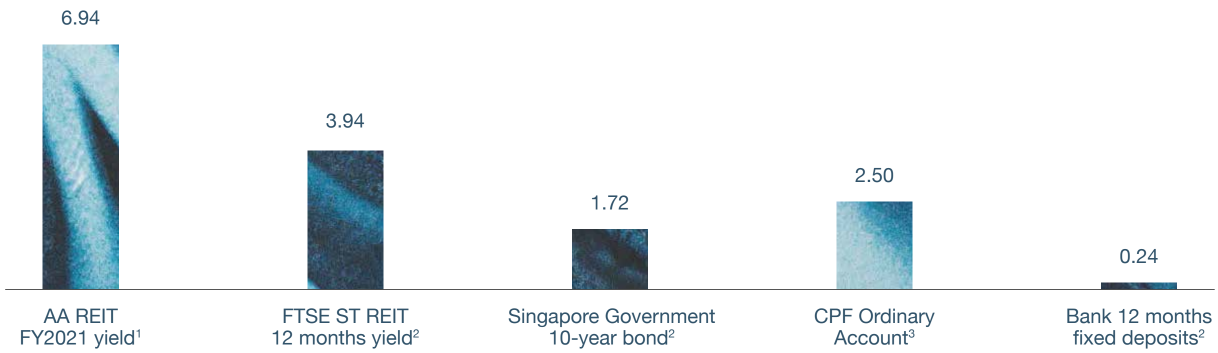
Total Assets (S$' million)



Net Property Income (S$' million)



Yield per Annum (%)

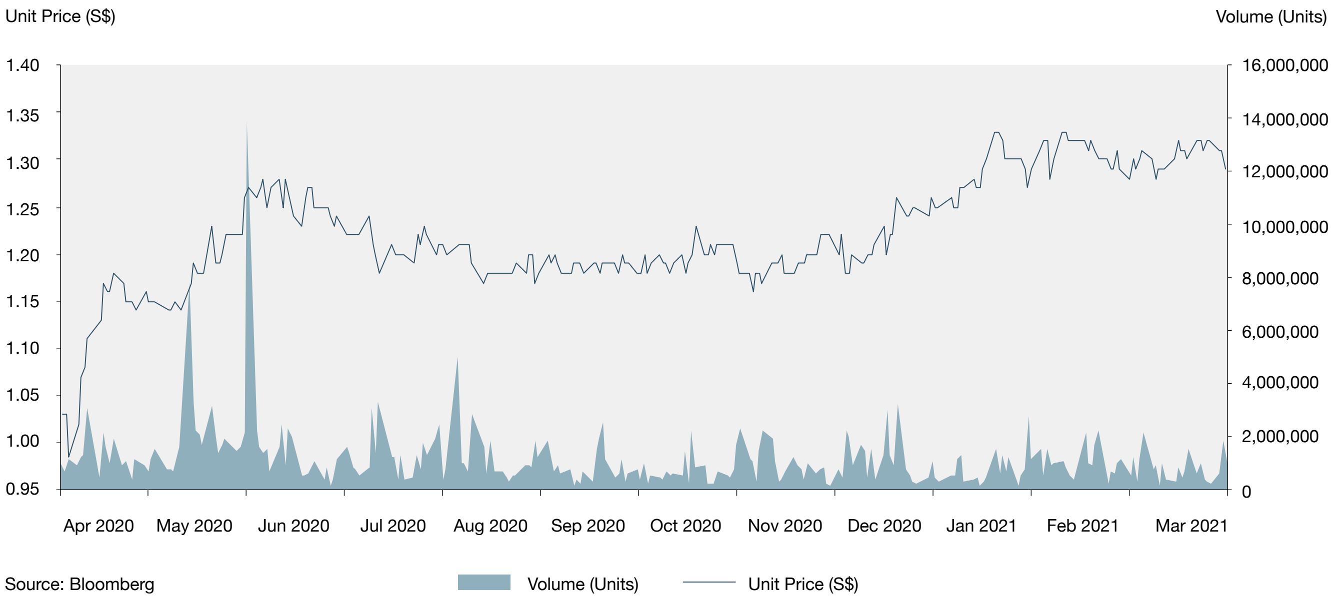


1 Based on closing price of S$1.29 on 31 March 2021 and actual FY2021 DPU of 8.95 cents.
2 Source: Bloomberg data as at March 2021.
3 Prevailing CPF Ordinary Account interest rate.

TRADING PERFORMANCE

	31 March 2021	31 March 2020	31 March 2019
Net asset value per unit (S$)	**1.36**	1.35	1.34
Closing price (S$)	**1.29**	1.04	1.42
Highest price during financial year (S$)	**1.33**	1.49	1.43
Lowest price during financial year (S$)	**0.985**	0.93	1.29
Total volume traded during financial year (Units 'million)	**284.4**	458.1	168.4
Average daily volume traded during financial year (Units 'million)	**1.133**	1.818	0.673
Market capitalisation (based on closing price) (S$'million)	**911.6**	734.9	981.1

Unit Price and Volume



Source: Bloomberg

Total Returns

	%
Since listing on 19 April 2007 to 31 March 2021	5.54
From 1 April 2020 to 31 March 2021 (one-year)	32.33
From 1 April 2018 to 31 March 2021 (three-year)	5.44

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

SIGNIFICANT EVENTS 2020

12 MAY 2020

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

29 MAY 2020

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

23 JUL 2020

1Q FY2021 Financial Results
Announced financial results for the first quarter ended 30 June 2020, with a DPU of 2.00 cents and total distributable income of S$14.1 million for the quarter.

7 Bulim Street, Singapore

11 AUG 2020

Announced the Proposed Acquisition of 7 Bulim Street, Singapore
Proposed acquisition of 7 Bulim Street, a ramp-up logistics warehouse located within Jurong Innovation District, Singapore, for S$129.6 million. The property was acquired with an existing master lease to KWE-Kintetsu World Express (S) Pte Ltd, a wholly-owned subsidiary of a major Japanese freight forwarding and logistics group, for the entire gross floor area of 68,190 square metres.

SIGNIFICANT EVENTS 2020

14 AUG 2020

Issue of S$125.0 million 5.65% Perpetual Securities

Maiden issuance of S$125.0 million 5.65% Perpetual Securities under the S$750.0 million Multicurrency Debt Issuance Programme established on 30 November 2018. The net proceeds were used for the acquisition of 7 Bulim Street.

17 AUG 2020

11th Annual General Meeting ("AGM")

Pursuant to the COVID-19 restriction measures passed by the Singapore Parliament, the 11th AGM was held by way of electronic means. Unitholders were not able to attend the AGM in person. All resolutions were duly passed at the 11th AGM.

9 OCT 2020

Completion of Acquisition of 7 Bulim Street, Singapore

Completion of acquisition of 7 Bulim Street, Singapore. Following completion, AA REIT owns a total of 28 properties, of which 26 properties are located throughout Singapore and 2 properties in Australia.

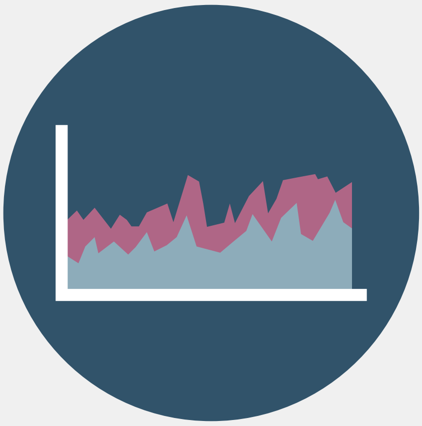
GIFT GOVERNANCE INDEX FOR TRUSTS 2020

23 OCT 2020

Governance Index for Trusts ("GIFT") 2020

AA REIT was ranked third in the fourth edition of Governance Index for Trusts 2020 for its good governance and low business risk. GIFT assesses governance and business risk of 45 real estate investment trusts and business trusts listed on SGX. Areas of governance such as board matters, remuneration of directors and key management, alignment of incentives and interests, internal and external audit, and communication with Unitholders were taken into account.

27 OCT 2020



2Q FY2021 and 1H FY2021 Financial Results
Announced financial results for the second quarter ended 30 September 2020, with a stable DPU of 2.00 cents and total distributable income of S$14.1 million for the quarter.

4 NOV 2020

Executive Officer Appointment
Appointment of Mr Russell Ng Keh Yang as Director, Capital Transactions & Partnerships. Mr Ng was subsequently redesignated as Head, Investor Relations, Investments & Partnerships in March 2021 as part of AA REIT's drive to strengthen investor relationships and expand partnerships with key stakeholders.

9 DEC 2020

Secured Master Lease for 541 Yishun Industrial Park A
Secured a new master tenant, a subsidiary of a major Japanese energy and environment group, for the entire premises of 541 Yishun Industrial Park A with a gross floor area of 8,770 square metres.

21 DEC 2020

Included in the FTSE Russell ST Singapore Shariah Index
AA REIT was included in the FTSE Russell ST Singapore Shariah Index. This index has been designed to be used as the basis of Shariah compliant investment products that focus on Shariah-compliant listed companies on SGX.

SIGNIFICANT EVENTS 2020/2021

29 DEC 2020

The Asset Corporate Awards 2020
AA REIT was conferred the Gold Award at The Asset ESG Corporate Awards 2020 for the fourth consecutive year. This is a testament to AA REIT's commitment to building a sustainable business and upholding the highest standards in environmental, social and governance responsibilities.

27 JAN 2021

Announced the Proposed Acquisition of 315 Alexandra Road, Singapore
AA REIT started 2021 on a strong note with the announcement of the proposed acquisition of Sime Darby Business Centre at 315 Alexandra Road for S$102.0 million. This will mark AA REIT's first acquisition in a city-fringe location in Singapore.

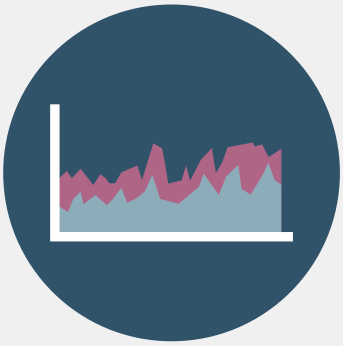
315 Alexandra Road, Singapore

28 JAN 2021

3Q FY2021 Financial Results
Announced financial results for the third quarter ended 31 December 2020, with a 2.5% quarter-on-quarter increase in DPU to 2.05 cents and total distributable income of S$14.5 million for the quarter mainly due to the net contribution from the recently acquired property at 7 Bulim Street.

1 APR 2021

Change in Composition of Board Committee
Mr Chong Teck Sin stepped down as member of the Nominating and Remuneration Committee. Mr Chong continues to serve as the Chairman of the Audit, Risk and Compliance Committee.



5 MAY 2021

4Q FY2021 and FY2021 Financial Results
Announced financial results for the financial year ended 31 March 2021, with a 41.5% quarter-on-quarter increase in DPU to 2.90 cents for the quarter. This brought the total DPU for FY2021 to 8.95 cents and total distributions to Unitholders of S$63.2 million, reflecting a 4.9% decrease to lower net property income (net of amount reserved for distribution to Perpetual Securities holders), management fees paid fully in cash for FY2021 but partially offset by the full release of the Australian distributable income of S$2.9 million previously retained in 4Q FY2020.

LEVERAGING CAPABILITIES, FORTIFYING GROWTH

The continuous momentum of rivers shapes and changes the surrounding terrain, forming meanders and distributaries. Our solid and diverse portfolio shares a similar feature. Like how rivers branch out into streams, we are constantly leveraging on our strengths to carve new paths in the face of challenges and turning them into opportunities to create new avenues for growth.

BOARD OF DIRECTORS OF THE MANAGER

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

Mr Wang was first appointed as Chairman on 7 August 2009. Mr Wang is the founding Executive Chairman of AIMS Financial Group and an active participant in Asia Pacific financial services industries. Established in 1991, AIMS Financial Group is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, private equity, venture capital and high-tech investment and is the owner of the Sydney Stock Exchange. Mr Wang is a Director of the Sydney Stock Exchange, and the Executive Chairman of AIMS Fund Management Limited, the responsible entity for AIMS Property Securities Fund, a diversified real estate securities fund, which is listed on the Australian Securities Exchange and the Singapore Stock Exchange.

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

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

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

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

He is currently Chairman of Envision Digital International Pte Ltd and Senior Advisor to Envision Digital Group. Headquartered in Singapore, the group provides Artificial Intelligence of Things (AIoT) digital platform and solutions for smart energy and smart city globally. He is an Independent Director of public listed Ho Bee Land Limited. He also serves as Senior or Expert Advisor to several companies.

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

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

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

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

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

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

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

BOARD OF DIRECTORS OF THE MANAGER

CHONG TECK SIN
Non-Executive Independent Director and Chairman of the Audit, Risk and Compliance Committee

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

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

Mr Chong has over 22 years of experience as an independent director of various companies listed on the Singapore, Hong Kong and Australia stock exchanges. He is currently an independent director and Audit Committee Chairman of Civmec Limited, InnoTek Limited, and Accordia Golf Trust Management Pte. Ltd. He was an independent director of AVIC International Maritime Holdings Limited from 2011 to 2017. He is also an independent director of Changan Minsheng APLL Logistics Co., Ltd, a leading automobile logistics firm in China which is listed on the mainboard of the Hong Kong Stock Exchange.

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

KOH WEE LIH
Executive Director and Chief Executive Officer

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

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

Mr Koh has over 25 years of experience in investment, corporate finance and asset management, of which more than 17 years are in direct real estate, covering investments, developments, asset management and real estate private equity in the Asia Pacific region.

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

SENIOR MANAGEMENT OF THE MANAGER

SENIOR MANAGEMENT OF THE MANAGER

KOH WEE LIH
Chief Executive Officer

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

STELLA YEAK
Head, Finance and Company Secretary

Ms Yeak has been with the Manager since February 2013 and has over 22 years of experience in group financial and management reporting, budget and forecasting, financial controls, audit, taxation and compliance with regional exposure in South East Asia, North Asia and Australia, of which more than 17 years are in the real estate industry.

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

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

RUSSELL NG
Head, Investor Relations, Investments & Partnerships

Mr Ng joined the Manager in September 2020 and has over 18 years of experience in real estate investments, asset management and corporate financing in Asia and Australia.

Mr Ng is responsible for AA REIT's investment activities, strengthening investor relationships and developing new capital and business partnerships. He is also a member of the Business Review Committee, which oversees the business operations and asset management of AA REIT.

Prior to joining the Manager, he held senior fund management and investment roles with listed REITs and private equity funds, including Lendlease, AEP Investment Management and Mapletree Logistics Trust.

Mr Ng holds a Bachelor of Applied Finance and a Bachelor of Commerce (Accounting) from Macquarie University, Australia.

TOH LAY GAN
Head, Asset Management

Ms Toh has been with the Manager since March 2015 and has over 25 years of experience in the real estate industry and expertise in asset and lease management.

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

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

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

HENG KHIAM YEONG
Head, Development & Facility Management

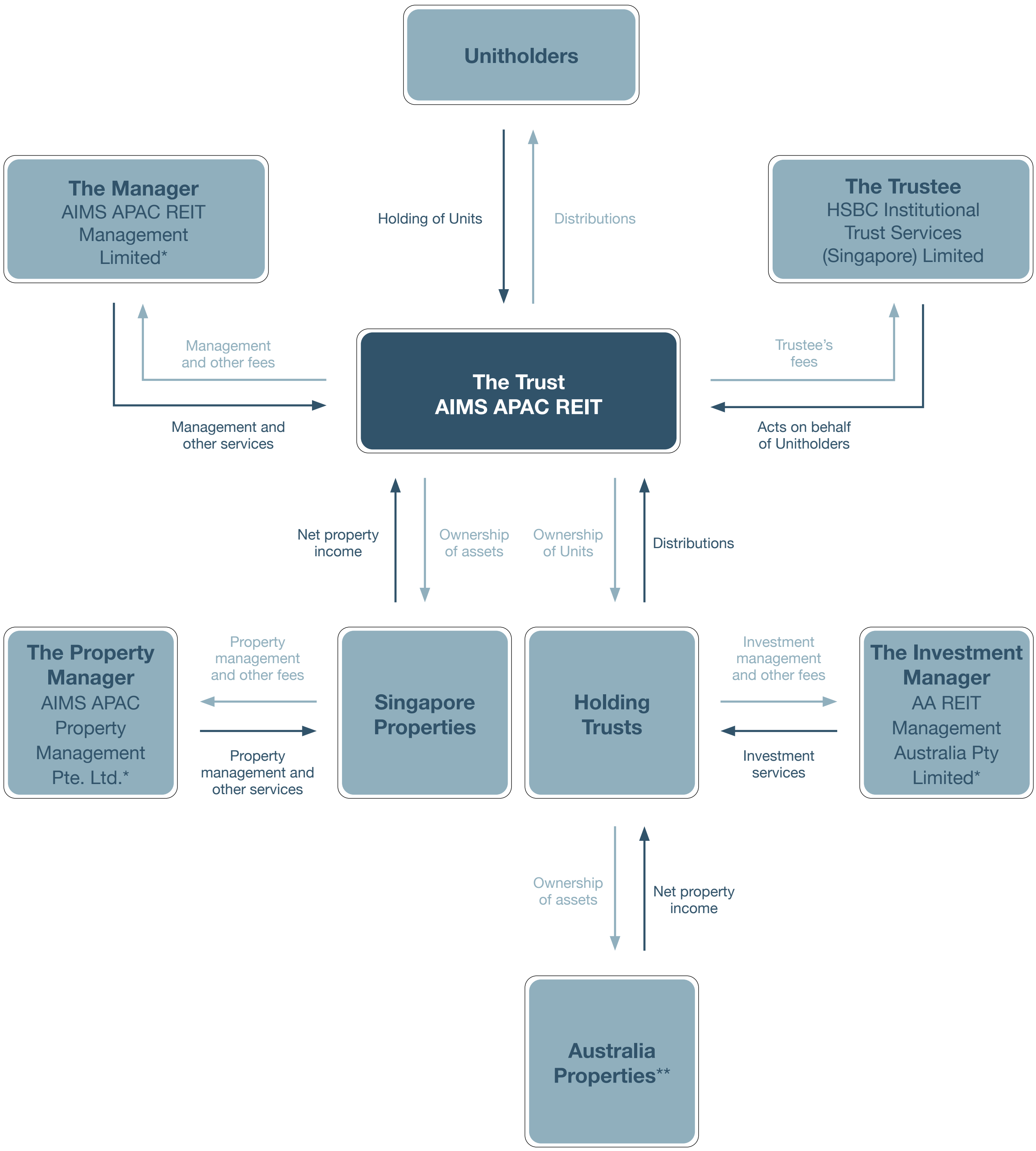
Mr Heng joined the Manager in January 2018 and has over 22 years of experience in real estate development spanning across architectural consultancy, project management, migration management and contract administration for green and brown field projects. His experience spans across a variety of sectors such as industrial, banking, theme parks, institutions and residential.

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

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

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

TRUST STRUCTURE



* Indirectly owned by AIMS Financial Group.

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

BROADENING TERRAINS, BOUNDLESS POSSIBILITIES

Nature's handiwork tells a story of environmental evolution that results in breathtaking sights and formations. Like the rivers that were formed, our performance is a result of our steadfast motion towards our goals. This consistent flow of action will lead us to a vast ocean of greater opportunities.

INVESTOR RELATIONS

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

PROACTIVE AND TRANSPARENT COMMUNICATIONS

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

STAYING CONNECTED WITH STAKEHOLDERS DURING COVID-19

The Investor Relations team maintains regular two-way communication with investors through various touch points including one-on-one meetings, group meetings, local and overseas investor conferences, results briefings, teleconferences and non-deal roadshows to engage the investment community. However, during FY2021, as the Manager was unable to meet with investors physically in Singapore and overseas due to strict social distancing measures, the team adapted its engagements with the investment community largely by way of virtual meetings. Although there were physical limitations of meeting, technology allowed the Manager to increase the frequency and reach with its engagement of overseas institutional investors. Such engagements by the senior management with both existing and prospective investors during such challenging times allowed the Manager to effectively communicate AA REIT's financial and operational performance, industry trends and prospects.

Retail investors are also an important stakeholder group, and one of the key channels to maintain direct communications with the Manager is through the Annual General Meeting ("AGM"). As the AGM was conducted electronically for FY2021, the Manager connected with retail Unitholders virtually via targeted group meetings organised by various research houses. These events were successful and well attended.

On 17 August 2020, AA REIT convened its 11th AGM by way of electronic means as Unitholders were not allowed to attend in person due to the then prevailing COVID-19 restrictions passed by the Singapore government. However, Unitholders could submit their questions prior to the AGM, together with their proxy forms. A total of 30 Unitholders submitted multiple questions which the Manager grouped into substantial and relevant topics which were addressed and published on SGXNet ahead of the meeting. For transparency, all materials including the minutes of the AGM were published on SGXNet and made available on its website.

On 25 March 2021, AA REIT announced that Mr Russell Ng was re-designated to Head, Investor Relations, Investments & Partnerships, as part of the Manager's drive to further strengthen its investor relationships and expand its partnerships with key stakeholders.

ADAPTING TO COVID-19

In light of the ongoing COVID-19 pandemic during FY2021, the priority was to ensure the health and safety of the Manager's staff and stakeholders. The Manager continued to maintain its open communications policy with its stakeholders, where timely information can maintain their confidence in AA REIT and keep them apprised of corporate developments during this period of uncertainty when information flow is more critical than ever. The Manager adopted safe practices in place of physical meetings, to keep the lines of communication open with stakeholders by leveraging on technology such as conference calls, webcasts and video-conferencings with its stakeholders.

RECOGNISED FOR CORPORATE GOVERNANCE

As recognition of the Manager's continued efforts to adhere to high standards of corporate governance, corporate social responsibility, environmental responsibility and investor relations, AA REIT was awarded the Gold Awards for the fourth consecutive year at The Asset ESG Corporate Awards 2020. AA REIT was also ranked third in the fourth edition of Governance Index for Trusts ("GIFT") 2020 for its good governance and low business risk. GIFT assesses governance and business risk of 45 real estate investment trusts and business trusts listed on SGX. In addition, AA REIT continues to be in the SGX Fast Track programme since its entry in April 2018, which recognises AA REIT for its high corporate governance standards and good compliance track record.

ANALYSTS COVERAGE

The Manager continues to nurture and maintain its links with sell-side research analysts based in Singapore who issue regular reports and updates. Such interactions increase AA REIT's profile and provide the investment community with access to the management of the Manager. The Manager in turn, is able to gather feedback on the markets' expectations and perceptions of AA REIT. With the Manager's continuous engagement with existing and new research analysts, KGI Securities and RHB Bank initiated research coverage of AA REIT, bringing a total of six research houses covering AA REIT. Investors will be able to use such reports to remain up to date on AA REIT's operational progress and financial performance.

CONSTITUENT OF INDICES

MSCI Singapore Small Cap Index (29 May 2020)
FTSE Russell ST Singapore Shariah Index (21 December 2020)

Investor and Media Relations Activities in FY2021

1Q FY2021

- 4Q FY2020 and FY2020 results announcement and analyst briefing
- Various investor virtual meetings
- LinkedIn updates

2Q FY2021

- 1Q FY2021 results announcement and analyst briefings
- 11th Virtual AGM
- Various investor virtual meetings
- Citi-REITAS-SGX C-Suite Singapore REITs & Sponsors Forum
- Phillip Securities retail webinar
- LinkedIn updates

3Q FY2021

- 2Q FY2021 result announcement and analyst briefings
- Various investor virtual meetings
- Fortnightly LinkedIn updates
- SGX Kopi-C feature column – Interview with CEO
- Maybank Kim Eng retail webinar

4Q FY2021

- 3Q FY2021 results announcement and analyst briefings
- Various investor virtual meetings
- SGX 10-in-10 publication
- Various engagements with research analysts
- Fortnightly LinkedIn updates

UNITHOLDERS, INVESTORS AND MEDIA CONTACT

Mr Russell Ng
Head, Investor Relations, Investments & Partnerships
Telephone: +65 6309 1050
Email: investorrelations@aimsapac.com

CORPORATE GOVERNANCE

OUR ROLE

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

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

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

Other main functions and responsibilities of the Manager include:

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

(b) ensuring compliance with relevant laws and regulations, including the Listing Manual issued by the SGX-ST ("Listing Manual"), the applicable provisions of the Securities and Futures Act (Chapter 289) ("SFA"), the Code on Collective Investment Schemes (including Appendix 6 thereto on property funds ("Property Funds Appendix")), written directions, notices, codes and other guidelines that may be issued by MAS from time to time, the Trust Deed and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of AA REIT and its Unitholders;

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

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

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

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

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

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

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

OUR CORPORATE GOVERNANCE CULTURE

We believe that strong and effective corporate governance is imperative to the long-term success of AA REIT. Accordingly, we are committed to upholding high standards of corporate governance and operate in keeping with the spirit of the Code of Corporate Governance 2018 ("CG Code") when discharging our responsibilities as the Manager.

This corporate governance report describes the corporate governance policies and practices that were in place during the financial year ended 31 March 2021 ("FY2021") with specific reference to the principles and provisions of the CG Code, and where applicable, the Listing Manual and the Companies Act (Chapter 50 of Singapore) ("Companies Act"). For FY2021, AA REIT has complied with the principles of the CG Code in all material aspects and, where there are variations from any of the provisions of the CG Code, explanations are provided together with reasons for the variations as well as details of how the practices adopted are consistent with the aim and philosophy of the relevant principle of the CG Code.

BOARD MATTERS

The Board's conduct of affairs

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

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

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

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

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

CORPORATE GOVERNANCE

In the discharge of its functions, the Board is supported by special board committees ("Board Committees") which also serve to ensure that there are appropriate checks and balances. These Board Committees are the Audit, Risk and Compliance Committee ("ARCC") and the Nominating and Remuneration Committee ("NRC"). The ARCC and the NRC are both chaired by Non-Executive Independent Directors. The Board comprises members with a breadth of expertise in real estate, accounting, finance, investments, public sector, business and management. The current Board members are as follows:

Director	Board membership	Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
Mr George Wang	Chairman, Non-Executive Non-Independent Director	-	Member
Mr Ko Kheng Hwa	Non-Executive Lead Independent Director	Member	Chairman
Mr Chong Teck Sin	Non-Executive Independent Director	Chairman	-
Mr Peter Michael Heng	Non-Executive Independent Director	Member	Member
Mr Koh Wee Lih	Executive Director and Chief Executive Officer	-	-

The profiles of the Directors and other relevant information are set out on pages 24 to 26 of this Annual Report.

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

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

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

The number of Board and Board Committee meetings held during FY2021 as well as the attendance of each Director at these meetings are set out in the table below:

	Board Meetings	ARCC Meetings	NRC Meetings	Annual General Meeting
Number of meetings held in FY2021	4	4	3	1
Board Members				
Mr George Wang	4	n/a	3	1
Mr Ko Kheng Hwa	4	4	3	1
Mr Chong Teck Sin[1]	4	4	3	1
Mr Peter Michael Heng	4	4	3	1
Mr Koh Wee Lih[2]	4	4	3	1

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

1 Mr Chong Teck Sin was an NRC member up to 31 March 2021.

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

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

The Manager issues formal letters to new Directors upon appointment, setting out the Director's duties and obligations. Newly appointed Directors undergo an induction and orientation program upon their appointment, where they are briefed on their roles and responsibilities as Directors of the Manager, business activities of AA REIT and its strategic directions and the contribution the Directors would be expected to make, including the time commitment and any participation in Board Committees. Newly appointed Directors will also be brought on site visits to selected AA REIT properties to facilitate a more complete understanding of AA REIT's business and operations. A Director who has no prior experience as a director of a listed company will be required to attend the necessary modules of the Listed Company Director ("LCD") Programme conducted by the Singapore Institute of Directors in order to acquire relevant knowledge of what is expected of a listed company director. The LCD Programme focuses on comprehensive training of directors on compliance, regulatory and corporate governance matters which should allow first time directors to have a broad understanding of the roles and responsibilities of a director of a listed company under the requirements of the Companies Act, the Listing Manual and the CG Code. The Manager allocates each Director with an annual training budget and recommends relevant and/or necessary training courses and programmes for the Directors' participation.

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

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

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

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

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

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

CORPORATE GOVERNANCE

Board composition and guidance

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

The Board considers and assesses the independence of each Director in accordance with the requirements of the Listing Manual, the CG Code and the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations"). The SF(LCB) Regulations requires at least half of the Board to comprise independent directors where the Unitholders of AA REIT do not appoint the directors of the Manager. In addition, Provision 2.2 of the CG Code recommends that independent directors make up a majority of the Board where the Chairman is not an independent director and Provision 2.3 of the CG Code recommends that non-executive directors should make up a majority of the Board. Mr George Wang, Chairman of the Board, is the founder and Chief Executive Officer of AIMS Financial Group and is not an Independent Director. The current composition of the Board is in keeping with prevailing guidelines and regulations, consisting of five members, of whom majority are Independent Directors. The majority of the Board members are also Non-Executive Directors with the Chief Executive Officer as the only Executive Director.

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

Regulations 13D to 13H of the SF(LCB) Regulations imposes additional independence requirements on the Manager. Under the SF(LCB) Regulations, a director is considered to be an independent director if the director:

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

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

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

The following paragraphs set out the outcome of the assessment carried out by the NRC on the independence of the Independent Directors for FY2021:

(a) Mr Peter Michael Heng

Mr Peter Michael Heng was a director of the Property Manager up to 29 May 2020. The Property Manager is a related corporation of the Manager and AIMS Financial Holding Limited, a substantial shareholder of the Manager and a substantial unitholder of AA REIT. Mr Heng's role in the Property Manager was to provide oversight as an independent director of the Property Manager since the Property Manager provides significant services to AA REIT. As such, his role was non-executive in nature and he was not involved in the day-to-day conduct of the business of the Property Manager. He served on the Property Manager in his personal capacity as an independent director and not as a representative or nominee of AIMS Financial Holding Limited.

Mr Heng became a director of AIMS Fund Management (Cayman) Limited ("AFMCL") with effect from 1 June 2020. AFMCL is a related corporation of the Manager and AIMS Financial Holding Limited, a substantial shareholder of the Manager and a substantial unitholder of AA REIT. AFMCL also owns 14,761,900 units in AA REIT (approximately 2.1% of the total issued units of AA REIT). Mr Heng's role in AFMCL is to provide oversight as an independent director of AFMCL. In addition, his role is non-executive in nature and he is not involved in the day-to-day conduct of the business of AFMCL. He serves on AFMCL in his personal capacity as an independent director and not as a representative or nominee of AIMS Financial Holding Limited. He is therefore not under any obligation to act in accordance with the directions, instructions or wishes of AIMS Financial Holding Limited.

The NRC has considered the conduct of Mr Heng in the discharge of his duties and responsibilities as a Director, and is of the view that the aforementioned relationships did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. Save for the aforementioned relationships, Mr Heng does not have any other relationships and is not faced with any of the circumstances identified in the CG Code, SF(LCB) Regulations and Listing Manual, or any other relationships which may affect his independent judgement. The NRC is therefore of the view that Mr Heng has exercised independent judgement in the discharge of his duties and responsibilities, and is able to act in the interests of all Unitholders of AA REIT as a whole. Based on the above, the NRC arrived at the determination that Mr Heng is an Independent Director.

(b) Mr Ko Kheng Hwa and Mr Chong Teck Sin

Each of Mr Ko Kheng Hwa and Mr Chong Teck Sin does not have any relationships and is not faced with any of the circumstances identified in the CG Code, SF(LCB) Regulations and Listing Manual, or any other relationships which may affect his independent judgement. The NRC considered whether each of them has demonstrated independence in character and judgement in the discharge of his responsibilities as a Director and concluded that each of them has acted with independent judgement. The NRC is therefore of the view that each of Mr Ko and Mr Chong has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the NRC arrived at the determination that each of Mr Ko and Mr Chong is an Independent Director.

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

(a) Each of Mr Ko Kheng Hwa and Mr Chong Teck Sin (i) is independent from the management of the Manager and AA REIT during FY2021; (ii) is independent from any business relationship with the Manager and AA REIT during FY2021; (iii) is independent from every substantial shareholder of the Manager and every substantial unitholder of AA REIT during FY2021; (iv) is not a substantial shareholder of the Manager or a substantial unitholder of AA REIT during FY2021; and (v) has not served as a director of the Manager for a continuous period of nine years or longer as at the last day of FY2021; and

(b) Mr Peter Michael Heng (i) is independent from the management of the Manager and AA REIT during FY2021; (ii) is not a substantial shareholder of the Manager or a substantial unitholder of AA REIT during FY2021; (iii) has not served as a director of the Manager for a continuous period of nine years or longer as at the last day of FY2021, and notwithstanding that Mr Heng is not independent from business relationships with the Manager and AA REIT as well as from the substantial shareholders of the Manager and substantial unitholders of AA REIT during FY2021, the Board is satisfied that such relationships did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director and Mr Heng was able to act in the best interests of all Unitholders of AA REIT as a whole, as at 31 March 2021, and concurred with the NRC's determination that Mr Heng is an Independent Director. As at 31 March 2021, Mr Heng was able to act in the best interests of all Unitholders of AA REIT as a whole.

Mr George Wang is the founder and Chief Executive Officer of AIMS Financial Group, which owns the Manager, the Property Manager and such other Sponsor-related entities as set out on page 211 of this Annual Report and is a substantial unitholder of AA REIT. Therefore, Mr Wang is deemed to have a management relationship with a related corporation of the Manager and a business relationship with AA REIT as well as deemed to be a substantial shareholder of the Manager and a substantial unitholder of AA REIT.

CORPORATE GOVERNANCE

Mr Koh Wee Lih is currently the Executive Director and Chief Executive Officer of the Manager. As such, he has a management relationship with the Manager and is deemed to be connected to substantial shareholders of the Manager and substantial unitholders of AA REIT. The Board of the Manager is satisfied that, as at 31 March 2021, each of them was able to act in the best interests of all Unitholders of AA REIT as a whole. For the purposes of Regulation 13E(b)(ii) of the SF(LCB) Regulations, as at 31 March 2021, each of Mr George Wang and Mr Koh Wee Lih was able to act in the best interests of all Unitholders of AA REIT as a whole.

Non-Executive Directors actively participate in setting and developing strategies and goals for Management as well as reviewing and assessing Management's performance. This enables Management to benefit from the external, diverse and objective perspectives of Independent and Non-Executive Directors on issues that are brought before the Board. It also enables the Board to interact and work with Management through a robust exchange of ideas and views to help shape the strategic process. The Non-Executive Directors meet informally without the presence of Management regularly on a need-to basis and the chairman of such meeting will communicate feedback of such meetings to the Chairman of the Board and/or the Board.

The size and composition of the Board is reviewed from time to time to ensure that the Board is of an appropriate size and the composition reflects a strong independent element as well as balance and diversity of thought and background to facilitate effective decision-making. In FY2020, the Board had adopted a Board Diversity Policy. The NRC will, in its process of searching for qualified persons to serve on the Board, strive for the inclusion of diverse groups and viewpoints. The final decision on selection of directors will be based on merit against the objective criteria set and after giving due regard for the benefit of diversity on the Board. During FY2021, the Board has reviewed its size and composition and is of the view that the current Board comprises of members with diverse business experiences with a breadth of expertise in real estate, accounting, finance, investments, public sector, business and management to enable it to make decisions in the best interests of AA REIT, and accordingly, the Board composition is in line with spirit of Principle 2 of the CG Code. Taking into account the nature, scope and requirements of AA REIT's operations, the Board is satisfied that the present Board size and composition is appropriate and enables constructive debate as well as effective decision-making in the best interests of the Unitholders of AA REIT.

Chairman and Chief Executive Officer

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

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

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

Provision 3.3 of the CG Code recommends appointing an independent director to be the lead independent director in certain circumstances, including where the Chairman is not independent. Mr Ko Kheng Hwa is the current Lead Independent Director in accordance with Provision 3.3 of the CG Code. Mr Ko as Lead Independent Director has the discretion to hold meetings with the Independent Directors without the presence of the Non-Independent Directors and Management as he deems appropriate or necessary and to provide feedback to the Chairman after such meetings. The Lead Independent Director is available to

Unitholders if the Unitholders have concerns and for which contact through the Chairman, the Chief Executive Officer or the Head, Finance, has failed to resolve or is inappropriate.

Board membership

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

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

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

- review of succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the Chief Executive Officer and key management personnel;
- the development of a transparent process and criteria for evaluation of the performance of the Board, its Board Committees and Directors, including assessing whether Directors are able to commit enough time to discharge their responsibilities;
- conducting annual assessment of the Board and its performance and provide a report of its findings to the Board;
- review and confirmation of the independence of each Director annually;
- reviewing of training and professional development programmes for the Board and the Directors; and
- the appointment of Directors (including the alternate directors, if any).

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

Mr Ko Kheng Hwa (Lead Independent Director)	NRC Chairman
Mr Peter Michael Heng	NRC Member
Mr George Wang	NRC Member

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

- the Board should comprise directors with a broad range of commercial experience, including expertise in funds management, the property industry and financial management;
- the Board should comprise directors with balance and diversity of thought and background to facilitate effective decision making; and
- at least half of the Board should comprise Independent Directors.

CORPORATE GOVERNANCE

The Manager adopts a comprehensive and detailed process in the selection of new Directors. The selection of candidates is evaluated taking into account various factors, including the current and mid-term needs and goals of AA REIT, and hence, the Manager, as well as the relevant expertise of the candidates and their potential contributions. Candidates may be put forward or sought through contacts, recommendations or through external consultants. The Board, in consultation with the NRC, will consider AA REIT's and the Manager's strategic goals, business direction and needs. The NRC will conduct interviews with the candidates, and nominate the candidate deemed most suitable for appointment to the Board.

As more than half of the Board comprises independent directors, the Manager will not be voluntarily subjecting any appointment or re-appointment of directors to voting by Unitholders.

In FY2021, none of the Directors has appointed an alternate director.

The NRC considers whether each Director is able to and has been adequately carrying out his duties as a Director, taking into consideration, *inter alia,* the Director's other public listed company board representations and other principal commitments. In addition, the NRC also takes into consideration, *inter alia*, a qualitative assessment of each Director's contributions as well as any other relevant time commitments. Although some of the Directors have other listed company board representations and commitments, the Board has determined through a formal assessment of the Board's performance that each individual Director has devoted sufficient time and attention to his role as a Director and to the affairs of the Manager. Based on the attendance and level of participation at the Board and Board Committee meetings held in FY2021, the Board is of the view that such appointments do not hinder the Directors from discharging their duties adequately and diligently and therefore believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board does not wish to exclude from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Board performance

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

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

In FY2021, this evaluation was conducted internally. However, the NRC has the discretion to engage external consultants to conduct the evaluation, if it deems necessary. In respect of the Board and Board Committees assessment, the evaluation categories covered in the questionnaire include Board composition, performance and strategy, Board procedures, environmental, sustainability and governance, access to information by the Board, management of the Manager's performance, director development, risk management and internal controls. As part of the questionnaire, the Board also considers whether the creation of value for Unitholders has been taken into account in the decision-making process. A Director's peer evaluation was also carried out wherein each Director assesses other members of the Board. The evaluation categories include Director's contributions, conduct and interpersonal skills, knowledge of the industry and business which AA REIT and the Manager operate in as well as strategic thinking. In FY2021, the NRC is of the view that the Directors, the Board as a whole and the Board Committees have fared well against the performance criteria, as positive ratings were received for all the attributes in the evaluation categories. Accordingly, the NRC is satisfied with the performance of the Directors, the Board and the Board Committees.

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

REMUNERATION MATTERS

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

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

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

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

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

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

  (a) a significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. The performance-related remuneration must be aligned with the interests of Unitholders and promotes the long-term success of AA REIT;

  (b) the remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities; and

  (c) the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of AA REIT and key management personnel to successfully manage AA REIT for the long term;

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

- reviewing the Manager's obligations arising in the event of the termination of a Director's or key management personnel's contract of service and ensure that such contract of service contains fair and reasonable termination clauses which are not overly generous.

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

The remuneration policy adopted by the Manager is in line with AA REIT's business strategies and enables the Manager to attract, motivate, reward and retain quality employees. Key management personnel remuneration comprises a fixed component, a variable component and other employee benefits. The fixed component comprises the base salary and compulsory employer's contribution to the employees' Central Provident Fund ("CPF"). The variable component is in the form of short-term and longer-term bonuses, and the Board, with the support of the NRC, reviews the eligibility of employees for such bonuses on an annual basis. The NRC also takes reference from the local market practices in setting the Manager's employee remuneration and benefits policies. Currently, there are no unit-based incentive schemes or award schemes in place to reward employees as part of the remuneration package. The NRC has access to independent remuneration consultants as and when required. No external remuneration consultants were engaged for FY2021.

CORPORATE GOVERNANCE

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

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

Directors' fees are paid by the Manager. As at 31 March 2021, the directors' fees paid in cash were as follows:

Directors' fees	FY2021	FY2020
Board Members		
Mr George Wang	-	-
Mr Ko Kheng Hwa	S$72,500[1]	S$70,000
Mr Chong Teck Sin	S$70,000	S$72,500[2]
Mr Peter Michael Heng	S$65,000	S$65,000
Mr Koh Wee Lih	-	-

[1] Includes a S$2,500 fee for chairing the FY2020 Annual General Meeting ("AGM") in August 2020.
[2] Includes a S$2,500 fee for chairing the FY2019 AGM in July 2019.

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

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

- the spirit of Principle 8 is to enable shareholders of the Company to assess the remuneration levels of the Chief Executive Officer and key management personnel vis-à-vis the performance of the company as the remuneration is paid by the company and would impact the net returns to shareholders. However, in the current structure of AA REIT, the remuneration of the employees of the Manager are not paid out of the deposited property of AA REIT (listed issuer). Instead, they are remunerated directly by the Manager, which is a private company. The fees that the Manager received from AA REIT for FY2021 have been fully disclosed under the "Interested person/interested party transactions" section of the Annual Report;

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

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

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

In FY2021, there were no employees of the Manager who were substantial shareholders of the Manager, substantial unitholders of AA REIT or immediate family members of a Director, the Chief Executive Officer, any substantial shareholder of the Manager or any substantial unitholder of AA REIT.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

A Risk and Compliance Officer has been appointed to provide oversight and co-ordination of risk management to the Manager and AA REIT. Periodic updates will be provided by the Risk and Compliance Officer to the ARCC on AA REIT's and the Manager's risk profile. Such updates would include an assessment of AA REIT's key risks, current status, mitigating measures put in place, effectiveness of such mitigating measures, and any action plans to be undertaken by Management to manage such risks. The internal auditors conduct reviews of the adequacy and effectiveness of the material internal controls (including financial, operational, compliance and IT controls) and risk management systems and any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal auditors are reported to and reviewed by the ARCC. The Board, through the ARCC, reviews the adequacy and effectiveness of internal controls policies and procedures to ensure that a robust risk management framework and internal control system is maintained.

Information on risk management can be found in the section "Risk Management Report" on pages 55 to 57 of this Annual Report.

CORPORATE GOVERNANCE

The Board has received assurance from the Chief Executive Officer and Head, Finance of the Manager that: (a) the financial records have been properly maintained; (b) the financial statements of AA REIT and its wholly-owned subsidiaries ("Group") and the Trust are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 March 2021, and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. The Board has also received assurance from the Chief Executive Officer and the relevant key management personnel that the system of risk management and internal controls in place are adequate and effective to address the risks that the Manager considers relevant and material to the current business environment as at 31 March 2021.

Based on the enterprise risk management framework established and maintained by the Manager, work performed by the internal and external auditors, reviews conducted by Management and various Board Committees including the ARCC as well as the assurance from the Chief Executive Officer and relevant key management personnel, the Board is of the opinion that the system of risk management and internal controls was adequate and effective to address the risks (including financial, operational, compliance and information technology risks), which the Board considers relevant and material to its current business environment as at 31 March 2021. The ARCC concurs with the Board on its opinion. No material weaknesses in the systems of risk management and internal controls were identified by the Board or the ARCC in the review for FY2021.

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

Audit Committee

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

Audit, Risk and Compliance Committee

The ARCC members are appointed by the Board. The ARCC is comprised entirely of Non-Executive Independent Directors. The current members of the ARCC are:

Mr Chong Teck Sin	ARCC Chairman
Mr Ko Kheng Hwa	ARCC Member
Mr Peter Michael Heng	ARCC Member

Members of the ARCC are appropriately qualified to discharge their responsibilities as they possess the requisite recent and relevant accounting or related financial management expertise or experience. None of the ARCC members are former partners or directors of AA REIT's existing auditing firm, KPMG LLP, within the previous two-year period, nor does any of the ARCC members have any financial interest in KPMG LLP. The number of ARCC meetings held and corresponding attendance for the financial year are set out on page 36 of this Annual Report.

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

The duties of the ARCC include:

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

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

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

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

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

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

During FY2021, the ARCC's activities included the following:

- The ARCC performed independent reviews of AA REIT's quarterly and full year financial results before recommending to the Board for approval on the release of the financial statements and SGXNET announcements relating to AA REIT's financial statements. In conducting its review of the audited financial statements of AA REIT prepared by Management of the Manager, the ARCC also assessed significant financial reporting issues and judgements, including the consistency and appropriateness of accounting policies and the quality and completeness of disclosures so as to ensure the integrity of the financial statements of AA REIT and any SGXNET announcements relating to AA REIT's financial statements. The ARCC also reviewed the key audit matter as reported by the external auditors for the financial year ended 31 March 2021, as set out below. The key audit matter for this financial year remains unchanged from the previous financial year.

Key audit matter	How the issue was addressed by the ARCC
Valuation of investment properties	The external valuations are conducted by independent professional valuers who have the appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. The valuers are changed at least once every two years to provide independent and fresh perspectives to the valuation process. The valuers have substantially considered all known information which included the effect of the COVID-19 pandemic situation, as at the date of valuation into their valuation assessment. The external auditors reviewed the external valuations prepared by the independent professional valuers and noted that the valuation methodologies used which included capitalisation, discounted cash flows and/or direct comparison method were consistent with generally accepted market practices. The external auditors also determined that the key assumptions used in the valuations, were generally within the range of market data available as at 31 March 2021. Where assumptions were outside the expected range, the additional factors considered by the external valuers were consistent with other corroborative evidence. The ARCC held discussions with the external auditors and Management to assess the valuation methodologies and assumptions applied including the reasonableness of the market rental growth, capitalisation rates, discount rates and terminal capitalisation rates adopted by the valuers as well as comparable market transactions and are satisfied that the valuation method and estimates are generally within the range of market data as at 31 March 2021 and the valuation reports are prepared in accordance with recognised appraisal and valuation standards. The valuation of investment properties was an area of focus for the external auditors. Please refer to pages 133 of this Annual Report for the key audit matter as reported by the external auditors in the audit report for the financial year ended 31 March 2021.

CORPORATE GOVERNANCE

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

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

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

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

  The aggregate amount of fees paid and payable by the Group to the external auditors for FY2021 was approximately S$324,000, of which audit fees amounted to approximately S$229,000 and non-audit fees amounted to approximately S$95,000. The non-audit fees paid/payable to the external auditors mainly related to tax compliance services and goods and service tax advisory services.

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

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

- The ARCC reviewed and approved the internal audit plan and scope of the internal auditor's work and its audit programme. It reviewed the findings during the year and Management's responses thereto and it satisfied itself as to the adequacy of the internal audit function. The ARCC also met the internal auditors without the presence of Management once during the year and confirmed that they had full access to and received full co-operation and support from the Management.

- The ARCC reviewed the enterprise risk management framework and the policies and procedures put in place by Management to ensure that AA REIT's risk management and internal control systems are adequate and effective.

- The ARCC reviewed interested person/interested party transactions to ensure compliance with the Listing Manual and the Property Funds Appendix.

Whistle Blowing Policy

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

(a) dishonest;
(b) a fraudulent misappropriation of assets;
(c) corrupt;
(d) illegal or a breach of any applicable laws (including theft, drug sale/use, violence or threatened violence and criminal damage against property);
(e) unethical (either representing a breach of the Manager's code of conduct or generally);
(f) other serious improper conduct or gross mismanagement;

(g) an unsafe work-practice; or
(h) any other conduct which may cause financial or non-financial loss to the Manager or be otherwise detrimental to the interests of the Manager,

and arrangements are in place for independent investigation with appropriate follow-up action. Under the Whistle Blowing Policy, all employees can notify in writing of any reportable conduct to the Whistleblower Protection Officer or the Chairman of the ARCC. The email address of the Whistleblower Protection Officer is compliance@aimsapac.com.

The ARCC reviewed the Whistle Blowing Policy and is satisfied that reportable conduct may be raised in confidence and that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

In FY2021, the Whistleblower Protection Officer or the Chairman of the ARCC did not receive any report of reportable conduct.

Internal Audit

The ARCC decides on the appointment, termination and remuneration of the internal audit services and has a policy of assessing the need to rotate the internal audit function on a triennial basis. In 2020, Ernst & Young Advisory Pte Ltd ("EY") was re-appointed by the ARCC to provide internal audit services to review and assess the adequacy of AA REIT's internal control systems, including financial, operational, compliance and information technology controls over a three-year internal audit plan period. The internal auditor is independent of Management and reports directly to the ARCC and administratively to the Chief Executive Officer. EY has unfettered access to all the Manager's documents, records, properties and personnel, including unrestricted access to the ARCC. To ensure that the internal auditor's activities are performed competently, the internal auditor is guided by the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors and recruits and employs suitably qualified professional staff with the requisite skill sets and experience.

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

In FY2021, EY conducted audit reviews on the internal audit plan approved by the ARCC covering financial, operational, compliance and information technology controls using a risk-based auditing approach. Upon completion of each audit assignment, EY reported their audit findings and recommendations to Management who responded on the actions to be taken. EY also submitted internal audit reports, at least twice yearly, to the ARCC on the audit findings and follow-up actions taken by Management based on the recommendations. Through the ARCC's review of the internal audit reports, the ARCC is satisfied as to the independence, adequacy and effectiveness of the internal audit function with respect to FY2021 and the ARCC is of the view that the internal auditor is adequately resourced to perform its functions.

UNITHOLDERS' RIGHTS AND ENGAGEMENT

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

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

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

CORPORATE GOVERNANCE

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

Conduct of General Meetings

In view of the COVID-19 pandemic, the previous AGM for FY2020 was, and the upcoming AGM on 28 July 2021 ("AGM FY2021") will be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Meetings Order"). Alternative arrangements relating to attendance at the AGM FY2021 (including arrangements by which the AGM FY2021 can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the AGM FY2021, addressing of substantial and relevant questions prior to or at the AGM FY2021 and voting by appointing the chairman of the meeting as proxy at the AGM FY2021) are set out in the Manager's Notice of AGM dated 7 July 2021. The below sets out AA REIT's usual practice for Unitholders' meetings when there are no pandemic risks and the Meetings Order is not in operation.

An AGM is held after the close of each financial year. The Notice of AGM setting out all items of business to be transacted at the AGM is published on SGXNET and AA REIT's website. All Unitholders are entitled to receive a printed version of the Annual Report. Unitholders are sent a Notice of AGM and a proxy form with instructions on the appointment of proxies. As and when an extraordinary general meeting is to be held, Unitholders will receive a copy of the circular, containing details of the matters to be proposed and a proxy form with instructions on the appointment of proxies, for Unitholders' consideration and approval. Notices of all general meetings are issued via SGXNET. Prior to voting at an AGM or any other general meeting, voting procedures will be made known to the Unitholders to facilitate them in exercising their votes. An independent scrutineer is also appointed for the purpose of vote-taking and validation of votes at general meetings.

The Manager strives to give Unitholders balanced and understandable assessment of AA REIT's performance, position and prospects. Unitholders are given the opportunity to raise questions and clarify any issues they may have relating to the resolutions to be passed at the AGMs. All Directors (including the chairpersons of the respective Board Committees), Chairman of the Board, Chief Executive Officer, senior management of the Manager would be in attendance and the external auditors of AA REIT would also be present to address Unitholders' queries including any query on the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at general meetings held during the financial year is disclosed on page 36 of this Annual Report. Any Unitholder who is unable to attend a general meeting is allowed to appoint up to two proxies to attend and vote on the Unitholder's behalf. A Unitholder who is a relevant intermediary (including but not limited to nominee companies, custodian banks or CPF agent banks), is entitled to appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder, where the number of Units shall be specified. The Manager has also taken measures to cater for the multiple proxy regime, in anticipation of attendance by beneficial Unitholders, such as those holding Units through the CPF Investment Scheme, at general meetings.

Provision 11.4 of the Code requires an issuers' constitution to allow for absentia voting at general meetings. However, voting *in absentia* by mail, email or fax has not been implemented until concerns relating to issues of authentication of Unitholders' identity and other related security issues in this regard have been satisfactorily resolved. The Manager is of the view that its practice is consistent with Principle 11 as Unitholders have adequate opportunities to communicate their views on matters affecting AA REIT even when they are not attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings.

A separate resolution is proposed for each substantially separate issue at general meetings to safeguard Unitholders' interests and rights. The Manager conducts poll voting for the Unitholders and/or proxies present at the general meeting for the resolutions proposed at the general meeting to ensure transparency in the voting process and to better reflect the interests of Unitholders. The total number of votes for or against such resolutions and the respective percentages are displayed at the general meeting and announced via SGXNET following the general meeting. Minutes of the general meeting recording the substantial and relevant comments made and questions raised by Unitholders, and responses from the Board and Management, are made available on AA REIT's website.

Distribution Policy

Provision 11.6 of the CG Code encourages companies to have a policy on payment of dividends. The Manager's policy is to distribute at least 90.0% of AA REIT's taxable income, comprising substantially its income from the letting of its properties, after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion taking into account the needs of AA REIT for capital expenditure, working capital requirement and the liquidity position of AA REIT. Since AA REIT's listing in 2007, AA REIT has distributed 100.0% of its taxable income to Unitholders.

Unitholder Engagement

The Manager has a dedicated investor relations department that regularly interacts with stakeholders to engage and facilitate communications. The investor relations function is headed by the Head, Investor Relations, Investments & Partnerships. In order to provide regular, effective and fair communication of accurate and timely information to the investment community, the Manager conducts regular briefings and conference calls for analysts, institutional investors and media representatives which generally coincide with the release of AA REIT's results or disclosure of material transactions. During these briefings, the Manager reviews AA REIT's most recent performance or explains the transaction (where applicable) and solicits views of Unitholders and to address their concerns. Unitholders' views are also solicited during general meetings as the Unitholders are given opportunity to raise questions and clarify on any issues.

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

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Manager believes that engaging stakeholders is critical for the long-term performance of AA REIT. The Manager has identified its key stakeholder groups based on importance, representation, responsibility, dependency and proximity to AA REIT's business. Such stakeholders include investors, analysts, media, tenants, banks, staff as well as the local community. The Manager adopts an inclusive approach by considering and balancing the needs and interests of key stakeholders, including sustainability issues, as part of the overall strategy to ensure that the best interests of stakeholders and the long-term business value of AA REIT are served. The Manager is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in AA REIT's business strategies and operations. The Manager has arrangements in place to identify and engage with key stakeholder groups from time to time to gather feedback on the sustainability issues most important to them.

Details of AA REIT's sustainability strategy, including its stakeholder engagement process and initiatives, can be found in the "Sustainability Report" section of this Annual Report.

The Manager maintains AA REIT's corporate website at www.aimsapacreit.com to facilitate communication and engagement with stakeholders and ensure that stakeholders have access to timely information on AA REIT.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

Dealings in AA REIT Units

In line with Rule 1207(19) of the Listing Manual on Dealings in Securities, a quarterly memorandum is issued to the Directors, officers and employees of the Manager on restrictions on dealings in the Units in AA REIT:

(a) during the period one month before the public announcement of the Group's annual results and two weeks before the public announcement of the Group's quarterly results, and ending on the date of announcement of the relevant results; and

(b) at any time while in possession of unpublished material or price sensitive information.

The Directors and employees of the Manager are also advised not to deal in the Units on short-term considerations.

Each Director is required to give notice to the Manager of his acquisition of Units or changes in the number of Units which he holds or in which he has an interest within two business days after such acquisition or the occurrence of the event giving rise to changes in the number of Units which he holds or in which he has an interest.

In addition, the Manager is required to announce via SGXNET the particulars of its holdings in the Units and any changes thereto within one business day after the date on which it acquires or disposes of any Units, as the case may be. The Manager has also undertaken that it will not deal in the Units one month before the public announcement of the Group's annual results and two weeks before the public announcement of the Group's quarterly results and ending on the date of announcement of the relevant results.

Dealings with Conflicts of Interest

The following main principles and procedures have been established to address potential conflicts of interest which may arise in managing AA REIT:

(a) the Manager is dedicated to managing AA REIT and will not directly or indirectly manage other real estate investment trusts;

(b) all executive officers of the Manager are employed by the Manager;

(c) all resolutions in writing of the Directors of the Manager in relation to matters concerning AA REIT must be approved by a majority of the Directors including at least one Independent Director;

(d) Independent Directors constitute majority of the Board;

(e) in respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any Directors appointed by the Sponsor and representing its interests shall abstain from voting on such matters. In such matters, the quorum must comprise a majority of the Independent Directors of the Manager and shall exclude such Directors of the Sponsor and/or its subsidiaries; and

(f) in respect of matters in which a Director or his associate has an interest, direct or indirect, such interested Director is required to disclose his interest and will abstain from voting on resolutions approving the said matter.

Interested Party Transactions

The Manager has established an internal control system to ensure that all transactions with Interested Parties (as defined in the Property Funds Appendix) ("Interested Party Transactions") are undertaken on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of AA REIT and the Unitholders. As a general rule, the Manager must demonstrate to the ARCC that such transactions satisfy the foregoing criteria which may include obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

The Manager maintains a register to record all Interested Party Transactions which are entered into by AA REIT and the basis, including any quotations from unrelated parties and independent valuations obtained to support such basis, on which they are entered into. Further, the following procedures will be adhered to:

(a) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding S$100,000 in value but below 3.0% of the Group's net tangible assets will be subject to review by the ARCC at regular intervals;

(b) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the Group's net tangible assets will be subject to the review and prior approval of the ARCC;

(c) transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 5.0% of the Group's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph by the ARCC which may, as it deems fit, request advice on the transaction from independent sources or advisors, including the obtaining of valuations from independent professional valuers. Furthermore, under the Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders; and

(d) the ARCC's approval shall only be given if the transactions are on arm's length and on normal commercial terms and consistent with similar types of transactions with third parties which are not Interested Parties.

Where matters concerning AA REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of AA REIT with an Interested Party (which would include relevant associates thereof), the Trustee is required to ensure that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of AA REIT and the Unitholders and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question. Furthermore, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an Interested Party. If the Trustee is to sign any contract with an Interested Party, the Trustee will review the contract to ensure that it complies with the requirements relating to Interested Party Transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to real estate investment trusts.

AA REIT will, in compliance with Rule 905 of the Listing Manual, announce any interested person transactions if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of the Group's latest audited net tangible assets.

Details of all interested person/interested party transactions (equal to or exceeding S$100,000 each in value) entered into by AA REIT during the financial year are disclosed on page 211 of this Annual Report.

CORPORATE GOVERNANCE

Fees payable to the Manager

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

The methodology for the computation of the fees is disclosed on pages 149 to 150 under the "Notes to the Financial Statements" section of this Annual Report.

The management fees are earned by the Manager for the management of AA REIT's portfolio of properties. The various fees earned by the Manager are further elaborated below:

Base fee

The Manager is responsible for the ongoing management of the assets and liabilities of AA REIT for the benefit of the Unitholders. Accordingly, the Manager should be fairly compensated for its efforts in the overall management of AA REIT and it should enable the Manager to cover its operational, administrative and compliance overheads incurred in the management of the portfolio. The base management fee is calculated as a percentage of the Deposited Property (as defined in the Trust Deed) of AA REIT as it provides an appropriate metric to determine the resources required for managing the assets. As AA REIT grows its portfolio size, the complexity of management increases and the Manager is expected to expend greater effort in fulfilling its responsibilities.

Performance fee

The performance fee is only payable when the Manager has achieved certain levels of growth in the Distribution per Unit ("DPU") in the current financial year relative to the previous financial year. As the year-on-year growth of the DPU is in line with the interests of the Unitholders, the performance fee will spur the Manager to seek growth opportunities or embark on cost savings initiatives to improve the performance of AA REIT. The performance fee is calculated as a percentage of the Deposited Property (as defined in the Trust Deed) of AA REIT as it provides an appropriate metric to determine the resources required for such efforts taken to achieve the growth in DPU and aligns the interests of the Manager with Unitholders. The Manager is motivated and driven to achieve DPU growth by ensuring the long-term sustainability of the assets through proactive asset management strategies and asset enhancement initiatives. The performance fee is paid annually, in compliance with the Property Funds Appendix.

Acquisition fee and Divestment fee

These fees are essential to incentivise the Manager to continue to deliver long-term sustainable income to Unitholders, source for growth opportunities and/or yield-accretive acquisitions for AA REIT and to efficiently recycle capital through the divestment of under-performing or non-core assets. The Manager would have to carry out additional work as well as incur additional resources and time to source for various opportunities before a potential acquisition or divestment opportunity materialises into an eventuality. As such, the Manager should be fairly compensated for the efforts expended, costs incurred as well as time taken for such transactions.

RISK MANAGEMENT REPORT

ENTERPRISE RISK MANAGEMENT ("ERM") FRAMEWORK

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

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

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

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

Key Risks in FY2021

AA REIT reviews and updates risk management systems and methodology yearly so as to manage risks in accordance with its current business conditions, preserve capital and enhance Unitholders' value. The key risks that were identified in FY2021 include but are not limited to the following:

Business interruption / Pandemic risk

The COVID-19 pandemic brought about widespread economic uncertainties and deeply affected the global business environment including Singapore and Australia, where AA REIT operates. In turn, this has disrupted the real estate market, where it was observed that there was an increase in tenant demand for logistics and warehouse facilities, largely driven by stockpiling and inventory requirements which were accelerated amid the pandemic.

To ensure the safety of all staff and continuation of business operations, the Manager has adopted a Business Continuity Plan ("BCP") to mitigate the impact from COVID-19 on the REIT's operations with work-from-home and split team arrangements. The BCP is updated regularly, in line with the changing situation, to ensure minimal impact on potential operational disruptions to critical business activities. The Manager has also implemented Safe Management Measures at its office premises.

The health, safety and well-being of AA REIT's tenants, vendors and visitors remain a key focus, and contactless technologies have been adopted from the onset of the pandemic, to enhance the safety and hygiene at the Group's properties. This includes the implementation of safe-distancing measures, SafeEntry check-ins and temperatures checks at all applicable properties.

The Manager will continue to actively engage with tenants affected by the COVID-19 situation and provide assistance on a case-by-case basis. The Manager will continue to be prudent with its capital management, with priority granted to crucial asset enhancements and deferment of non-critical capital expenditure. AA REIT will also continue to maintain a quality and diversified tenant base including large multinationals, publicly listed companies, and small and medium enterprises, as these characteristics will help ensure resilience in its portfolio.

RISK MANAGEMENT REPORT

Market risk

All investment proposals (such as redevelopment or asset enhancement initiatives of existing properties or acquisitions of new properties/investments) are subject to rigorous and disciplined assessment by Management. In addition, the investment proposals are further robustly reviewed and discussed in the BRC. The BRC will then consider the appropriateness of the potential transaction before making a recommendation to the Board. The role of the BRC is set out on page 36 of this Annual Report. Risk assessment is an important aspect of the evaluation process. Each investment proposal submitted to the Board for approval is accompanied by an assessment of risk factors and risk mitigation strategies.

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

Regulatory and compliance risk

The Manager, being a capital markets services licence holder, is required to comply with the applicable laws and regulations governing AA REIT and the Manager, including the SFA, Listing Manual, Property Funds Appendix, Trust Deed, conditions of the capital markets services licence for real estate investment trust management issued by MAS as well as tax rulings issued by Inland Revenue of Authority of Singapore on taxation of AA REIT and its Unitholders. Any changes in these regulations may affect AA REIT's operations and results.

The employees of the Manager keep abreast of changes in legislation and regulations through training and attending talks and briefings. Various internal procedures have been put in place to facilitate staff awareness and ensure compliance to the applicable laws and regulations.

Credit risk

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

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

Liquidity risk

The Manager maintains an efficient use of cash and debt facilities in order to balance the costs of borrowing and ensuring sufficient availability of credit facilities to meet its financial obligations, working capital and committed capital expenditure requirements. In addition, the Manager also monitors AA REIT's cash flow position and requirements to meet any operational needs and short-term financing obligation as well as compliance with the Property Funds Appendix in relation to limits on total borrowings. AA REIT's ability to raise funds from both banks and capital markets has enabled AA REIT to diversify its sources of funding to avoid over-reliance on any single source of funding. As at 31 March 2021, the current interest-bearing borrowings relate to a revolving credit facility of S$120.0 million and fixed rate notes of S$50.0 million which are due to mature in November 2021 and March 2022 respectively. In May 2021, the Group received a mandate letter for syndicated facilities of up to S$220.0 million and AUD100.0 million which will enable the Group to refinance several of its secured debt facilities and repay the fixed rate notes due in March 2022.

Foreign exchange risk

AA REIT is exposed to fluctuation of the Australian dollar against the Singapore dollar. The Manager's strategy is to achieve a natural hedge, wherever possible, through the use of Australian dollar denominated borrowings to fund the Group's interest in the Australian investments, thereby mitigating the foreign exchange risk. As at 31 March 2021, the foreign currency borrowings and cross currency interest rate swaps hedge approximately 65% of the book value of AA REIT's property portfolio in Australia. The level of foreign currency denominated borrowings and cross currency interest rate swaps also effectively hedges approximately half of the foreign currency income from Australia.

Interest rate risk

The Manager adopts a proactive interest rate management approach in managing the risk associated with adverse movement in interest rates on interest bearing borrowings which carry floating interest rates. The Manager also monitors interest rate risk regularly to limit AA REIT's net interest exposure to adverse movements in interest rate. As part of risk management, the Manager enters into hedging transactions to partially mitigate the risk of such interest rate fluctuations through the use of interest rate swaps and/or fixed rate borrowings. As at 31 March 2021, 78.3% of AA REIT's total debt was on fixed rates taking into account interest rate swaps entered into and fixed rate notes issued.

Operational risk

All operations are aligned to AA REIT's focus on generating rental income to deliver secure and stable distributions and provide long-term capital growth to Unitholders. Measures include prompt lease renewals to reduce vacancies, prudent control of property expenses and an annual maintenance programme to maintain and enhance AA REIT's properties. The Manager has also established operating and reporting policies and procedures to manage day-to-day operational activities, which are reviewed and updated periodically to ensure relevance and effectiveness as well as compliance with latest legislations and regulations. The Manager also practises risk transfer by procuring relevant insurance policies to mitigate certain financial losses.

Project management risk

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

SUSTAINABILITY REPORT

ABOUT THIS REPORT

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

AIMS APAC REIT Management Limited (hereafter referred to as the "Manager"), manager of AIMS APAC REIT ("AA REIT"), is delighted to publish our fifth annual Sustainability Report. The scope of the report covers our environmental, social and governance ("ESG") performance, management approach and initiatives for the financial period 1 April 2020 to 31 March 2021 ("FY2021) for all the properties owned by AA REIT at our headquarter, Singapore.

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

The report content is aligned to the four GRI Reporting Principles: Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness. This report focuses on the key ESG issues material to AA REIT based on their potential to affect our business and our operational impact on them.

We have not sought external independent assurance for this annual sustainability report. All questions, comments and feedback related to the FY2021 Sustainability Report are highly valued for our continuous improvement. We encourage you to please reach out to us at:
investorrelations@aimsapac.com

This report is issued annually to Unitholders and is made publicly available on our website as part of the Annual Report for FY2021. To view our previous sustainability reports, please visit our corporate website at:
www.aimsapacreit.com

ABOUT AIMS APAC REIT

102-4 | 102-5 | 102-6

AIMS APAC REIT (the "Trust") is a Singapore-domiciled real estate unit trust constituted pursuant to the trust deed dated 5 December 2006 (as amended, varied or supplemented from time to time) entered into between AIMS APAC REIT Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 April 2007 (the "Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 21 February 2007. On 21 March 2007, the Trust was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337.

Our operations are based in Singapore and New South Wales & Queensland, Australia, with Singapore accounting for 84% gross rental income. The Trust serves tenants operating in the industrial sector, which includes (but not limited to): manufacturing, warehousing and distribution activities, business park activities.

MEMBERSHIPS AND ASSOCIATIONS

102-12 | 102-13

Our policies and business activities are aligned with the prevailing regulatory requirements and are supported by a variety of external charters and principles. These include (but are not limited to):
- Securities and Futures Act (Chapter 289)
- SGX-ST Listing Manual
- Code on Collective Investment Schemes including Appendix 6 on Property Funds
- Code of Corporate Governance (August 2018)
- Other policies and procedures adopted by AA REIT, which can be found in pages 34 to 54 of the Corporate Governance section

Accordingly, a range of corporate policies and internal controls have been developed and adopted to support the Board and Management. These policies and controls cover matters such as personal data protection, anti-money laundering and countering terrorism financing, conflicts of interest, business continuity, insider dealing, enterprise risk management, and outsourcing. AIMS APAC REIT Management Limited is also a member of REIT Association of Singapore (REITAS).

SUSTAINABILITY BOARD STATEMENT

GRI 102-14

The Board of the Manager understands that conducting business responsibly is crucial to ensuring long-term growth, value creation, and operational longevity. We are committed to serving the best interests of our stakeholders and create long-term sustainable business strategy.

In order to achieve this, we had established a Sustainability Council ("SC") in 2017. It is led by principal executives across different functions and headed by the Board. The Council is responsible for identifying sustainability risks, opportunities and initiatives as well as monitoring our performance against targets and goals.

The Manager ensures effective sustainability management through periodic reviews and performance measures. In FY2021, the Manager conducted a materiality review in which the Board re-validated existing ESG topics that are of significant importance to AA REIT's business and are of concern to stakeholders.

AA REIT has been an active participant in the annual Global Real Estate Sustainability Benchmark ("GRESB") assessment since 2014 to maintain our standard of engagement with our stakeholders. We realise that as ESG factors become a key investment criteria for our institutional investors, independent ratings such as GRESB provide a consistent means of communicating our sustainability performance.

ENVIRONMENTAL

FY2021 was an exceptional year as our operations were impacted by the COVID-19 pandemic. The Manager reemphasised the importance of sustainability as part of our business continuity plan. As such, our energy consumption has shown a significant decline while water consumption has increased as compared to last year. However, we do recognise this year is not an accurate representation of our year-on-year performance. We will continue to implement initiatives to optimise resource management and improve our performance.

SOCIAL

The well-being of our employees is our main priority and we took several proactive measures to ensure their safety during the COVID-19 pandemic. We proactively introduced telecommuting and flexible work arrangements for all our employees. Social distancing practices were set up for those commuting to work along with provision of face masks and sanitisers.

Despite the challenging year, we provided them with training and development opportunities so as to not let the pandemic affect their career development. As our employees are the backbone of AA REIT's expansion and continuity, we are committed to supporting them by providing adequate resources for them to continue to grow their knowledge and excel in their areas of expertise. We will strive to continue nurturing and maximising engagement with our employees to further improve their productivity, well-being and satisfaction.

GOVERNANCE

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

We are excited to share FY2021 performance with you and are thankful for your continued support in our sustainability journey.

SUSTAINABILITY REPORT

SUSTAINABILITY MANAGEMENT AT AA REIT

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

As a leading listed real estate organisation, we are committed to contributing to Singapore's national sustainable development framework and agenda. We believe preserving the environment and natural resources is both our personal and professional responsibility. To fulfil our duty as a responsible corporate citizen, we have set long-term sustainability goals to ensure business continuity through creating a positive economic, environmental and social impact.

Sustainability is an essential part of our strategy to achieve our business objective of delivering long-term value for stakeholders, maintaining business resiliency, and managing risks. Our aim is to reduce any adverse environmental and social impact of our operations while invest in betterment of the communities we operate in.

To achieve our goals and meet our commitments, we have embedded several approaches in our sustainability policy:

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

The Manager's sustainability strategy consists of risk management and ambitious long-term value creation. We have integrated sustainability into our overall business strategy and daily operations by regularly reviewing policies, reporting compliance levels, preventing breaches, identifying and monitoring operational performance such as the energy and water consumption at our properties.

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

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

SUSTAINABILITY GOVERNANCE

The Manager's Board oversees the Sustainability Council ("SC") and has an overall responsibility over the sustainability policy. This involves ensuring integration and alignment of ESG policies and procedures to the overarching business strategy as well as regular monitoring of the sustainability performance. This allows the SC to integrate sustainability initiatives in the formulation of the Manager's sustainability agenda.

The Sustainability Steering Committee ("SSC") and the Operational Health and Safety ("OHS") Committee are the respective subcomponents of the SC which support the functions of the SC. Being purpose-driven, the role of the OHS is to address health and safety concerns in the workplace while the SSC's responsibility is to incorporate, implement and execute sustainable practices at the operational level. With the drive to embed sustainability into the organisation, the SSC is responsible for the implementation and integration of specific sustainable practices at the operational level.

SUSTAINABILITY ACROSS THE SUPPLY CHAIN

Our commitment to promoting sustainability extends across our supply chain, where we identity and manage risks in our outsourcing and procurement practices.

AA REIT has a supply chain of approximately 280 active suppliers, including a facility manager, maintenance service providers, contractors, professional consultants, and financial institutions based mainly in Singapore.

In line with our sustainability efforts, we endeavour to ensure that appropriate sustainability measures are implemented across our value chain. This includes appropriate risk management procedures for outsourcing and procurement of goods and services. Key considerations include reputation, professional expertise, track record, pricing, financial standing and compliance with legal requirements in the selection process for suppliers. At least three quotes for a procurement are obtained wherever applicable and feasible. In the case for substantial contract sums, a pre-qualification and tender process would be conducted. The supplier that fulfils the necessary criteria would be awarded the tender accordingly.

Moving forward, we will strive to continually implement policies that facilitate sustainability throughout the supply chain. With regard to key suppliers, they would also be encouraged to adopt best sustainability practices which includes implementing energy-efficient features in upcoming asset enhancement initiatives going forward.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

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

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

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

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

The Manager's stakeholder engagement process is centred around keeping the interests of stakeholders at the forefront of business planning. We cultivate stakeholder relationships through open and transparent two-way communications. This helps us in understanding their perspectives and concerns on the sustainability impacts from and on our business operations. We then integrate their feedbacks into our sustainability strategy and disclosures. The stakeholders we engage directly with are identified based on importance, representation, responsibility, dependency and proximity to AA REIT's business.

The survey feedbacks and insights help us assess and prioritise material issues, identify gaps in our sustainability performance and areas for improvement in our sustainability disclosures. Our stakeholders' views and opinions are of utmost importance to us and therefore we continuously look for ways to enhance our communication channels.

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

MATERIALITY ASSESSMENT

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

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

We conduct a materiality assessment on a biennial basis and update the material topics regularly. In FY2020, the Manager and its external consultant had conducted a comprehensive stakeholder engagement process. In addition to that, a peer benchmarking analysis was conducted against comparable listed industrial REITs. The results were analysed and consolidated by the SC, the Manager, and the external consultant to identify and prioritise the management of ESG issues.

We have mapped the selected materiality issues to our top five UN SDGs on page 61 of this report.

Material aspects and indicators identified

Categories	Material Aspects	List of GRI Indicators	Aspect Boundary
Economic	Economic Performance	201-1 Direct economic value generated and distributed	Within organisation
	Anti-corruption	205-3 Confirmed incidents of corruption and actions taken	
Environment	Energy	302-1 Energy consumption within the organisation	Common areas of properties with operational control
	Water	303-3 Water withdrawal by source	
Social	Occupational Health and Safety	403-8 Workers' representation in formal joint management–worker health and safety committees	Within organisation and tenants
	Training and Education	404-1 Average hours of training per year per employee	Within organisation
	Socio-economic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Within organisation

SUSTAINABILITY REPORT

ECONOMIC

Anti-corruption

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

The Manager holds itself to high standards of integrity and ethics in the conduct of business. We adopt a zero-tolerance stance towards bribery, fraud, embezzlement and any other forms of corrupt practices. We remain committed to upholding high standards of corporate governance, so as to preserve our reputation and retain stakeholders' trust.

OUR APPROACH

Our Code of Conduct sets out clear rules on anti-corruption, and defines guidelines and procedures for business dealings with customers, suppliers and all employees of the Manager. These include gifts and entertainment, conflicts of interest, compliance with applicable laws, dealing in securities and misuse of confidential information.

We also have in place a whistleblowing policy, with appropriate channels for stakeholders to report unethical practices, conflicts of interest and other improprieties.

The Manager is committed to promoting a strong ethical culture among our employees, underpinned by the core values and foundational principles that drive our business. To ensure that this culture is cultivated, all new employees would undergo a mandatory anti-corruption training and familiarisation with the Code of Conduct as part of the orientation and onboarding process. In-house anti-corruption awareness exercises are also conducted so that our employees are reminded of the high ethical standards expected of them.

FY2021 PERFORMANCE

As testament to the success of our anti-corruption efforts, we have achieved zero instances of corrupt practices in FY2021.

FY2022 TARGET

Ethical business is one of the core values of The Manager and going forward, we target to maintain our record of zero corruption incidents in FY2022. Through the continued anti-corruption awareness trainings for our employees, we seek to uphold the high standards of integrity, accountability and corporate governance in the conduct of business.

103 Defu Lane 10, Singapore

ENVIRONMENT

As a responsible corporate citizen, we seek to minimise the impact of our operations on the environment. We believe that organisations should take the lead in pursuing sustainable practices. We had obtained approval for electronic communications from our Unitholders, and in meeting their expectations of favouring sustainable practices, we have stopped sending out hardcopies of our Annual Reports to Unitholders unless requested. In addition, the FY2021 Annual Report is printed with FSC paper, in support of the practice of sustainable forestry worldwide. We also continue to provide a digital archive of our past Annual Reports on our corporate website, subsequent to our Initial Public Offering in 2007.

OUR COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY IS EVIDENT IN OUR PROPERTY PORTFOLIO.

As of 31 March 2021, half of AA REIT's Singapore portfolio by net lettable area is BCA Green Mark compliant and we will continue to strive for formal Green Mark certifications for our relevant existing portfolio assets. AA REIT's Optus Centre, Macquarie Park, New South Wales, Australia has also achieved a NABERS Energy Base Building Rating of 5 stars and NABERS Water Rating of 3.5 stars this year.

As a leading listed real estate organisation, we recognise the need to respond to climate change and resource scarcity. We are in a position of responsibility to support the Singapore Government's sustainable development framework and will take a long-term approach in our sustainable development journey by creating economic and social value, while reducing our environmental footprint.

Energy

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

The Manager recognises that conducting business in a sustainable manner goes a long way in enhancing long-term value and ensuring business continuity. Climate change is one of the most pressing global issues impacting corporates and individuals alike, and the Manager believes in being part of the solution through the practice of responsible corporate citizenship.

Under the Paris Agreement in December 2015, Singapore has pledged to reduce its emissions by 36% by 2030 compared to 2005 levels. We will continue to do our part in helping Singapore achieve its 2030 targets by incorporating energy-efficient practices in our business operations and consistently enhancing our |operational efficiency.

OUR APPROACH

Our approach to improving energy efficiency is guided by our commitment to reduce energy consumption in the most cost-efficient manner possible while minimising impact on our communities. We integrate energy reduction technologies into our buildings and continue to monitor the effectiveness of our investments in sustainable building upgrades such as the use of Light-Emitting Diode ("LED") lights in the common areas of our properties. Motion detectors for exit staircases and toilets are potential areas to explore as well. In addition, it is imperative to take an active approach in upgrading existing equipment to achieve greater energy efficiency. To measure our sustainability performance, we also actively participate in annual GRESB assessments, which help us understand where we stand among our peers and the areas for improvements.

SUSTAINABILITY REPORT

FY2021 PERFORMANCE

The scope of our energy consumption data and performance covers 20 out of 28 properties in our portfolio, over which we have operational control (FY2020: AA REIT had operational control over 19 out of 27 properties in its portfolio).

For the 20 out of 28 properties in our portfolio which we have operational control, we monitor our energy consumption. The total consumption for FY2021 was 7,470,488 kWh for the 20 properties based in Singapore. Our electricity supply was from non-renewable power generation sources, with the data derived from actual billings. The following graph below shows the total energy consumption in FY2021 by month for the common areas (building services, corridors and perimeter lighting) of these properties:

Total energy consumption for properties under operational control (kWh)

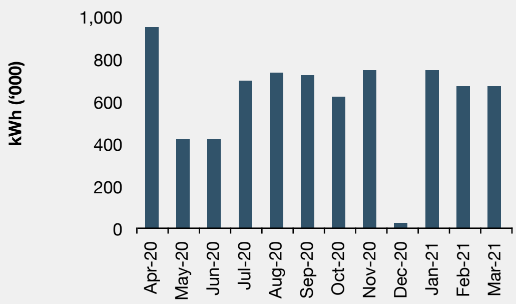


Figure 1: Energy consumption by month.[1]

Total energy consumption by year (kWh)

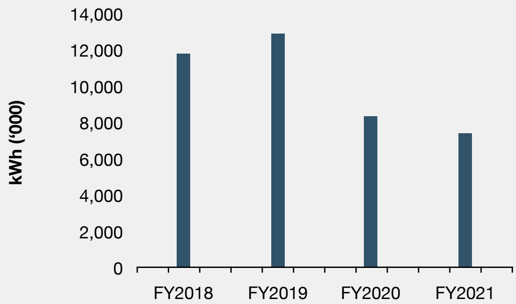


Figure 2: Total energy consumption by year.

The effectiveness of this approach is assessed through measurable year-on-year progress of our energy-efficient practices. The FY2021 energy consumption was low due to COVID-19 pandemic disruptions.

We are taking action in tackling energy consumptions given our belief in providing our customers with efficient facilities and would conscientiously work towards making our new projects and existing properties in our portfolio more energy efficient whenever the opportunity arises. In this regard, we target to recertify BCA Green Mark for 1A International Business Park and 7 Bulim Street.

FY2022 TARGET

We are committed to investing in our new projects and existing properties to improve their energy efficiency. Going forward, we will explore integrating sustainable design features into our business operations in our bid to play a part and contribute to the global effort of tackling climate change and achieve the goal of the Paris Agreement.

[1] During the Circuit Breaker in 2020, the meter reading was based on estimated consumption for the months of May and June. The two months have the same energy consumption value as we have taken an average of the readings for the two months.

Water

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

The Manager recognises that adopting an integrated approach for managing resources brings about business and environmental gains for our customers. Water consumption is poised to be an increasingly material aspect in the REIT sector due to global and national water resource trends. Therefore, we are committed to optimising water consumption for our properties, ensuring that AA REIT remains competitive as water becomes an increasingly scarce resource. In line with our strategy, we track our water consumption and analyse consumption patterns in an effort to identify opportunities to improve water efficiency and yield substantial usage savings.

OUR APPROACH

We track water consumption of the properties in AA REIT's portfolio over which we have operational control. Based on findings, the Manager actively identifies and implements water conservation opportunities such as water-saving features in its newly developed properties. This is further complemented with increasing awareness amongst employees with regard to their daily habitual best practices. This potentially translates into utility bills savings for our customers.

FY2021 PERFORMANCE

We measure the total volume of water consumed for our Singapore operations where only municipal water was utilised. For the 20 Singapore-based properties, over which we have operational control, the total volume consumed in FY2021 was 266,385 cubic metres. This data was derived from actual billings. The graph below shows the total water consumption in FY2021 by month:

Total water consumption for properties under operational control

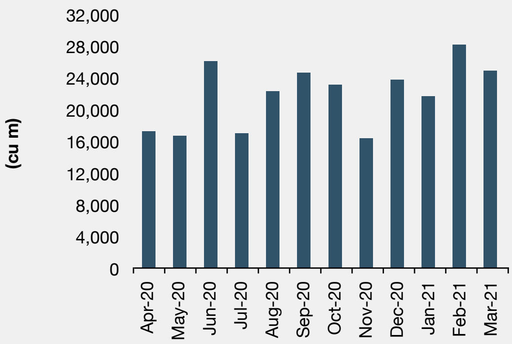


Figure 3: Water consumption by month.

Total water consumption by year

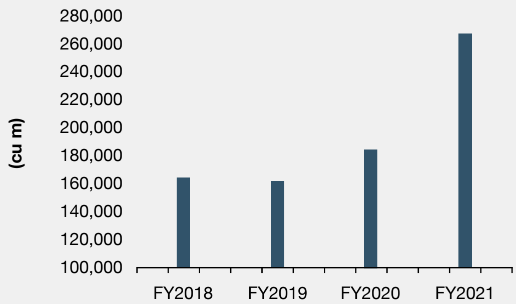


Figure 4: Total water consumption by year.

SUSTAINABILITY REPORT

The efficacy of such efforts is evaluated based on measured improvement in water efficiency data and measurable progress towards our goals. There was approximately 45% increase in water consumption from last year mainly due to conversion of 1A International Business Park and 30 Tuas West Road into multi-tenanted properties under our operational control in second half FY2020. As such, in FY2020 the data corresponded to partial year for these two properties, compared to a full year of recorded data for FY2021.

In addition to tracking and monitoring improvements, we are a Public Utilities Board ("PUB") Friend of Water Steward. In FY2021, we obtained PUB's Water Efficient Building ("WEB") certification for 10 Changi South Lane after its completion of upgrading works in December 2020. The Manager would continue evaluate the portfolio for potential improvement works for an enhanced sustainable impact on our community.

FY2022 TARGET

We will strive to continue being an active advocator of water conservation in the Singapore REIT sector. As part of our strategy, we will continue to measure and evaluate the long-term sustainability of our water performance data and identify new water-efficient practices within our portfolio and new developments. In this regard, we have embarked on a pilot project with Internet of Things ("IoT") capabilities to effect pre-emptive toilet maintenance and leak detection. In the near term, we will continue to build on our long-term ambition with a commitment to progressively achieve WEB certification for all eligible buildings in AA REIT's portfolio; just like we did in FY2021 for our property at 10 Changi South Lane.

10 Changi South Lane, Singapore

SOCIAL

Our employees are vital assets to our organisation and we aim to forge a longstanding positive relationship with them to build a closely-knit workplace culture. Our business has come a long way since the Initial Public Offering in 2007, having undergone expansion made possible by the invaluable contributions of our staff. We believe that this relationship should go both ways and we have rendered support to staff by allocating adequate resources for them to grow holistically.

Despite the diverse background and experiences of our employees, we share a common pride of being part of an organisation that can make a positive difference in society. We believe in treating employees as critical stakeholders and recognising their contributions by continuously investing in their overall growth. This will boost employee morale and productivity, and inculcate an inclusive and productive environment that remains a key driver of the business.

Occupational Health and Safety

GRI 103-1 | 103-2 | 103-3 | 403-1 | 403-2 | 403-3 | 403-4 | 403-5 | 403-6 | 403-7 | 403-8

3 GOOD HEALTH AND WELL-BEING

We endeavour to develop an employee-friendly environment that enables employees to fulfil their potential and takes work-life balance into account, as promoting employee health is one of our corporate responsibilities. We support skills development for all levels with training opportunities to better understand their roles and duties. We are committed to facilitating a safe working environment for all our employees, going beyond just employees' physical safety but also encompassing overall well-being. We implement various initiatives that focus on raising awareness, implementing best practices and eliminating hazards to avoid OHS incidents.

OUR APPROACH

We strive to ensure the safety and health of employees in the workplace, and, beyond that, to promote a pleasant workplace environment. The OHS Committee is working to strengthen our occupational health and safety management system, including appropriate education and training. The OHS Committee holds regular meetings to review the OHS initiatives of the previous quarter and planning for the subsequent quarter.

Since FY2017, the OHS Committee has been actively spearheading various initiatives at the organisational level, including the review of occupational health and safety standards, implementation of appropriate work practice control measures, while also providing regulatory updates to our staff. We evaluate our OHS management effectiveness by measuring the number of avoidable incidents, with the goal of zero incidents. As at 31 March 2021, our OHS Committee comprised five members from various departments and represented approximately 23% of our workforce. Our OHS Committee comprises members from all departments within the organisation to ensure an appropriate representation in formulating OHS processes and policies.

Employees are regularly briefed on workplace safety through the conduct of risk awareness workshops that are based on a risk management framework to identify potential workplace hazards, evaluating the risk levels and implementation of control measures taken to mitigate such risks. All staff have been trained to identify potential hazards to the OHS Committee to continually improve the safety of our operations.

We constantly review the processes and gather feedback to continually improve our workplace safety standards. We have in place a whistleblowing policy, with appropriate channels for employees to report work-related safety breaches. Employees attend safety briefings to be discerning about safety matters and are free to exercise their discretion to remove themselves from situations that compromises their safety. Work-related incidents are investigated by the property or project manager in-charge, identifying operational gaps and putting in place stepped up prevention measures.

Our health and safety management practice focuses on identification and elimination of hazards and minimization of risks. In the event of a crisis, we have an emergency plan of action in place as laid out in our Business Continuity Plan. We also form units for emergency tasks and execute emergency drills on a yearly basis, reviewing the results for further improvement. Risk assessments are carried out with a goal of reducing risks related to occupational safety and health, and to prevent accidents. It is a method of finding potential dangers or harmful elements in the workplace.

AA REIT maintains the confidentiality of every worker's personal health-related information and respects workers' rights to privacy. Their participation in any occupational health services and the data collected from such activities are not used for any favourable or unfavourable treatment.

SUSTAINABILITY REPORT

FY2021 INITIATIVES

We take on a proactive approach in identifying and diagnosing work-related hazards through the conduct of routine inspections at our properties and the day-to-day operations of contractors and tenants.

During the COVID-19 pandemic in FY2021, the OHS Committee supported employees in the combat against the global pandemic. In ensuring workplace safety and well-being of our staff, social distancing measures were set up in the workplace, with face masks and sanitisers issued to employees as well. We also established working arrangements that were in accordance with regulatory guidelines. Telecommuting was implemented throughout the year, including during the Circuit Breaker period, with restrictions to the number of staff allowed to work in office per week.

We will continue to monitor the COVID-19 situation and adjust our workplace headcount accordingly in line with the government's regulations.

FY2022 TARGET

In keeping a safe, happy and healthy work environment, we will continue to monitor our OHS performance and annually review our employee safety and well-being practices. This is in accordance with the Workplace Safety and Health Act, which requires all workplaces to conduct a risk assessment for each work activity and the processes carried out at workplaces. We will aim to enhance employee engagement for future initiatives and work towards the continual goal of achieving a safe and incident-free workplace.

Training and Education

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

We believe that our employees are invaluable assets and investing in their personal and professional development is essential for the continued success of the business. With the objective of boosting employee engagement, motivation, commitment and affiliation to AA REIT, we are committed to nurturing our employees by providing equal opportunities for growth and development, so as to bring out the best of their abilities.

OUR APPROACH

We strive to create an enriching and engaging work environment that is conducive for career development and spurs employees' conviction towards continuous upgrading. All employees are engaged in learning and development programmes as we believe that their long-term growth is synonymous with our own. Above all, creating an inclusive and cohesive workplace that nurtures and respects all is also important to us.

We believe that building the competencies of our employees is critical to our success and we are committed to investing in the holistic development of our people. Our training programmes comprise of internal and external talks, seminars, webinars, and courses, covering topics such as finance, governance, regulatory updates, leadership, safety, ethics, and skills development. Employees are provided the tools to take control of their professional development, through the conduct of regular performance evaluations to identify strengths to leverage upon, as well as continuous areas for improvement. Alongside on-the-job training.

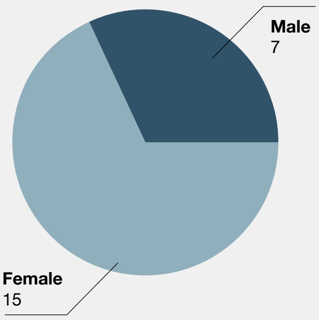
Employees are also consistently educated on the importance of ESG and corporate citizenship, promoting a culture where sustainability is an important consideration in the conduct of work.

FY2021 PERFORMANCE

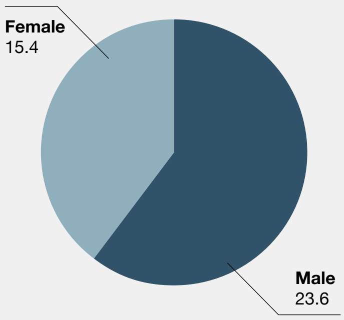
The effectiveness of our training and education programmes is measured in hours of training received by each employee.

During the reporting period of FY2021, we have provided a total of around 400 training hours for all our employees which consisted of the topics stated above, with each employee receiving at least 18 training hours per annum. Despite the ongoing COVID-19 situation and restrictions on in-person trainings, we provided online webinars and courses to ensure that employees continue to have access to training programmes. The effectiveness of our training and education programmes is monitored and measured by reviewing the training hours received by each employee.

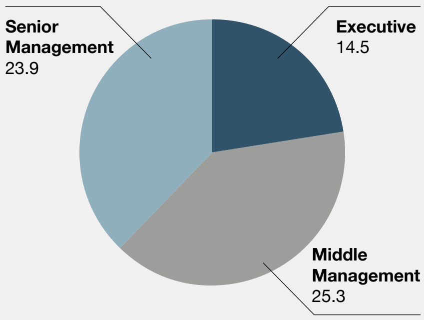
Total employees



Average training hours by gender



Average training hours by category



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

FY2022 TARGET

We continue to target pre-COVID-19 average training hours of at least 26 hours per employee per annum in the next financial year.

Going forward, we remain committed in facilitating employee development that aligns with the long-term interest of the organisation.

Socio-economic Performance

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

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

OUR APPROACH

The Manager recognises that non-compliance to regulatory requirements would erode stakeholders' confidence and as such, we adopt a zero-tolerance stance on any wilful breaches of applicable laws and regulations. To safeguard stakeholders' interests, we have implemented robust internal frameworks to ensure compliance with relevant laws and regulations. We take an active role in monitoring our compliance policies and procedures to ensure that they are aligned with prevailing regulatory requirements and that our operations abide to these requirements.

We have an Enterprise Risk Management ("ERM") framework in place, comprising of regular compliance updates through checklists and reports that enable the identification of compliance issues for mitigation steps to be taken. The ERM framework establishes the process of identifying compliance issues, assessing, and potentially mitigate the threat of material risks.

Additionally, all employees are required to strictly adhere to guidelines outlined in the Code of Conduct to ensure compliance organisation-wide.

FY2021 PERFORMANCE

In FY2021, AA REIT was recognised for its high corporate governance standards. It was ranked third in the fourth edition of Governance Index For Trusts ("GIFT") 2020 out of 45 real estate investment trusts and business trusts listed on SGX, and remains in the SGX Fast Track programme by the SGX RegCo, affirming our high corporate governance standards and good compliance track record.

We did not incur any significant fines or non-monetary sanctions for non-compliance with relevant operational laws and regulations during FY2021.

FY2022 TARGET

The Manager will continue to comply with all applicable laws and regulations, uphold high standards of governance in our business operations and seek to maintain zero incidents of non-compliance in the next reporting period. This will be achieved through regular updates to respective operational teams on the applicable regulatory requirements.

SUSTAINABILITY REPORT

COMMUNITY ENGAGEMENT

OUR COMMUNITY

As responsible corporate citizens, we aim to leave a positive impression in our community by committing time and resources towards its betterment. Corporate Social Responsibility ("CSR") is instilled within our foundational principles and core values. We encourage the spirit of volunteerism and actively encourage our employees to take part in our regular community and volunteering events.

The Manager launched its CSR initiative in FY2017 where we adopted Voluntary Welfare Organisations ("VWOs") in Singapore. We believe that all seniors can lead their lives with dignity and remain integrated within the community. We continued to support XiSer CareServe 喜舍苑 ("XiSer") as our adopted VWO in FY2021. XiSer is a step-down care facility caring for long-staying patients from the Institute of Mental Health ("IMH"). The residents under XiSer's care are mostly destitutes who have been staying in IMH for a long period of time. Due to the COVID-19 safety restriction on visits and interactions with residents, instead of direct interaction we have instead purchased various medical care equipment for the benefit of residents during FY2021.

The Manager also donated used laptops to Engineering Good, a non-profit organisation that refurbishes used laptops to be given to Family Service Centres and Ministry of Education beneficiaries during the period of Home-Based Learning when laptops were in high demand by disadvantaged communities. Until COVID-19 curtailment measures are lifted, the Manager will commit to our CSR initiatives where we can continue to make an effective impact to the community in other ways that remain compliant with the guidelines set out, such as making in-kind donations.

AWARDS AND RECOGNITION

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

Governance Index for Trusts ("GIFT") 2020
October 2020

AA REIT was **ranked third in the fourth edition of GIFT 2020** where the governance and business risk of 45 out of the 50 real estate investment trusts and business trusts listed on SGX were assessed. Areas of governance such as board matters, remuneration of directors and key management, alignment of incentives and interests, internal and external audit, and communication with unitholders were taken into account.

THE ASSET CORPORATE AWARDS 2020
December 2020

For the fourth consecutive year, AA REIT was awarded the **Gold Awards in Corporate Governance, Social Responsibility** and **Investor Relations at The Asset ESG Corporate Awards 2020**, in recognition of the Manager's continued commitment to upholding high standards of Corporate Governance, Social Responsibility, and Investor Relations.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standard	Disclosures		Chapter/ Page Number(s)	Omission
GRI 102: General Disclosures 2016	ORGANISATIONAL PROFILE			
	102-1	Name of the organisation	58	
	102-2	Activities, brands, products, and services	Industrial real estate management	
	102-3	Location of headquarters	Corporate Directory	
	102-4	Location of operations	Singapore and New South Wales & Queensland, Australia	
	102-5	Ownership and legal form	29, 58, 149	
	102-6	Markets served	116-121	
	102-7	Scale of the organisation	14-16, 70-71,116-129	
	102-8	Information on employees and other workers	70-71	
	102-9	Supply chain	60	
	102-10	Significant changes to organisation and its supply chain	No changes.	
	102-11	Precautionary Principle or approach	60	
	102-12	External initiatives	58	
	102-13	Membership of associations	58	
	STRATEGY			
	102-14	Statement from senior decision-maker	59	
	ETHICS AND INTEGRITY			
	102-16	Values, principles, standards, and norms of behaviour	34-57	
	GOVERNANCE			
	102-18	Governance structure	60	
	STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups	62	
	102-41	Collective bargaining agreements	Not Applicable as we don't have trade unions.	
	102-42	Identifying and selecting stakeholders	62	
	102-43	Approach to stakeholder engagement	62	
	102-44	Key topics and concerns raised	62	

GRI Standard	Disclosures		Chapter/ Page Number(s)	Omission
	REPORTING PRACTICE			
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	Wholly Owned Subsidiaries: AACI REIT MTN Pte. Ltd. AACI REIT Opera Pte. Ltd. AIMS APAC REIT (Australia) Trust AA REIT Macquarie Park Investment Trust AA REIT Australia Trust (QLD) Burleigh Heads Trust AA REIT Alexandra Trust AA REIT (Alexandra) Pte Ltd Joint Venture: Macquarie Park Trust	
	102-46	Defining report content and topic Boundaries	58 and 63	
	102-47	List of material topics	63	
	102-48	Restatements of information	There are no restatements of information.	
	102-49	Changes in reporting	There are no reportable changes in FY2021 sustainability report.	
	102-50	Reporting period	58	
	102-51	Date of the most recent report	July 2020	
	102-52	Reporting cycle	58	
	102-53	Contact point for questions regarding the report	58	
	102-54	Claims of reporting in accordance with GRI Standards	58	
	102-55	GRI content index	74-77	
	102-56	External assurance	58	
MATERIAL TOPICS				
CATEGORY: ECONOMIC				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	6-13, 63	
	103-2	The management approach and its components	6-13, 63	
	103-3	Evaluation of the management approach	6-13, 63	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	137-208	

SUSTAINABILITY REPORT

GRI Standard	Disclosures		Chapter/ Page Number(s)	Omission
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	64	
CATEGORY: ENVIRONMENT				
SUB-CATEGORY: ENERGY				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 65-68	
	103-2	The management approach and its components	65-68	
	103-3	Evaluation of the management approach	65-68	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	65-66	
SUB-CATEGORY: WATER				
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	67-68	
	303-2	Management of water discharge related impacts	67-68	
	303-3	Water withdrawal	67-68	
CATEGORY: SOCIAL				
SUB-CATEGORY: OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 69-71	
	102-2	The management approach and its components	69-71	
	103-3	Evaluation of the management approach	69-71	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	69-70	
	403-2	Hazard identification, risk assessment, and incident investigation	69-70	
	403-3	Occupational health services	69-70	
	403-4	Worker participation, consultation, and communication on occupational health and safety	69-70	

GRI Standard	Disclosures		Chapter/ Page Number(s)	Omission
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	69-70	
	403-6	Promotion of worker health	69-70	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	69-70	
	403-8	Workers covered by an occupational health and safety management system	69-70	
SUB-CATEGORY: TRAINING AND EDUCATION				
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	70-71	
SUB-CATEGORY: SOCIO-ECONOMIC COMPLIANCE				
GRI 419: Socio Economic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	71	

PROPERTY SHOWCASE

SINGAPORE

20 Gul Way, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	219.30
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	12.72
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	39.40
Leasehold title expiry date	15 January 2041
Land area (sq m)	76,946.10
Gross floor area (sq m)	153,892.20
Leasable area (sq m)	147,965. 53
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	17.60

27 Penjuru Lane, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	160.40
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	9.30
Capitalisation rate (%)	6.25
Acquisition date	15 October 2010
Purchase price (S$'million)	161.00
Leasehold title expiry date	15 October 2049
Land area (sq m)	38,297.00
Gross floor area (sq m)	95,758.40
Leasable area[1] (sq m)	96,238.10
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	97.3
Annual gross rental income FY2021 (S$'million)	11.37

[1] Includes non-Gross Floor Area

8 & 10 Pandan Crescent, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	148.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	8.58
Capitalisation rate (%)	5.75
Acquisition date	19 April 2007
Purchase price (S$'million)	115.00
Leasehold title expiry date	31 May 2068
Land area (sq m)	32,376.50
Gross floor area (sq m)	80,940.00
Leasable area (sq m)	65,831.75
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	96.3
Annual gross rental income FY2021 (S$'million)	9.68

7 Bulim Street, Singapore

LOGISTICS & WAREHOUSE

The property comprises a 4-storey ramp-up warehouse and logistics facility with mezzanine office at each level. The building is serviced by two passenger/fireman lifts and twenty-four loading/unloading bays with dock levellers on each warehouse level.

It is located within the Jurong Industrial Estate at the south-western sector of the island. The property is well served by expressways such as Pan Island Expressway, Kranji Expressway and Ayer Rajah Expressway which link the estate with the city and port facilities.

Property details	
Valuation (S$'million)	130.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	7.54
Capitalisation rate (%)	5.75
Acquisition date	9 October 2020
Purchase price (S$'million)	129.60
Leasehold title expiry date	31 August 2042
Land area (sq m)	34,095.10
Gross floor area (sq m)	68,190.00
Leasable area (sq m)	68,190.00
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Master Lease (KWE-Kintetsu World Express (S) Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	4.90

PROPERTY SHOWCASE

SINGAPORE

30 Tuas West Road, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	53.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	3.07
Capitalisation rate (%)	6.00
Acquisition date	11 January 2010
Purchase price (S$'million)	17.30
Leasehold title expiry date	31 December 2055
Land area (sq m)	12,894.90
Gross floor area (sq m)	26,817.48
Leasable area (sq m)	25,386.53
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	3.72

103 Defu Lane 10, Singapore

LOGISTICS & WAREHOUSE

The property comprises a six-storey industrial facility with sheltered car parking and display area on the first storey. There are two vehicular accesses into the property, one for loading and unloading purposes and another for cars and motorcycles from Defu Lane 10.

The building has 12 loading and unloading bays with dock-levellers/scissors lifts, two passenger lifts and three cargo lifts.

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

Property details	
Valuation (S$'million)	30.20
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.75
Capitalisation rate (%)	6.00
Acquisition date	21 January 2008
Purchase price (S$'million)	14.50
Leasehold title expiry date	30 June 2043
Land area (sq m)	7,541.00
Gross floor area (sq m)	18,852.50
Leasable area (sq m)	17,604.59
Property type	Logistics and Warehouse
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	3.58

3 Toh Tuck Link, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	21.20
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.23
Capitalisation rate (%)	6.25
Acquisition date	11 January 2010
Purchase price (S$'million)	19.30
Leasehold title expiry date	15 November 2056
Land area (sq m)	10,724.40
Gross floor area (sq m)	12,492.40
Leasable area (sq m)	11,956.10
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	2.70

10 Changi South Lane, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	22.10
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.28
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	33.80
Leasehold title expiry date	15 June 2056
Land area (sq m)	9,219.10
Gross floor area (sq m)	14,793.00
Leasable area (sq m)	12,612.90
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	94.8
Annual gross rental income FY2021 (S$'million)	1.89

PROPERTY SHOWCASE

SINGAPORE

11 Changi South Street 3, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	21.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.22
Capitalisation rate (%)	6.25
Acquisition date	17 December 2007
Purchase price (S$'million)	20.80
Leasehold title expiry date	31 March 2055
Land area (sq m)	8,832.60
Gross floor area (sq m)	14,187.30
Leasable area (sq m)	11,791.49
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	71.3
Annual gross rental income FY2021 (S$'million)	1.50

56 Serangoon North Avenue 4, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	19.10
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.11
Capitalisation rate (%)	6.25
Acquisition date	11 January 2010
Purchase price (S$'million)	14.80
Leasehold title expiry date	15 May 2055
Land area (sq m)	4,999.10
Gross floor area (sq m)	11,750.95
Leasable area (sq m)	10,137.65
Property type	Logistics and Warehouse
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	97.5
Annual gross rental income FY2021 (S$'million)	2.06

7 Clementi Loop, Singapore

LOGISTICS & WAREHOUSE

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

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

Property details	
Valuation (S$'million)	11.80
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	0.68
Capitalisation rate (%)	6.00
Acquisition date	31 March 2008
Purchase price (S$'million)	18.30
Leasehold title expiry date	15 June 2053
Land area (sq m)	9,998.30
Gross floor area (sq m)	9,081.30
Leasable area (sq m)	8,099.31
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	94.2
Annual gross rental income FY2021 (S$'million)	1.02

29 Woodlands Industrial Park E1, Singapore

HI-TECH

The property comprises an L-shaped four-storey high-technology industrial building with a basement car park. The building is serviced by nine passenger lifts, nine cargo lifts and six lift lobbies with ancillary canteen and clinic located on the first storey.

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

Property details	
Valuation (S$'million)	120.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	6.96
Capitalisation rate (%)	6.00
Acquisition date	21 February 2011
Purchase price (S$'million)	72.00
Leasehold title expiry date	8 January 2055
Land area (sq m)	17,955.50
Gross floor area (sq m)	45,478.81
Leasable area (sq m)	36,645.45
Property type	Hi-Tech
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	10.87

PROPERTY SHOWCASE

SINGAPORE

1A International Business Park, Singapore

BUSINESS PARK

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

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

Property details	
Valuation (S$'million)	75.10
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	4.35
Capitalisation rate (%)	6.00
Acquisition date	30 November 2009
Purchase price (S$'million)	90.20
Leasehold title expiry date	31 May 2059
Land area (sq m)	7,988.40
Gross floor area (sq m)	19,949.60
Leasable area (sq m)	16,111.98
Property type	Business Park
Town planning	Business Park
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	61.0
Annual gross rental income FY2021 (S$'million)	4.36

15 Tai Seng Drive, Singapore

LIGHT INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	32.40
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.88
Capitalisation rate (%)	6.00
Acquisition date	17 December 2007
Purchase price (S$'million)	28.90
Leasehold title expiry date	31 March 2051
Land area (sq m)	9,077.90
Gross floor area (sq m)	22,594.00
Leasable area (sq m)	17,886.46
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	38.3
Annual gross rental income FY2021 (S$'million)	2.32

1 Bukit Batok Street 22, Singapore

LIGHT INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	25.20
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.46
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	18.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	6,399.30
Gross floor area (sq m)	15,978.40
Leasable area (sq m)	13,704.87
Property type	Light Industrial
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	88.9
Annual gross rental income FY2021 (S$'million)	2.14

23 Tai Seng Drive, Singapore

LIGHT INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	24.20
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.40
Capitalisation rate (%)	6.00
Acquisition date	11 January 2010
Purchase price (S$'million)	17.20
Leasehold title expiry date	31 July 2050
Land area (sq m)	3,813.60
Gross floor area (sq m)	9,493.10
Leasable area (sq m)	8,456.43
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	2.50

PROPERTY SHOWCASE

SINGAPORE

135 Joo Seng Road, Singapore

LIGHT INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	20.20
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.17
Capitalisation rate (%)	6.00
Acquisition date	10 March 2008
Purchase price (S$'million)	25.00
Leasehold title expiry date	30 June 2054
Land area (sq m)	5,420.10
Gross floor area (sq m)	12,385.00
Leasable area (sq m)	9,723.38
Property type	Light Industrial
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	81.7
Annual gross rental income FY2021 (S$'million)	1.82

1 Kallang Way 2A, Singapore

LIGHT INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	12.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	0.70
Capitalisation rate (%)	6.00
Acquisition date	30 January 2008
Purchase price (S$'million)	14.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	3,231.40
Gross floor area (sq m)	8,029.29
Leasable area (sq m)	6,583.52
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	1.19

3 Tuas Avenue 2, Singapore

GENERAL INDUSTRIAL

The property comprises a four-storey ramp-up industrial facility for production and storage.

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

Property details	
Valuation (S$'million)	54.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	3.13
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	20.80
Leasehold title expiry date	15 March 2055
Land area (sq m)	17,802.70
Gross floor area (sq m)	24,899.28
Leasable area (sq m)	24,899.28
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (ResMed Asia Pte Ltd.)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	4.09

51 Marsiling Road, Singapore

GENERAL INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	47.60
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	2.76
Capitalisation rate (%)	6.00
Acquisition date	16 November 2016
Development cost[1] (S$'million)	34.9
Leasehold title expiry date	31 July 2044
Land area (sq m)	8,611.60
Gross floor area (sq m)	21,529.00
Leasable area (sq m)	21,529.00
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master lease (Beyonics International Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	4.42

[1] Include land cost of S$9.72 million

PROPERTY SHOWCASE

SINGAPORE

8 Tuas Avenue 20, Singapore

GENERAL INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	28.20
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.64
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	11.60
Leasehold title expiry date	13 November 2051
Land area (sq m)	10,560.10
Gross floor area (sq m)	14,757.80
Leasable area (sq m)	13,359.16
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	1.96

61 Yishun Industrial Park A, Singapore

GENERAL INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	19.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	1.10
Capitalisation rate (%)	6.00
Acquisition date	21 January 2008
Purchase price (S$'million)	24.60
Leasehold title expiry date	31 August 2052
Land area (sq m)	5,921.80
Gross floor area (sq m)	14,601.00
Leasable area (sq m)	11,916.89
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	66.3
Annual gross rental income FY2021 (S$'million)	1.15

2 Ang Mo Kio Street 65, Singapore

GENERAL INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	16.10
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	0.93
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	15.20
Leasehold title expiry date	31 March 2047
Land area (sq m)	5,610.20
Gross floor area (sq m)	7,325.00
Leasable area (sq m)	6,255.00
Property type	General Industrial
Town planning	Business 1
Lease terms	
Lease type	Master Lease (CIT Cosmeceutical Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	2.59

541 Yishun Industrial Park A, Singapore

GENERAL INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	12.00
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	0.70
Capitalisation rate (%)	6.00
Acquisition date	3 October 2007
Purchase price (S$'million)	16.80
Leasehold title expiry date	30 June 2054
Land area (sq m)	6,851.40
Gross floor area (sq m)	8,770.90
Leasable area (sq m)	8,017.50
Property type	General Industrial
Town planning	Business 1
Lease terms	
Lease type	Master Lease (Fuji Bridex Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	0.26

PROPERTY SHOWCASE

SINGAPORE

8 Senoko South Road, Singapore

GENERAL INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	14.20
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	0.82
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	12.80
Leasehold title expiry date	31 October 2054
Land area (sq m)	7,031.30
Gross floor area (sq m)	9,249.00
Leasable area (sq m)	7,278.80
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (Sin Hwa Dee Food Stuff Industries Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	1.36

26 Tuas Avenue 7, Singapore

GENERAL INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	11.90
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	0.69
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	8.30
Leasehold title expiry date	31 December 2053
Land area (sq m)	5,823.30
Gross floor area (sq m)	6,642.16
Leasable area (sq m)	5,715.13
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (Aalst Chocolate Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	1.32

PROPERTY SHOWCASE

AUSTRALIA

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

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

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

Property details	
Valuation (S$'million)	330.96[1,2]
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	19.19
Capitalisation rate (%)	5.00
Acquisition date	7 February 2014
Purchase price (S$'million)	205.33[1,3]
Leasehold title expiry date	Freehold
Land area (sq m)	37,171.40[1]
Gross floor area (sq m)	41,255.06[1]
Leasable area (sq m)	41,255.06[1]
Property type	Business Park
Town planning	Business Park
Lease terms	
Lease type	Master Lease (Optus Administration Pty Limited)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	16.00[1]

1 Reflects 49.0% interest in the property.
2 Based on exchange rate of AUD1.00 = S$1.023385. The valuation for the property is AUD660.00 million appraised by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2021.
3 Based on exchange rate of AUD1.00 = S$1.113350. The purchase price for the 49.0% interest in the property was AUD184.425 million.

Boardriders Asia Pacific HQ, 209-217 Burleigh Connection Road, Burleigh Waters, Queensland, Australia **LIGHT INDUSTRIAL**

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

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

Property details	
Valuation (S$'million)	45.54[1]
Valuation date	31 March 2021
Valuation as percentage of total portfolio value (%)	2.64
Capitalisation rate (%)	7.0
Acquisition date	15 July 2019
Purchase price (S$'million)	36.63[2]
Leasehold title expiry date	Freehold
Land area (sq m)	33,300.00
Gross floor area (sq m)	14,883.00
Leasable area (sq m)	14,559.00
Property type	Light Industrial
Town planning	Mixed Use Zone
Lease terms	
Lease type	Master Lease (GSM (Operations) Pty Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2021 (S$'million)	3.52

1 Based on exchange rate of AUD1.00 = S$1.023385. The valuation for the property is AUD44.5 million appraised by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2021.
2 Based on exchange rate of AUD1.00 = S$0.952449. The purchase price of the property was AUD38.46 million.

OVERVIEW OF THE SINGAPORE ECONOMY

The following report ("Report") dated 25 May 2021 was prepared by Knight Frank Pte Ltd ("Knight Frank") for the purpose of inclusion in this Annual Report and incorporates information up to that date, and excludes any information arising or event occurring after that date.

1 OVERVIEW OF THE SINGAPORE ECONOMY

1.1 Singapore's economic performance

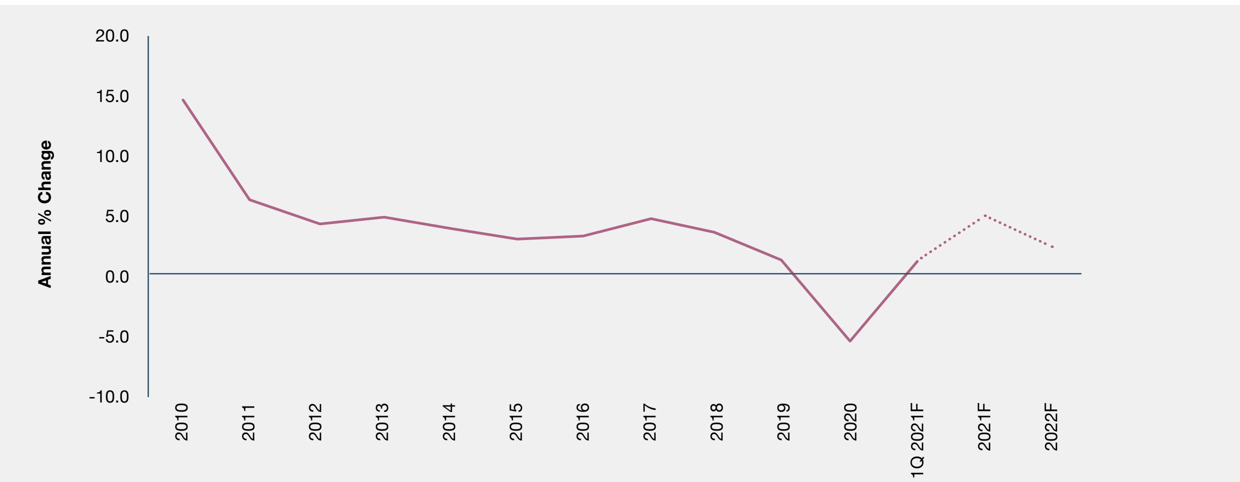
Singapore experienced significant headwinds for its various sectors of the economy throughout 2020 due to the COVID-19 pandemic and ongoing global trade tensions. After a hard-hit 2020 with overall Gross Domestic Product (GDP) registering a 5.4% annual contraction, improving economic conditions led to a modest recovery in the first quarter this year. According to the Ministry of Trade and Industry (MTI), the Singapore economy expanded by 1.3% year-on-year (y-o-y) in 1Q 2021, a reversal from the 2.4% y-o-y contraction recorded in the preceding quarter. On a quarter-on-quarter (q-o-q) basis, the economy grew by 3.1%, extending the 3.8% expansion obtained in the previous quarter (Exhibit 1-1).

The surge in global demand for semi-conductors, electronics, pharmaceutical and essential products amidst the pandemic, coupled with the gradual relaxation of circuit breaker measures in Singapore since June 2020 facilitated the speedy rebound in the manufacturing sector in the second half of 2020 and first quarter this year. Based on the April 2021 macroeconomic review report, Singapore's economy has almost recovered the output lost during the first half of 2020, though the growth momentum has eased in 1Q 2021. The manufacturing sector achieved 10.7% y-o-y growth in 1Q 2021, surpassing the 10.3% y-o-y expansion achieved in the previous quarter. Growth in the past two quarters was supported by output expansions in the electronics, precision engineering and chemical clusters, which outweighed the declines in the transport engineering, general manufacturing and biomedical manufacturing clusters.

Similarly, improvement was observed in the information & communications and finance & insurance sectors, which grew by 6.4% y-o-y and 4.7% y-o-y respectively, extending the expansion experienced in the previous quarter.

Conversely, the construction sector shrank by 22.7% y-o-y in 1Q 2021. Nonetheless, this was an improvement from the 27.4% contraction registered in the previous quarter, alleviated by the resumption of both public and private sector construction activities post circuit breaker. Notwithstanding the improvement in outlook for the Singapore economy, the growth outcome is envisaged to remain disparate across sectors. The prospects for sectors less affected by the pandemic – such as finance and insurance, ICT and trade-related sectors have brightened, while the recovery trajectory of travel-related and construction sectors is likely to be uncertain until COVID-19 outbreak subsides across more countries.

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



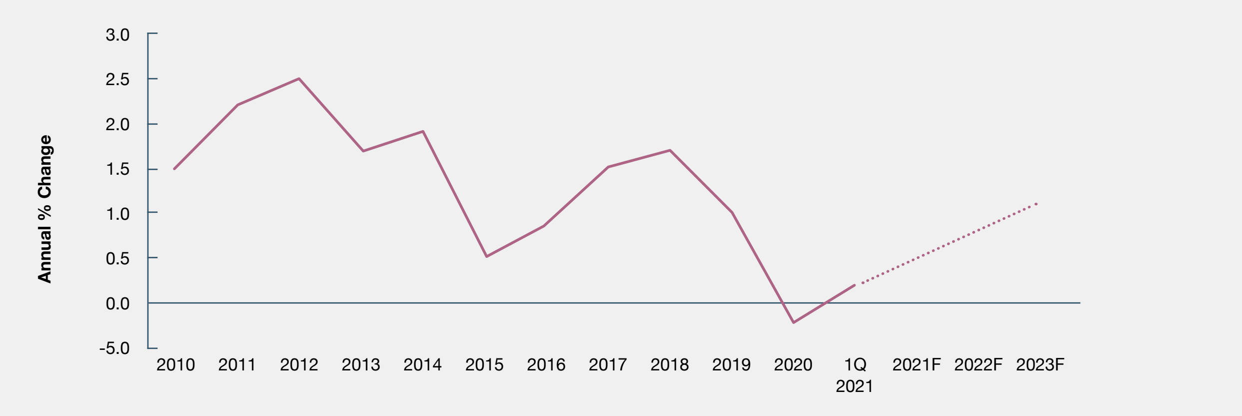
Source: IMF, MTI, Department of Statistics Singapore, Knight Frank
*Note: 2021 growth rate forecast is based on MTI's Economic Survey report in February 2021.

1.2 **Inflation rate**

According to the Monetary Authority of Singapore (MAS), Singapore's core inflation rose to 0.6% y-o-y in April 2021, from 0.5% in March. The increase was mainly attributed to an increase in service costs as well as smaller declines in costs of retail & other goods and electricity & gas.

Going forward, the expected recovery of global oil prices and the turnaround in producer price inflation in the major economies will likely drive the extent of external inflation, though it will likely be capped by the volatile output gaps in Singapore's major trading partners. The increased shipping costs arising from COVID-19 and global trade disruptions could possibly heighten the inflationary pressures. Also, inflation of some components of domestic services could arise. Overall, there is an anticipated gradual recovery of both the local and global economies. Cognisant of these factors, core inflation is forecasted to move higher this year, as higher oil prices will lead to a pickup in electricity and gas tariffs, and the disinflationary effects of government subsidies in 2020 fade. Hence, core inflation is projected to range between 0.0% and 1.0% in 2021 (Exhibit 1-2).

Exhibit 1-2: Singapore MAS core inflation rate, 2010 to 2023F



Source: Department of Statistics Singapore, IMF, MAS, Knight Frank

1.3 **Manufacturing sector**

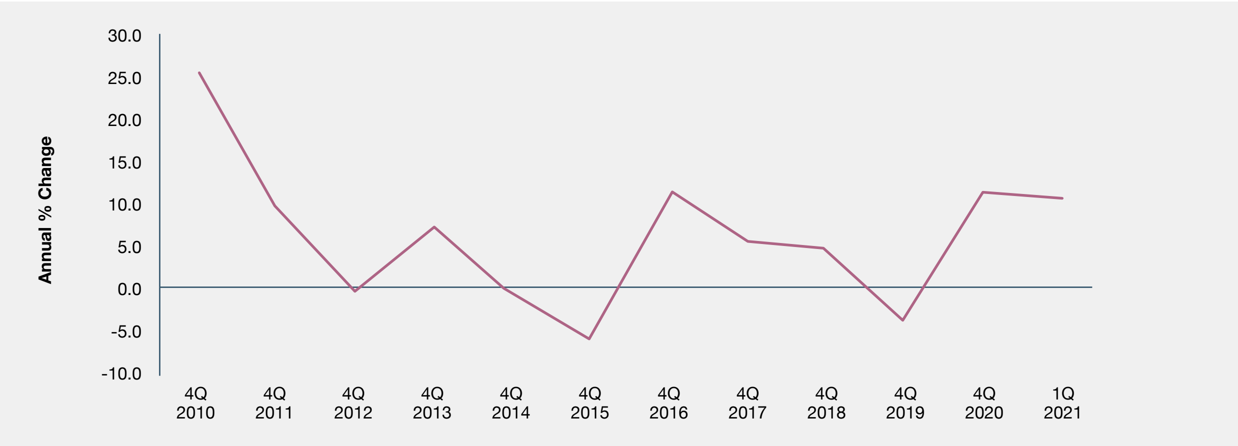
Following Singapore's exit from the circuit breaker measures imposed from 7 April to 1 June 2020, the reopening of the economy alleviated recessionary pressure as business activities gradually resumed. The manufacturing sector has remained as a key pillar of the economy, having recovered speedily from the mild 0.4% y-o-y contraction recorded in 2Q 2020, to enjoy an annual expansion of 7.3% y-o-y in 2020.

According to the Index of Industrial Production published by the Department of Statistics, the Singapore Index of Industrial Production improved 10.7% y-o-y (Exhibit 1-3) in 1Q 2021. On a y-o-y basis, the electronics cluster achieved the highest output growth of 28.1% among the clusters, followed by the precision engineering cluster at 12.2%. The semiconductor segment contributed to the bulk of growth in the electronics cluster, with a 32.9% y-o-y growth during the quarter. However, declines in output were observed in other manufacturing clusters, such as the transport engineering and general manufacturing segments which contracted by 20.8% y-o-y and 1.9% y-o-y respectively. Following the sharp growth in 4Q 2020, the biomedical manufacturing cluster registered a slight y-o-y 0.9% contraction in 1Q 2021, led by the 6.4% y-o-y fall in pharmaceutical production.

While geopolitical tensions and macroeconomic uncertainties from the COVID-19 pandemic continue to persist, the outlook for the manufacturing sector is set to improve with the sector likely to serve as a key growth driver for the Singapore economy going forward. The electronics and precision engineering clusters were identified as bright spots backed by strong semiconductor demand from the rising need for cloud services and the emerging 5G market. Singapore is in the process of forging new trade rules in forward-looking areas such as data and Information Technology (IT).
Also, demand for IT equipment and more electronic parts and components will arise from the global work-from-home phenomenon and the proliferation of technologies such as artificial intelligence and the Internet of Things (IoT).

OVERVIEW OF THE SINGAPORE ECONOMY

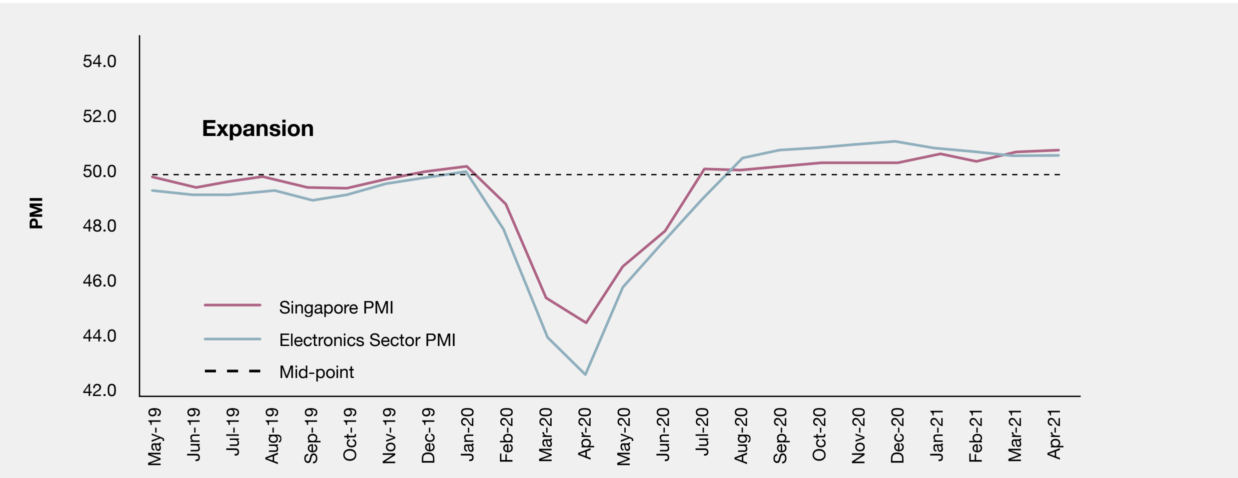
Exhibit 1-3: Singapore index of industrial production, 4Q 2010 to 1Q 2021



Source: Department of Statistics Singapore, Knight Frank

According to the Singapore Institute of Purchasing and Materials Management (SIPMM), statistics show that despite the recessionary pressures, the Purchasing Managers' Index (PMI) pointed towards healthy expansion (PMI>50) for tenth consecutive month from July 2020, following its trough in April 2020. The PMI reached its peak in January 2021, registering an expansion at 50.7 (Exhibit 1-4).

Exhibit 1-4: Purchasing Managers' Index, May 2019 to April 2021

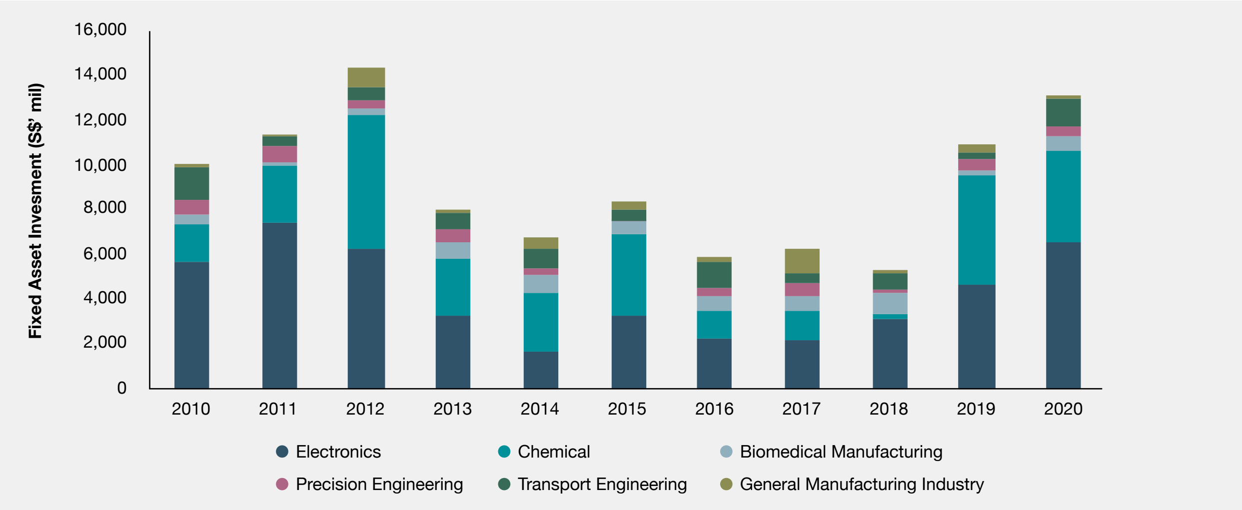


Source: SIPMM, Knight Frank

In 2020, Singapore received a total of $17.2 billion fixed asset investment (FAI) receipts, of which $13.1 billion or 76.1% was secured by the manufacturing sector. This translates to y-o-y improvement of 20.0% (Exhibit 1-5), far exceeding the Singapore Economic Development Board (EDB)'s medium to long-term annual investment commitment goals of $8 billion to $10 billion. The electronics and chemicals segments remained as the segments which received the greatest FAI injections in 2020, accounting for 37.7% and 24.0% respectively.

Due to the heightened global demand for medical equipment amid the COVID-19 pandemic, Singapore's biomedical manufacturing segment received 638.2 million worth of FAI, registering a substantial improvement of 172.3% as compared to the previous year.

Exhibit 1-5: Total FAI, 2010 to 2020



Source: Department of Statistics Singapore, Knight Frank

As at 4Q 2020, the total business receipts from the Transportation and Storage services contracted 22.4% y-o-y due to the pandemic-led global disruptions in trade and transportation of goods. Despite so, the performance of this sector has picked up moderately in the last quarter of 2020, of which a moderate 5.5% q-o-q improvement was observed.

1.4 Logistics sector

Overall, the total volume of air and sea cargo handled by Singapore declined due to the global trade tensions as well as the COVID-19 movement restrictions. In 2020, Singapore handled a total of 1.5 million tonnes of air cargo, 23.3% lower than the previous year (Exhibit 1-6). The total container throughput stood at 36.9 million TEUs, a marginal 0.8% lower than 37.2 million TEUs in 2019 (Exhibit 1-7). Although y-o-y decline was observed for both the air and sea cargo performance, gradual recovery is likely to be observed from 2021 onwards as a significant proportion of businesses have resumed activities and stepped up on their supply chain activities and the capacity to provide goods and services.

In addition, despite the disruptions to the global supply chain and trade activities, Singapore's Former Trade and Industry Minister Mr Chan Chun Sing remains confident in the growth potential of the logistics sector post-COVID as investments have continued to flow and injected into Singapore during this period.

OVERVIEW OF THE SINGAPORE ECONOMY

Tuas Mega Port

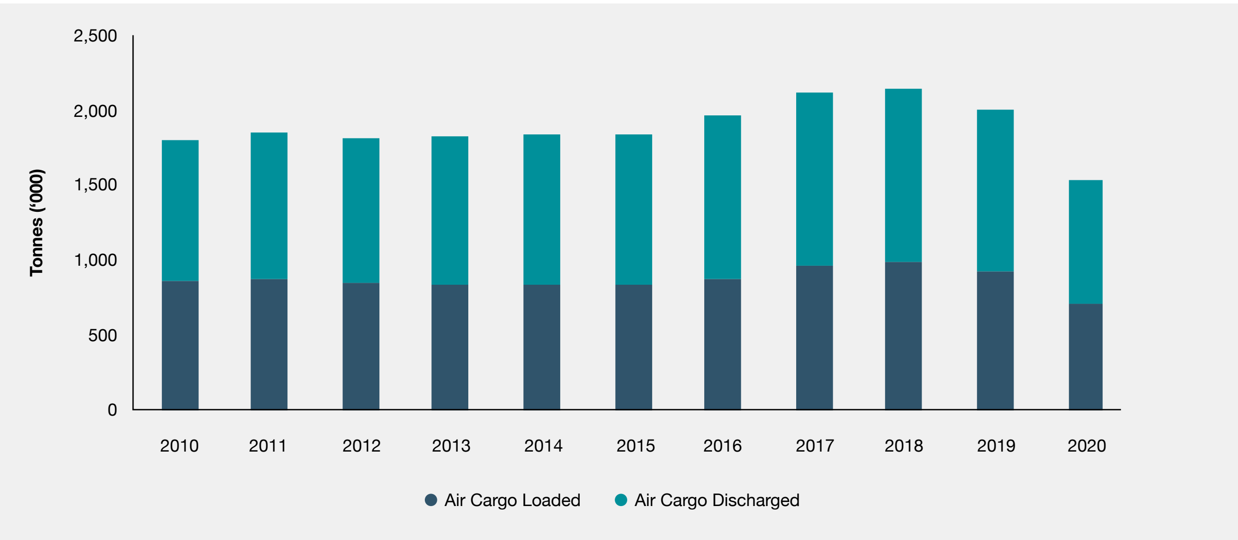
The Tuas Mega Port project serves as one of Singapore's most crucial strategies to anchor its regional dominance as a leading trans-shipment port that connects and feeds container goods to smaller regional ports. Expected to be fully operational by 2040, this massive project will be developed over four phases. The Tuas Mega Port will possess the capacity to handle up to 65 million twenty-foot equivalent units (TEUs), which is more than double of what the port handled in 2019. This mega port infrastructure is poised to spin off multiplier effects for transport and storage services, the logistics sector and thereon warehouse property market particularly in the vicinity of Tuas Mega Port. Once completed, it will be the single biggest port infrastructure project in the world. With the completion of the Tuas Terminal, all current city terminals at Tanjong Pagar, Pasir Panjang, Keppel and Brani will eventually be merged at Tuas, following the expiration of port leases at Tanjong Pagar, Keppel and Brani in 2027. The consolidation of terminals will result in greatly enhanced efficiency in port operations due to inter-terminal haulage.

Changi East Project

Singapore's Changi Airport handles around 85 million passengers annually during pre-COVID days. Having achieved an average annual growth of 5.4%, the passenger traffic has grown steadily in the past decade. With the prospect of strong growth in aviation sector for the upcoming decade, the upcoming 1,080-hectare Changi East Project serves to strengthen Changi Airport's position as a global air hub. Originally scheduled for completion in the 2030s, Changi Airport Terminal 5 (T5) alone will have the capacity to handle up to 50 million passengers annually. With its linkage to other terminals in the airport, it allows the expanded Changi Airport to operated as a single, seamless and integrated airport with top operational efficiency. However, due to the global air travel disruptions, the construction of T5 will be paused for minimally two years, for the assessment of post-pandemic travel needs and operational changes.

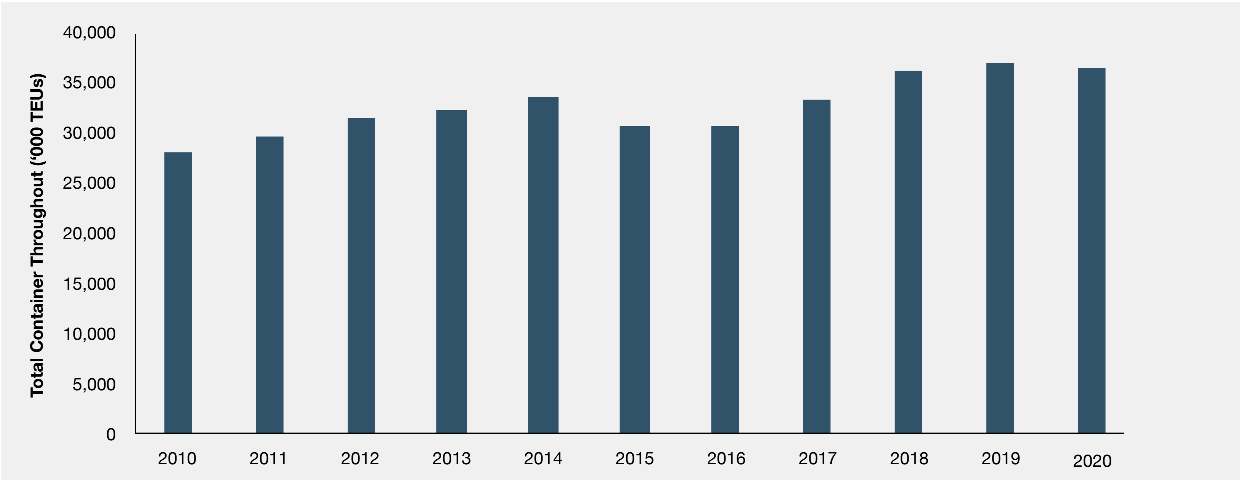
Despite the drastic downfall of passenger load, cargo traffic remains crucial. Changi Airport's cargo facilities, which are currently located at the Changi Airfreight Centre, will be expanded to the Changi East Industrial Zone (CEIZ). The upgraded facilities will allow Changi's handling capabilities to grow from 3 million tonnes per annum today, to 5.4 million tonnes per annum upon project completion. The adoption of greater technologies will drive the productivity of the air cargo hub, markedly accelerating the logstics services.

Exhibit 1-6: Air cargo handled in Singapore, 2010 to 2020



Source: Civil Aviation Authority of Singapore, Knight Frank

Exhibit 1-7: Total container volume, 2010 to 2020



Source: Civil Aviation Authority of Singapore, Knight Frank

1.5 Singapore economic outlook for 2021

In February 2021, the MTI has forecasted Singapore's GDP growth for 2021 to be "4.0% to 6.0%", barring a significant setback in activity from a weaker recovery of the global economy or unprecedented surge in locally transmitted cases. However, several clusters of COVID-19 infections emerged in Singapore since end-April 2021, coupled with a continued trend of local unlinked cases, demonstrating high transmission rates in the community. To minimise risks of community transmission, the Multi-Ministry Taskforce announced additional measures and restrictions under Phase 2 (Heightened Alert), which took effect from mid-May 2021 to June 2021. Various industry sectors were required to revert to the reinforcement of tightened safe distancing measures. Though economic activities were largely allowed to continue under tightened measures, the reduced scale of consumption and people mobility could possibly exert a mild downward pressure on the anticipated GDP growth in 2021.

Globally, the COVID-19 vaccination programme rollouts have gathered pace in various countries, of which the advanced economies such as the US and Eurozone could potentially achieve wider population immunity by the end of 2021, thereby driving the pace of their economic recoveries. Regionally, the resurgence of infection cases and emergence of new strains of COVID-19 virus have reimposed lockdown and movement restrictions in several regional economies such as Malaysia and Indonesia, leading to weakened growth prospects in these countries. Looking beyond the near-term challenges, the recovery of key Asian countries is envisaged to be optimistic, likely driven by a pickup in external demand, though domestic demand is projected to be muted for the first half of 2021 due to the spread of the virus. Among the Asian countries, China's economy is expected to witness the strongest growth, supported by healthy activities in investments, domestic consumption and exports.

Despite the global uncertainties, there are pockets of resilience in Singapore's economy and the manufacturing sector, as certain clusters such as pharmaceuticals, electronics, precision engineering and logistics are poised to expand. The Phase 2 (Heightened Alert) measures are unlikely to create significant slowdown of industrial and manufacturing activities for now, unless community transmissions stay high and protracted. Looking beyond near-term challenges, there exist various new areas of manufacturing demand in Singapore that seek to benefit the entire industrial ecology, such as the nationwide rollout of 5G network which is expected to significantly increase the demand for semiconductors and electronic components, while creating job opportunities.

OVERVIEW OF THE SINGAPORE ECONOMY

2 SINGAPORE GOVERNMENT POLICIES AFFECTING THE INDUSTRIAL PROPERTY

2.1 Singapore Budget 2020 and 2021

The unprecedented nature of the COVID-19 pandemic which led to the ensuing fallout on the economy has prompted the Singapore government to tap into the country's reserves for second and third time in the nation's history. The near-S$100 billion fiscal stimulus war chest were announced in 2020 over multiple stimulus packages to cushion the impact of the unprecedented pandemic-induced recession and to bring Singapore on track towards economic recovery. The government is expected to tap an estimated S$53.7 billion from Singapore's past reserves over financial years 2020 and 2021 to respond to the COVID-19 crisis. A new fiscal package worth $11 billion was announced in 2021, to provide additional support for the recovery of various economic segments and COVID-19 vaccination efforts.

2.2 Selected COVID-19 Relief Measures

Jobs Support Scheme

Under the Jobs Support Scheme (JSS), the wage subsidies scheme was introduced with the government co-funding between 25% to 75% of the first S$4,600 of gross monthly wages until August 2020. It was then extended to March 2021, where wage subsidies are adjusted according to recovery projections across different sectors. Better performing sectors such as biomedical sciences, precision engineering and electronics have enjoyed wage subsidy of 10% until December 2020.

Enhanced Property Tax Rebate and Rental offset

The enhanced property tax rebate for 2020 were granted to non-residential properties with payable taxes of between 1 January 2020 and 31 December 2020. This enabled businesses to maintain viable cash flows, and owners of industrial properties will be granted an enhanced rebate of 30% for property tax which is expected to be passed down to tenants. On top of the one-month rental waiver announced under the Solidarity Budget in April, qualified tenants in the industrial sector was granted an additional one-month rental waiver in June 2020. Cash grants of approximately 0.64 months of rent were also provided by the government to offset the rental costs of eligible industrial SME tenants.

SGUnited Jobs and Skills Package

The SGUnited Jobs and Skills Package was launched in the Fortitude Budget to promote employment and creation of new jobs amid the COVID-19 pandemic, supporting job seekers and equipping them with value-added skills to take on new job opportunities when the economy recovers. This has provided over 2,300 new training opportunities in the advanced manufacturing field to aid the entry of job seekers into this high growth area. Under this government incentive, mid-career switches are also supported, whereby the mid-career talents are provided with opportunities in structural training programmes and attachments at companies.

2.3 Initiatives to Promote Industry Development

New Advanced Manufacturing Training Academy (AMTA)

Jointly initiated by the Agency for Science, Technology and Research (A*Star), the new AMTA academy was launched in October 2020. It will be governed by a training council consisting of institutes of higher learning, public agencies and unions, which will work together to provide courses to help equip talents with value-added capabilities in the advanced manufacturing field, through continuous upskilling and re-skilling. The Academy is located within the Jurong Innovation District (JID), which is planned to be a major one-stop advanced manufacturing hub for Singapore.

Singapore's Smart Industry Readiness Index

The Smart Industry Readiness Index (SIRI) was created by the Singapore Economic Development Board (EDB) in partnership with a network of industry players and academic experts to catalyse the transformation of manufacturing. It covers the three core elements of Industry 4.0: Process, Technology and Organisation. SIRI comprises a suite of framework and tools to assist manufacturers across different manufacturing industries to achieve sustenance in their manufacturing transformation. EDB announced their partnership with the World Economic Forum (WEF) in end 3Q 2020, to expand the adoption of SIRI as a globally-recognised standard for the utilisation of i4.0 technologies in manufacturing industries. Through a common standards framework, EDB seeks to provide the manufacturers worldwide the capabilities to "start, scale and sustain" their i4.0 transformation, and to benchmark their facilities against other industries.

Logistics Industry Transformation Map

The Ministry of Trade and Industry launched the Logistics Industry Transformation Map (ITM) in November 2016. With COVID-19 accelerating businesses' shift towards digitalisation, Enterprise Singapore (ESG) and IMDA have refreshed the Logistics Industry Digital Plan (IDP) in August 2020, to include more services and provide a clearer roadmap for the sectors. With this, the digital-related roadmaps were introduced. Leveraging on Infocomm and Media (ICM) technologies, the Infocomm Media Development Authority (IMDA) launched the refreshed Logistics Industry Digital Plan (IDP) in August 2020 for logistics small and medium-sized enterprises (SMEs) and about 86,300 workers are expected to benefit, capitalising on digital technologies to drive innovation and improve productivity.

Major Upcoming developments

To attract manufacturers with quality infrastructure and spaces for industrial developments in Singapore, the government has advanced various development plans over the years in areas such as the Jurong Innovation District, the upcoming Woodlands North Coast in the Woodlands Regional Centre and the Punggol Digital District.

Jurong Innovation District (JID)

In 2020, the JID received S$420 million for investment in facilities that will be ready from November 2020 to early 2023. New entrants to the 600-hectare (ha) advanced manufacturing hub include Hyundai Motor Group and Japanese Manufacturing company DMG Mori. Hyundai will set up the Hyundai Motor Group Innovation Centre to develop mobility technologies, while the latter will establish a facility for development and support in additive manufacturing. The district will be developed to set the stage to transform the way different nodes of the manufacturing sector collaborate and innovate within a single campus.

Woodlands North Coast (WNC)

The upcoming WNC precinct in the Woodlands Regional Centre will house business parks targeting clean and light manufacturing firms as well as SMEs. JTC will also introduce flexible industrial space opportunities for businesses in the pilot development 1 North Coast. As manufacturers advance and their needs evolve beyond production and sales, flexible zoning will be provided in the pilot development, where 70% will be allocated for ancillary space and 30% for industrial use.

Punggol Digital District (PDD)

The 50-ha PDD will house the Singapore Institute of Technology (SIT) campus and a JTC developed business park upon completion around 2023. Initiatives in the PDD include the operation of the first smart grid for business parks in Singapore and the launch of an Open Digital Platform that will integrate smart technologies for the collection of data in areas like transport conditions. Developments in the smart district are projected to be about 30% more energy efficient than standard commercial buildings. With firms from varying industries and institutions located close to one another, closer collaboration will be fostered between students and businesses in this upcoming district.

Upcoming vaccine production centre

Pharmaceutical giant Sanofi Pasteur announced in April 2021 that they will be investing $638 million into Singapore over five years for the development and construction of a vaccine production centre, giving a boost to Singapore's growing biomedical manufacturing cluster. This project is expected to create up to 200 jobs for the locals. This production centre will complement the firm's existing manufacturing capacities in Europe and North America, to supply vaccines mainly to Asia. Expected to be fully operational in 1Q 2026, the development is expected to commence construction in 3Q 2020. It will serve as a regional centre of excellence for vaccine production in Asia, which could possibly be expanded in the future. When completed, Singapore will be one of the most technogically-advanced vaccine-manufacturing facilities globally.

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Development of sustainable data centres

The Arcadis Data Centre Location Index 2021 ranked Singapore as the second most attractive city to build data centres out of a total of 50 cities, as the island-state was recognised for its ability to attract major investments from the technology industry, making the nation a natural regional co-location hub. However, to tackle the daunting challenge of slashing its carbon emissions, Singapore imposed a moratorium on new data centres since 2019, to develop a more sustainable way of developing and maintaining data centre operations.

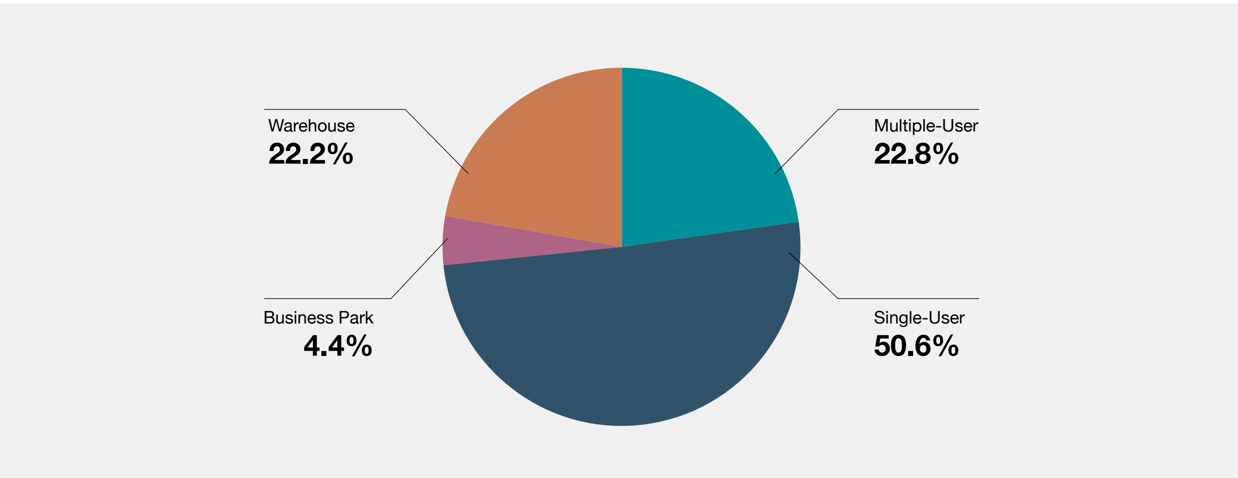
Digital Loyang II (SIN12), one of US-based Digital Realty's most sustainable data centres in the region, was opened in Singapore in April 2021. Being 30% more energy efficient than the industry norm, SIN12 has been awarded the Building and Construction Authority (BCA) Green Mark Platinum certification, the highest certification that a data centre can attain under the local assessment. As a part of the nation's effort to transform the built environment sector, SIN12 is an example of a smart, resilient and sustainable building, which could potentially serve as a more sustainable approach for the growth of data centres in Singapore.

3 REVIEW OF SINGAPORE INDUSTRIAL PROPERTY MARKET

3.1 Overview of Industrial property stock

As at 1Q 2021, the total private and public industrial stock in Singapore totalled approximately 539.4 million sq ft. Based on JTC's categorisation of single-user and multiple-user factories, business parks and warehouses, the single-user and multiple-user factory spaces formed the largest proportion of the total industrial stock in Singapore, accounting for approximately 73.4% of the total industrial stock. Warehouses and business parks contributed 22.2% and 4.4% to the total industrial stock respectively (Exhibit 3-1).

Exhibit 3-1: Total industrial stock in Singapore as at 1Q 2021, by type of industrial properties



Source: JTC, Knight Frank

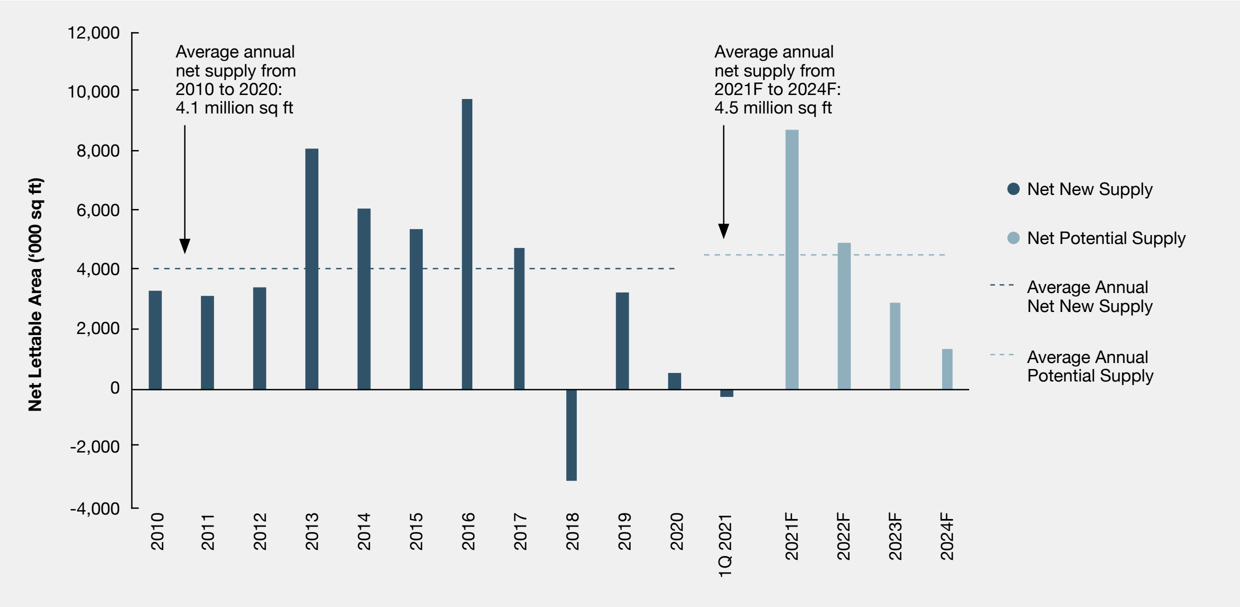
4 REVIEW OF PRIVATE SINGLE-USER FACTORY MARKET SEGMENT

4.1 Existing and potential supply

Singapore contained over 229.6 million sq ft of private single-user factory spaces as at 1Q 2021, a marginal decrease of 0.5% y-o-y (Exhibit 4-1). Across the planning regions, a significant proportion of 53.3% (122.4 million sq ft) of single-user factory spaces are located within the West region, followed by the North region, at 19.9% (45.6 million sq ft). Notable completions in 2020 include the 203,000 sq ft Gross Floor Area (GFA) development by AAC Optics Solutions along 22 Tampines Industrial Crescent and 198,000 sq ft GFA building at 3 Tuas Avenue 2 developed by AIMS APAC Industrial REIT.

The average annual net new supply of private single-user factory spaces amounted to 4.1 million sq ft, slightly lower than the average annual potential supply of 4.5 million sq ft. The annual net new supply in 2020 stood at 604,000 sq ft, due in part to the pandemic-led delays in project timelines, which pushed the completion to the following year. From 2021 to 2024, Singapore will be expecting a total supply of 21.3 million sq ft GFA of private single-user factory spaces, with 2021 being the year with the highest supply pipeline (10.3 million sq ft GFA). Notable upcoming developments include the 1.3 million sq ft GFA single-user factory along Lok Yang Way, developed by Google Asia Pacific Pte Ltd, slated for completion in 2023 (Exhibit 4-2).

Exhibit 4-1: Net new and potential supply of private single-user factory space, 2010 to 2024F



Source: JTC, Knight Frank

OVERVIEW OF THE SINGAPORE ECONOMY

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

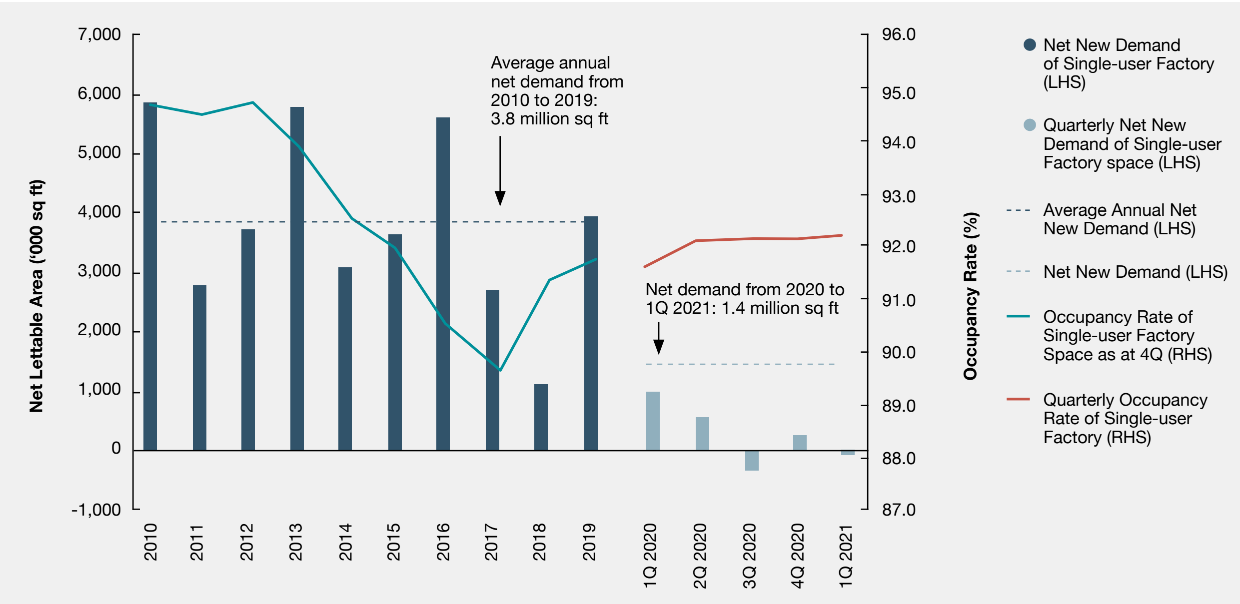
Project	Location	Developer	GFA (sq ft)	Expected Year of Completion
Single-user factory at Loyang Drive	Loyang Drive	Digital Singapore 2 Pte Ltd	344,983	2021
Single-user factory at Seletar North Link	Seletar North Link	HL-Sunway JV Pte Ltd	672,528	2021
Single-user factory at Defu Lane	Defu Lane 10	STT Defu 3 Pte Ltd	155,754	2022
Single-user factory at Woodlands Industrial Park	Woodlands Industrial Park E2	Whye Wah Development @ Construction Pte Ltd	131,535	2023
Single-user factory at Lok Yang Way	Lok Yang Way	Google Asia Pacific Pte Ltd	1,292,421	2023

Source: JTC, Knight Frank

4.2 Demand and occupancy

Over 211.8 million sq ft of private single-user factory space was occupied as at 1Q 2021, a mild 0.22% y-o-y increment from the previous year. Due to the slowing down of leasing activities amid the COVID-19 situation, negative net new demand of -27,000 sq ft was recorded in 1Q 2021, in contrast with almost 1.0 million of net new demand in 1Q 2020. Despite so, the occupancy rate remained relatively resilient, hovering between 91.6% to 92.2%, (Exhibit 4-3).

Exhibit 4-3: Net demand and occupancy rate of single-user factory space, 2010 to 1Q 2021

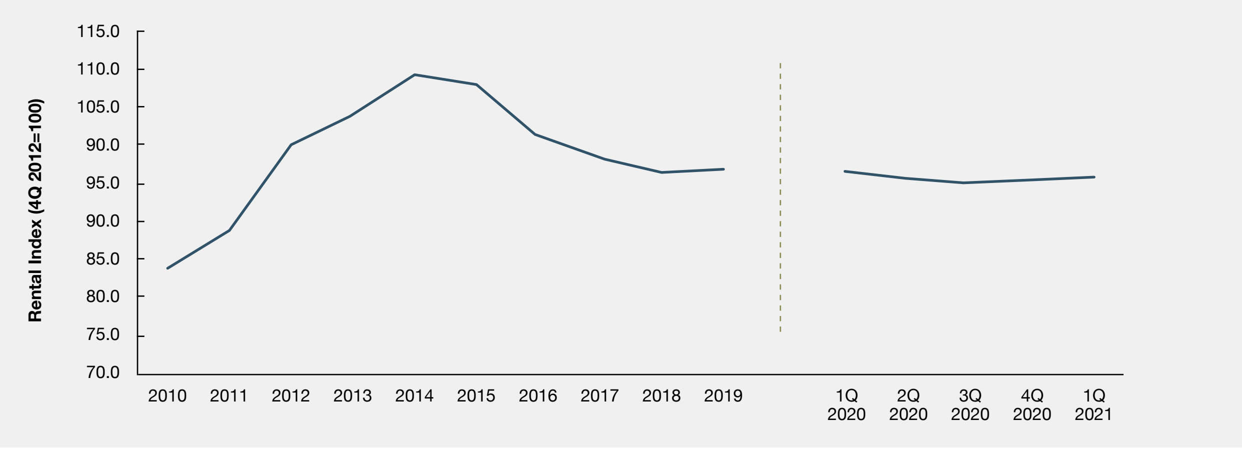


Source: JTC, Knight Frank

4.3 JTC rental index of single-user factory space

According to JTC, although the rental index of single-user factory spaces declined 1.0% y-o-y, it improved 0.2% q-o-q in 1Q 2021 (Exhibit 4-4).

Exhibit 4-4 Rental index of single-user factory space, 2010 to 1Q 2021

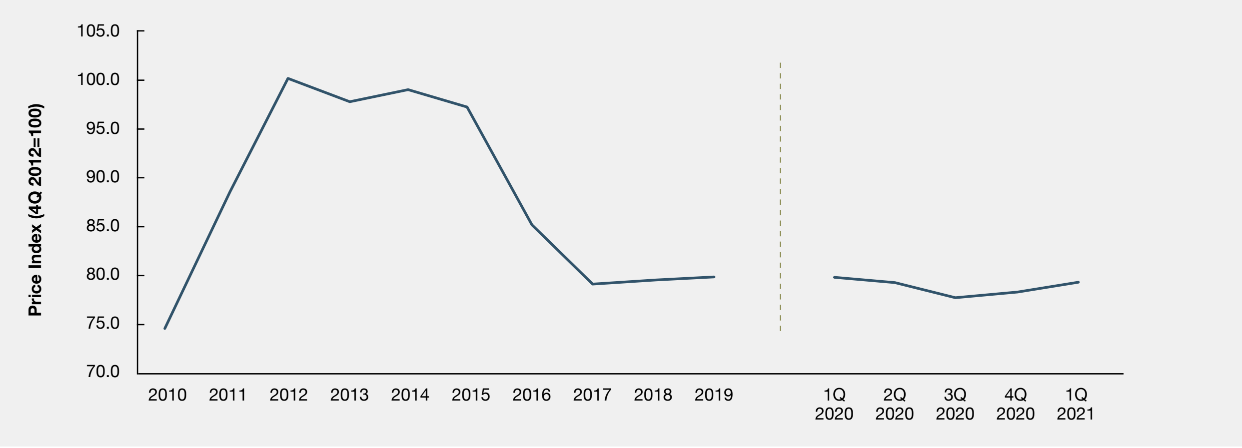


Source: JTC, URA, Knight Frank

4.4 JTC price index of single-user factory space

Similarly, despite the 1.8% y-o-y decline in 1Q 2021, the JTC single-user factory space price index rose by 1.1% on a q-o-q basis. This signaled a gradual recovery in demand for factory space against the backdrop of firmer manufacturing activities (Exhibit 4-5).

Exhibit 4-5: Price index of single-user factory space, 2010 to 1Q 2021



Source: JTC, Knight Frank

OVERVIEW OF THE SINGAPORE ECONOMY

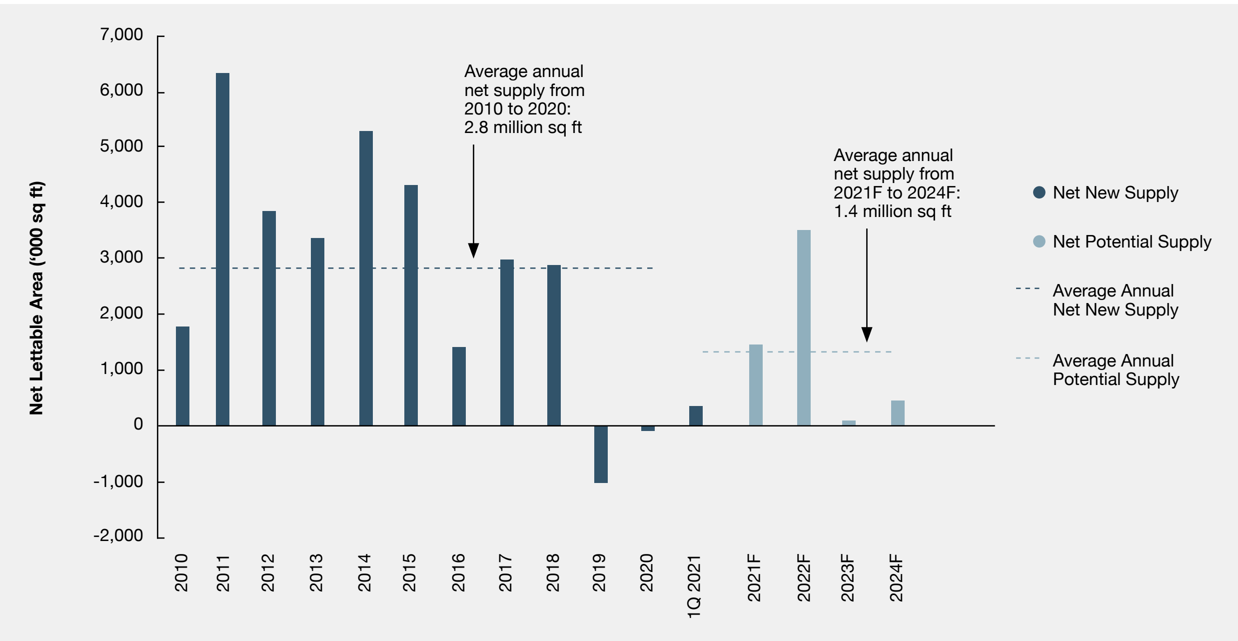
5 REVIEW OF PRIVATE MULTIPLE-USER FACTORY MARKET SEGMENT

5.1 Existing and potential supply

Singapore's private multiple-user factory space totalled approximately 102.0 million sq ft as at 1Q 2021, translating to a slight 0.1% y-o-y increase from 101.8 million sq ft in the same period a year ago. Geographically, a large proportion of stock is located within the Central region, with 40.8% or 41.6 million sq ft NLA of space available. On a y-o-y basis, while the proportion of private multiple-user space within the West and North region remained relatively unchanged, the Central, East and North-East regions experienced mild changes of -0.2%, +0.8% and -1.5% respectively (Exhibit 5-1). Notable completions in 2020 include the Food Concept @ Pandan Loop (76,000 sq ft GFA) by JVA Pandan Pte Ltd.

Singapore will be expecting almost 6.8 million sq ft GFA of multiple-user factory spaces from 2021 to 2024, of which the majority will be ready in 2022. Large-scale upcoming developments include Solaris @ Tai Seng (1.1 million sq ft GFA) located along Tai Seng Avenue, due for completion in 2022 (Exihibit 5-2).

Exhibit 5-1: Net new and potential supply of multiple-user factory space, 2010 to 2024F



Source: JTC, URA, Knight Frank

Exhibit 5-2: Selected upcoming multiple-user factory space

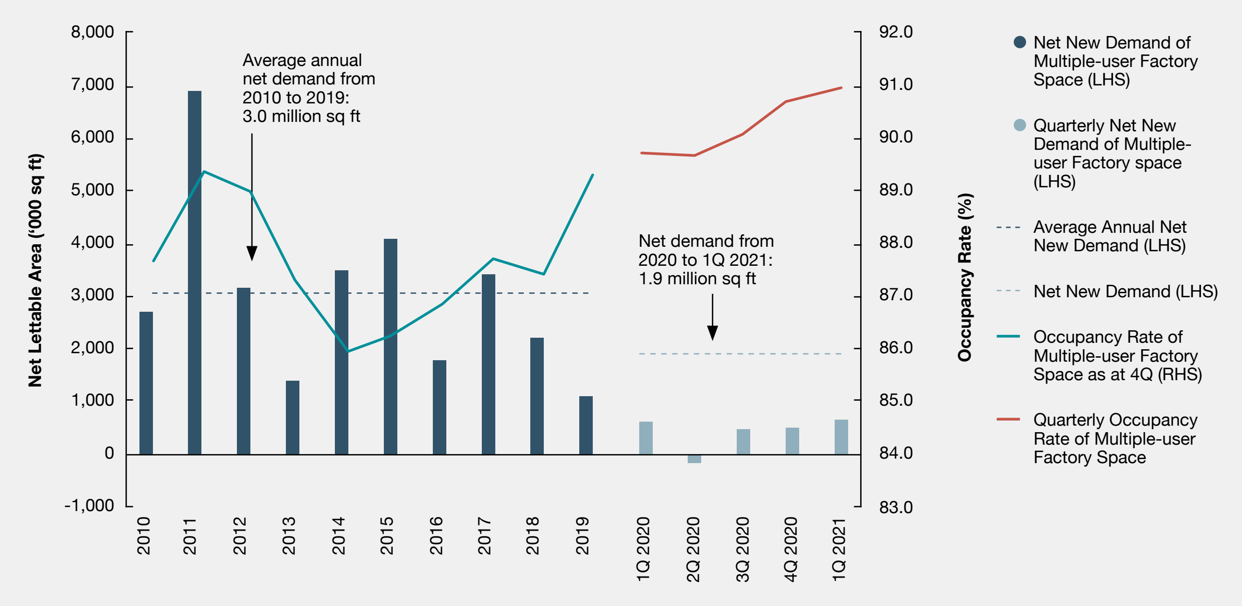
Project	Location	Developer	GFA (sq ft)	Expected Year of Completion
Ubix	Ubi Road 4	Ascendas REIT	184,063	2021
Tuas South Connection	Tuas South Link 1	Yee Lee Development Pte Ltd	513,438	2021
Ascent @ Gambas	Gambas Way	SB (Gambas) Investment Pte Ltd	321,841	2022
Liner	Tuas Bay Close	SB (Northview) Investment Pte Ltd	497,292	2022
Solaris @ Tai Seng	Tai Seng Avenue	SB (Ipark Investment Pte. Ltd.)	1,132,900	2022

Source: JTC, Knight Frank

5.2 Demand and occupancy

The total occupied private multiple-user factory space stood at over 92.7 million sq ft as at 1Q 2021, an improvement of 1.5% as compared to 1Q 2020. The occupancy rate of the Central Region declined by a slight 0.8 percentage point (pp) in 1Q 2021. All other regions enjoyed y-o-y growth in occupancy rate, with the West Region having attained the highest growth of 3.5 pp to 91.3% in 1Q 2021 (Exhibit 5-3).

Exhibit 5-3: Net demand occupancy rate of multiple-user factory space, 2010 to 1Q 2021

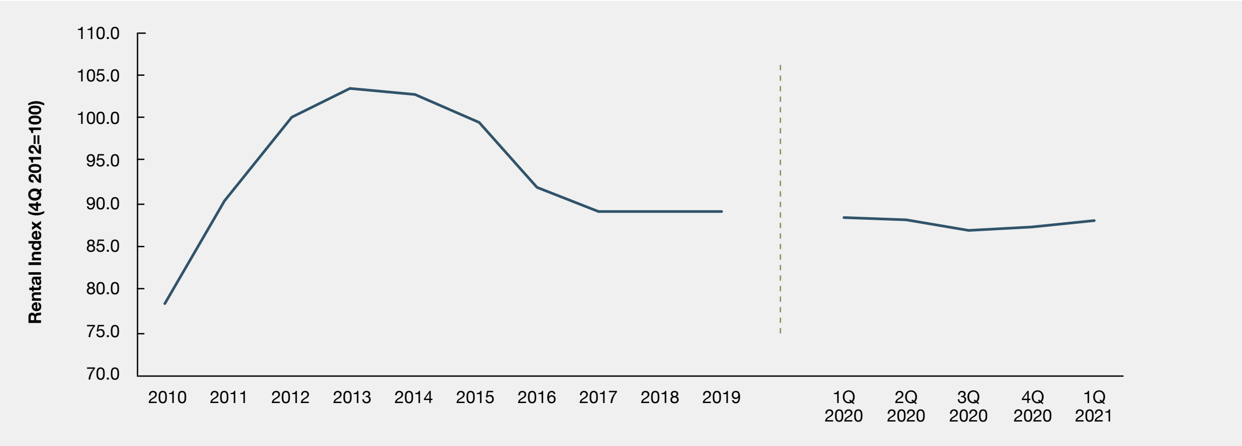


Source: JTC Space, Knight Frank

5.3 JTC rental index of multiple-user factory space

According to JTC, despite the 0.6% y-o-y fall in rental index of multiple-user factory space, it translated to 0.8% q-o-q growth in 1Q 2021, the second consecutive quarter of quarterly rental index improvement. This reflects demand recovery for leasable spaces as tenants look to restart or expand their operations along with firmer recovery in the manufacturing sector (Exhibit 5-4).

Exhibit 5-4: JTC rental index of multiple-user factory space, 2010 to 1Q 2021



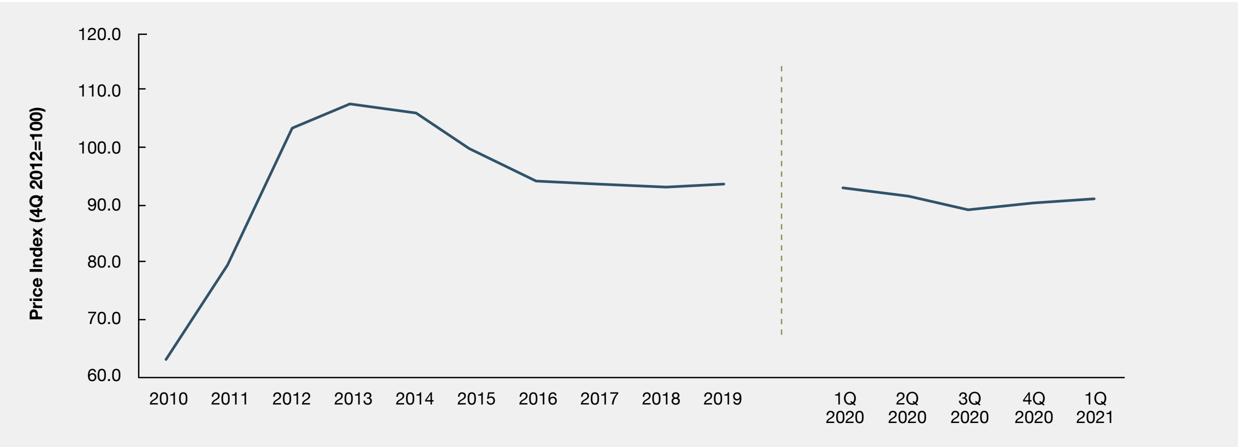
Source: JTC, URA, Knight Frank

OVERVIEW OF THE SINGAPORE ECONOMY

5.4 JTC price index of multiple-user factory space

Notwithstanding that the price index of multiple-user factory space fell 1.7% y-o-y to 91.0 in 1Q 2021, it saw a slight increase of 0.9% on a q-o-q basis (Exhibit 5-5).

Exhibit 5-5: Prices of multiple-user factory space, 2010 to 1Q 2021



Source: JTC, Knight Frank

5.5 Outlook of single-user and multiple-user factory space

Both the single-user and multiple-user factory segments will collectively contribute more than 12.1 million sq ft GFA of space to the total pipeline supply of private industrial stock in 2021. Notwithstanding the recovery of median rents and prices of single-user and multiple-user factories in 1Q 2021, the influx of upcoming supply in the next four years will exert some downward pressure on the rent and price performance of these factory segments. However, compared to multiple-user factories which are usually occupied by smaller enterprises, single-user factories are typically built-to-suit with greater certainty of occupancy.

Taking into consideration the possibly phased withdrawal of government fiscal support for businesses and the uncertainties posed from the COVID-19 pandemic, rents and prices of single-user and multiple-user factories are forecasted to fall by around 2.0% and 3.0% respectively in 2021.

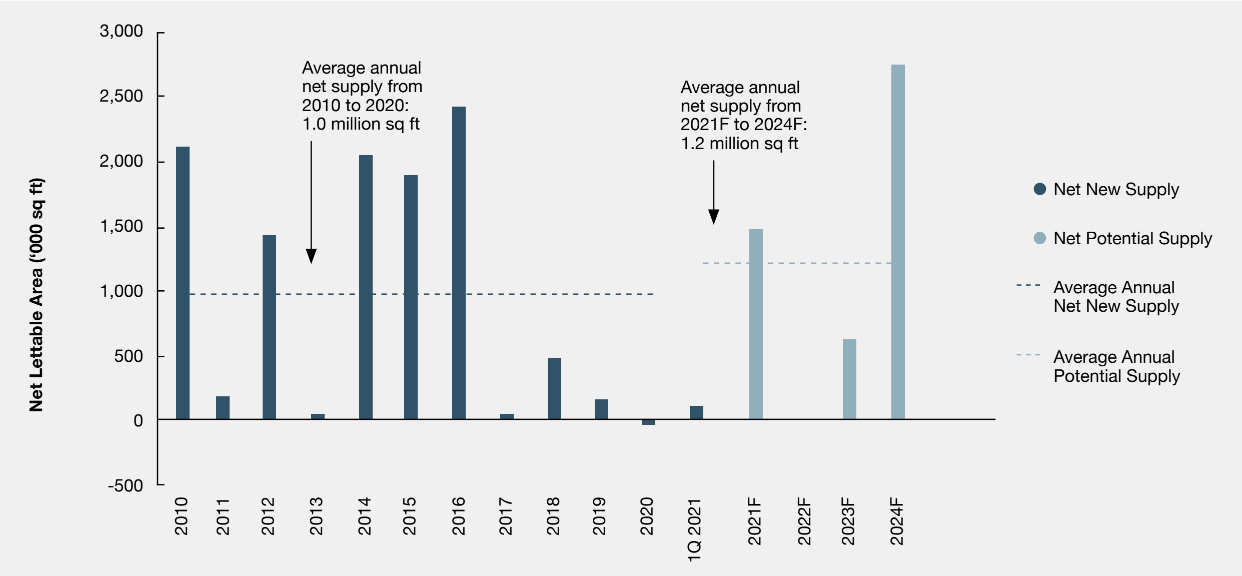
6 REVIEW OF PRIVATE AND PUBLIC BUSINESS PARKS

6.1 Existing and potential supply

Singapore's total inventory of business park spaces amounted to 23.8 million sq ft as at 1Q 2021, a slight 0.5% y-o-y increase. Negative net new supply of business park spaces was recorded in the first, second and fourth quarters of 2020, translating to an annual net decline of 23,000 sq ft of business park spaces, with some assets being taken off the market (Exhibit 6-1). More than half of the total islandwide stock is located within the central region, contributing 58.6% or 13.9 million sq ft to the total business park space stock.

An estimated 6.4 million sq ft GFA of business park space are expected to complete from 2021 to 2024 (Exhibit 6-1). An notable development - the 445,087 sq ft GFA Surbana-Jurong Campus located within the Cleantech Loop, is slated for completion in 2021 (Exhibit 6-2). The influx of upcoming supply in 2021 is mainly attributed to the pandemic-induced construction delays in 2020 which pushed completions to the following year.

Exhibit 6-1: Net new and potential supply of business park space, 2010 to 2024F



Source: JTC, URA, Knight Frank

Exhibit 6-2: Selected major upcoming business park space

Project	Location	Developer	GFA (sq ft)	Expected Year of Completion
Surbana Jurong Campus	Cleantech Loop	Surbana Jurong Capital (JID) Pte Ltd	445,087	2021
CleanTech Three	Cleantech Loop	JTC Corporation	664,025	2021
Business park development at Punggol Way	Punggol Way	JTC Corporation	2,439,638	2024

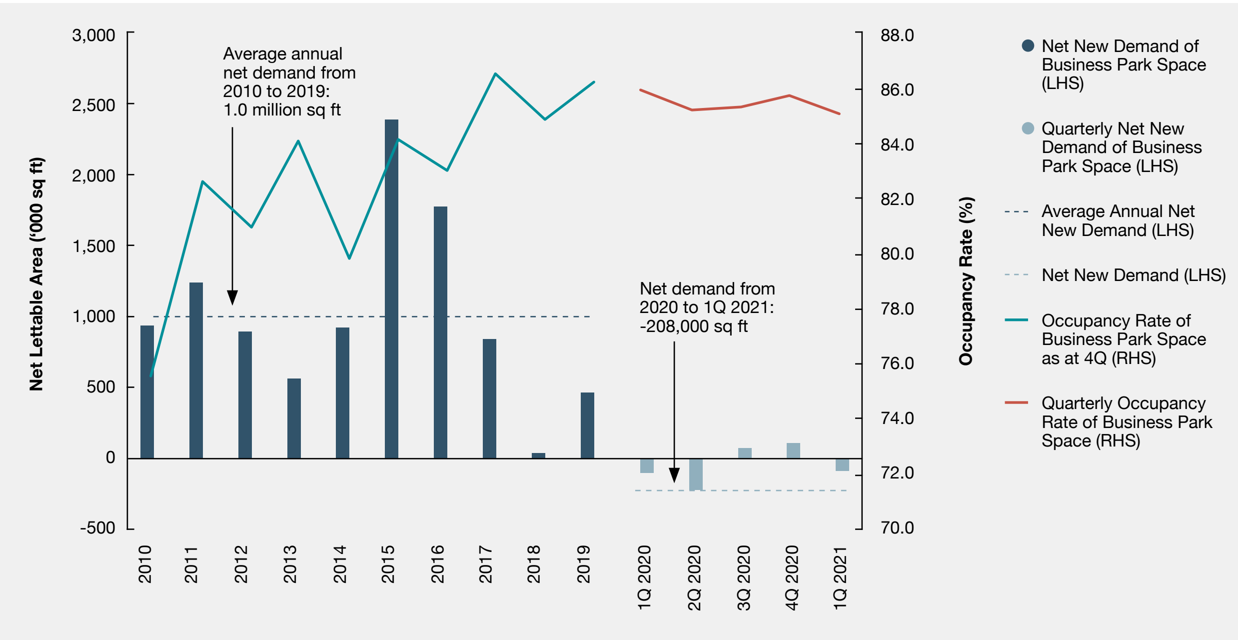
Source: JTC, Knight Frank

OVERVIEW OF THE SINGAPORE ECONOMY

6.2 Demand and occupancy

The total occupied stock of business park spaces decreased by a mild 0.6% y-o-y, to 20.2 million sq ft as at 1Q 2021. After maintaining eight consecutive quarters of occupancy rate above 90.0%, the occupancy rate of Central Region fell to 89.3% in 1Q 2021. Nonetheless, the Central Region obtained the highest occupancy among the regions, bringing the overall islandwide occupancy rate of business parks to 85.1%. Negative net demand of business park spaces was recorded during the first two quarters of 2020, translating to a net annual demand of -128,000 sq ft through 2020 (Exhibit 6-3).

Exhibit 6-3: Net demand and occupancy rate of business park space, 2010 to 1Q 2021

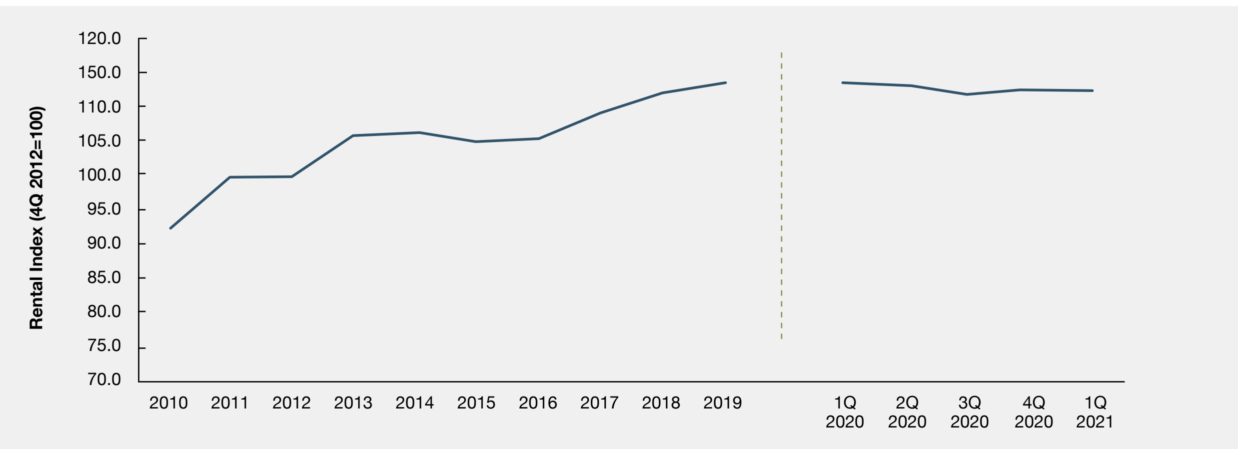


Source: JTC, URA, Knight Frank

6.3 JTC rental index of business park space

In line with the fall in occupancy rate, the 4Q 2020 JTC rental index of business park space was recorded at 112.2, 1.0% y-o-y lower than the previous year (Exhibit 6-4).

Exhibit 6-4: Rental index of business park space, 2010 to 1Q 2021



Source: JTC Space, Knight Frank

6.4 Outlook of business park segment

More business space occupiers have reviewed their space requirements since the wide adoption of work-from-home model (WFH) amid the COVID-19 pandemic. With occupancy cost a key consideration during the economic recession in 2020, qualifying occupiers sought business park spaces over offices. There was an observation of movement of businesses from the Central Business District (CBD) to business park buildings in 2020, such as the relocation of Fuji Xerox from Fuji Xerox Tower to Mapletree Business City. Business park spaces have also proven to be attractive for major technology players such as Grab, with its upcoming Singapore headquarter located within the one-north precinct. Upon its completion, it will be able to consolidate Grab's operations and workforce under one roof. For cost-conscious qualifying occupiers, business park spaces stand as a more attractive cost-saving option, hence certain spillover of demand from the office sector could be expected in the near term. With the growing emphasis on technology and research development, enterprises in the industrial space could also seek to occupy business park space for their front office operations, research, design and IT development uses. Coupled with the gradual resumption of work back to the office environment, these trends are envisaged to provide support for the business park sector occupancy level and rents in 2021.

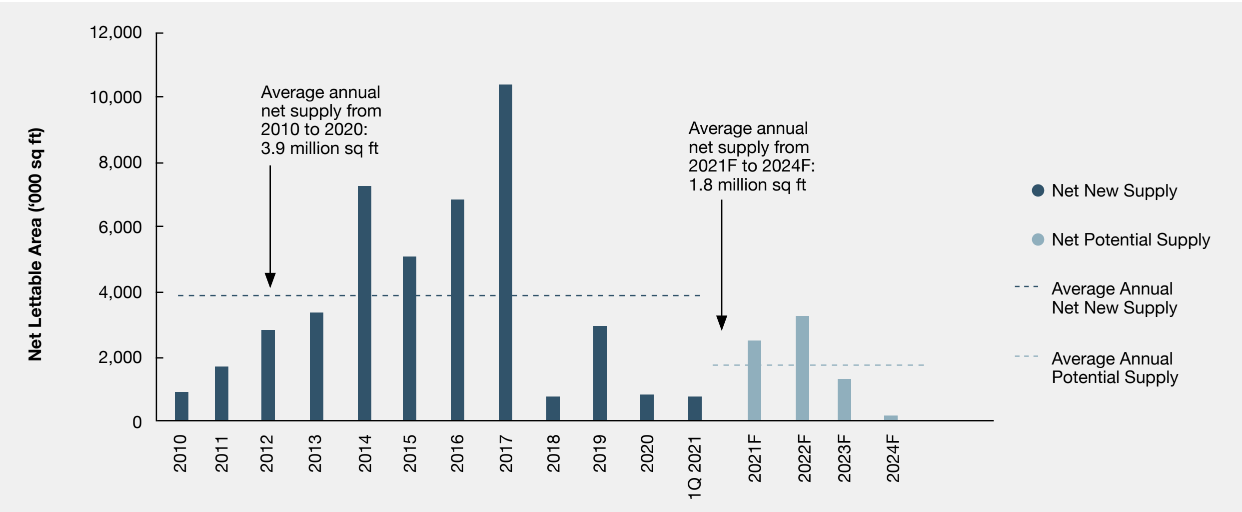
7 REVIEW OF PRIVATE WAREHOUSE MARKET SEGMENT

7.1 Existing and potential supply

As at 1Q 2021, Singapore had approximately 117.0 million sq ft of available private warehouse stock. Zooming into the availability across Singapore, the West Region contained the bulk of warehouse spaces. Constituting over 64.0% of overall islandwide stock, more than 74.2 million sq ft of private warehouse spaces were located within western Singapore, mainly in the Jurong area and in the vicinity of the future Tuas Mega Port. Apart from 3Q 2020, positive net new supply was observed for other quarters of the year, resulting in an overall net annual injection of 887,000 sq ft of private warehouse stock in 2020 (Exhibit 7-1).

From 2021 to 2024, the private warehouse segment is projected to witness the completion of approximately 8.4 million sq ft GFA of new space. The stock of private warehouse spaces in western Singapore is expected to increase with the completion of notable projects such as the Cogent Jurong Island Logistics Hub at Tembusu Crescent by S H Cogent Logistics Pte Ltd (586,094 sq ft GFA), slated for completion in 2021 (Exhibit 7-2).

Exhibit 7-1: Net new and potential supply of warehouse space, 2010 to 2024F



Source: JTC, URA, Knight Frank

OVERVIEW OF THE SINGAPORE ECONOMY

Exhibit 7-2: Notable upcoming completions of warehouse space, 2021 to 2024

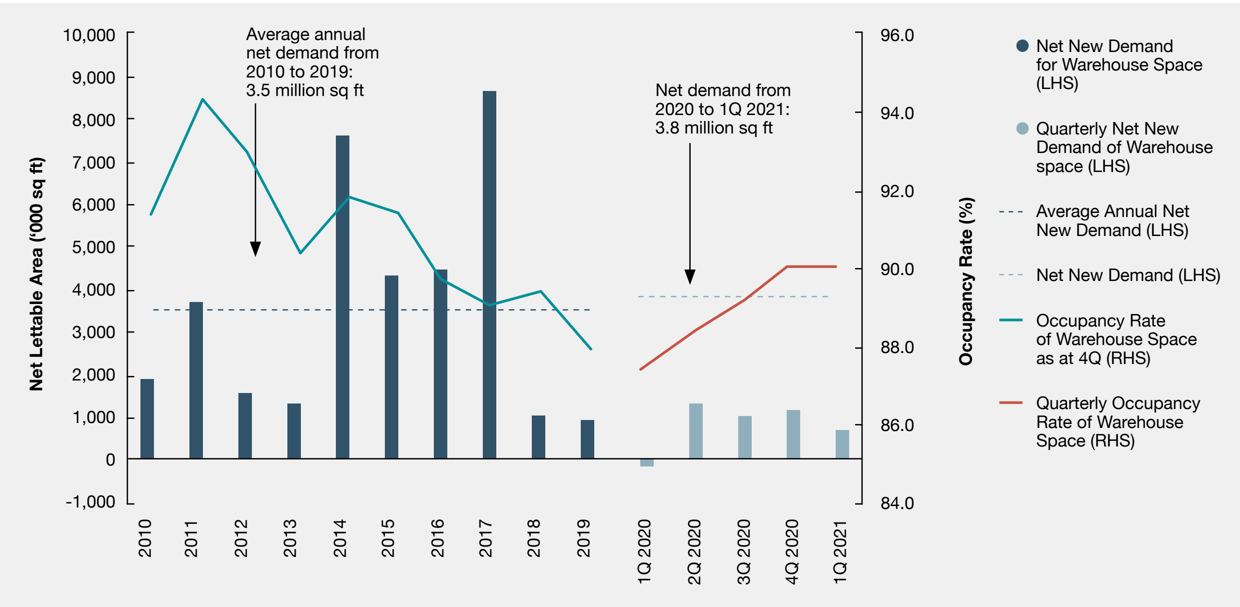
Project	Location	Developer	GFA (sq ft)	Expected Year of Completion
Warehouse development at Pesek Road	Pesek Road	SPCI Advance Pte Ltdd	97,951	2021
Cogent Jurong Island Logistics Hub	Tembusu Crescent	S H Cogent Logistics Pte Ltd	586,094	2021
Warehouse development at Pioneer Sector 1	Pioneer Sector 1	Soilbuild Business Park REIT	756,702	2022
Additions/alterations to existing industrial development at Tuas South Avenue 14	Tuas South Avenue 14	Tuas South Avenue Pte Ltd	862,511	2022

Source: JTC, Knight Frank

7.2 Demand and occupancy

As at 1Q 2021, Singapore's total occupied private warehouse spaces stood at 105.4 million sq ft, a moderate 3.1% y-o-y increment. The total annual net take-up of private warehouse spaces amounted to approximately 3.2 million sq ft in 2020, more than triple of 963,000 sq ft in 2019. With the heightened demand for warehouse space owing to factors such as the national stockpiling of necessities, the growing volume of e-commerce and the limited new supply being completed in the past year, the occupancy level of private warehouse spaces in Singapore remained at 90.0% for the second consecutive quarter in 1Q 2021. This represented a 2.6% y-o-y increase, the highest occupancy level achieved since 1Q 2016 (Exhibit 7-3).

Exhibit 7-3: Net demand and occupancy rate of warehouse space, 2010 to 1Q 2021

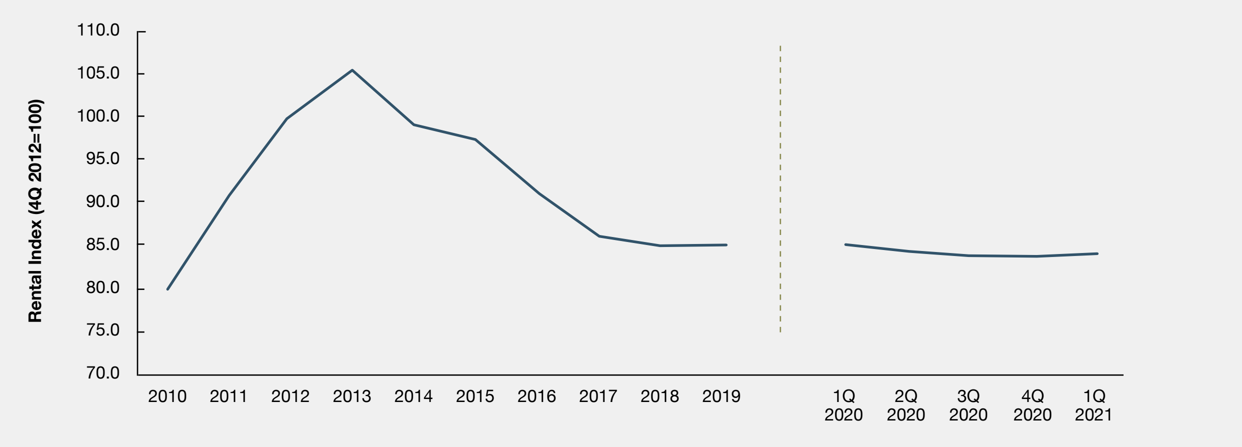


Source: JTC, Knight Frank

7.3 JTC rental index of warehouse space

The JTC warehouse rental index experienced a 1.1% y-o-y fall in 1Q 2021 due to the prevailing recessionary pressures affecting all sectors of the economy (Exhibit 7-4). Despite the decline in rental index in the second and third quarters of 2020, the rental performance of warehouse space was observed to pick up slightly since the last quarter of 2020, with +0.2% q-o-q and +0.5% q-o-q expansion recorded in 4Q 2020 and 1Q 2020 respectively.

Exhibit 7-4: Rental index of warehouse space, 2010 to 1Q 2021



Source: JTC, Knight Frank

7.4 Outlook of the warehouse space segment

Warehouse rents have proven to be more resilient compared to other industrial property sub-sectors. During the pandemic period in 2020, demand for warehouse space has been supported by the national stockpiling of essential goods, as well as a surge in e-commerce trade amid circuit breaker measures and work-from-home arrangements.

Contributing factors to warehouse property prospects range from essentials to e-commerce. First, the uncertainty of the effectiveness of the COVID-19 vaccine programme, coupled with the risks of possible resurgence of infections in the near future are expected to maintain the demand for warehouse and logistics in terms of the storage and deployment of essential supplies. Second, a larger proportion of workforce are permitted to return to the office under the adoption of hybrid work mode following the gradual relaxation of safe distancing measures. Hence, continuous high domestic demand is projected for the e-commerce market. Third, the COVID-19 pandemic has also accelerated the pace of digitalisation, driving retailers to establish a stronger online presence and contribute to future demand for warehouses for the storage of goods. With the continuing need for essential products relating to hygiene and health and the rise in e-commerce, price and rental recovery of warehouse space is anticipated going forward.

With the ongoing distribution of COVID-19 vaccines, the city-state's strategic location and developed IT infrastructure would position Singapore as a key warehousing and logistics hub. Also taking into account the supply pipeline, overall occupancy level and rents of warehouses will likely remain steady, whereby any rental movement is forecast to be relatively modest in 2021, with annual price and rent increment ranging from 1.0% to 3.0%.

OVERVIEW OF THE SINGAPORE ECONOMY

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OVERVIEW OF THE AUSTRALIA ECONOMY

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

The following report was prepared by AA REIT Management Australia Pty Limited as at 31 May 2021 for its inclusion in this Annual Report.

OVERVIEW OF THE AUSTRALIA ECONOMY

COVID-19 still remains a worldwide threat to the global economy even though a number of vaccines have been approved and vaccinations have begun globally. At the start of 2020, Australia was still responding to one of the worst health crisis the country has ever experienced. Throughout the last 12 months, Australia has weathered the global coronavirus pandemic better than most other countries with a relatively low fatality rate associated with the disease.

The Australian economy improved in the first half of 2021, with the containment of new COVID-19 cases during the first four months of 2021. Australia's economy has since rebounded, growing by 1.1% over the past year.[1]

The Reserve Bank of Australia ("RBA") has signaled that it will not raise cash rate from its record low of 0.1% until inflation is sustainably within its 2% to 3% target band.[2] For that to occur, the RBA says the jobless rate will need to fall to or below 4% from 5.5% currently, and wage growth will have to double to at least 3%. The RBA does not expect these conditions to be met until 2024, signalling a protracted period of highly accommodative monetary policy settings.

GDP and employment are expected to reach their pre-pandemic levels over the course of 2021. GDP grew 1.8% in the March quarter[1], above economist expectations of 1.6%. The unemployment rate is likely to have already peaked and is now expected to decline steadily to around 5¼% by mid 2023.[4]

The Australian economy has since staged a remarkable comeback by keeping virus numbers in check and allowing businesses to reopen with confidence. The Australian economy is now 0.8% larger than its previous record, prior to the bushfire crisis and pandemic. GDP figures showed the Australia's recovery was more broad-based as families are spending locally and businesses are continuing to invest, making most of record low interest rates and tax offsets.[3] Australia is also one of only five other countries boasting an economy that is larger than before the pandemic.[3]

OVERVIEW OF MACQUARIE PARK (NEW SOUTH WALES, AUSTRALIA)

Macquarie Park is a suburb in northern Sydney, New South Wales ("NSW"), Australia. It is located 15 kilometres northwest of the Sydney central business district in the local government area of the City of Ryde. Macquarie Park is one of the major centres for business in Australia and the state of NSW. The corporate prestige, close access to facilities and aesthetically pleasing environment are an attraction for many corporations. The Macquarie Centre is a major regional shopping centre at Macquarie Park. Macquarie University takes up a large part of the suburb.

1 Australian Bureau of Statistics
2 Reserve Bank of Australia, Statement on Monetary Policy February 2021
3 Deloitte Access Economics

OVERVIEW OF THE AUSTRALIA ECONOMY

MACQUARIE PARK MARKET OVERVIEW

According to the Knight Frank Market Report for the first quarter of 2021, leasing activity declined in 2020 to about half the volume seen in 2019 due to COVID-19. However, sub-lease availability remains low, supported by the well-established industry clusters such as government, tech, pharma and biotech. The rise in office vacancy increased to 9.6% in January 2021, up from the 4% at the same time in 2020 due to new uncommitted supply coming online amid a reduction in the second half of 2020, resulting in negative 15,573 sqm of net absorption over the period.

There was almost 50,000 sqm of new office space completed during 2020. The last time Macquarie Park saw this volume of new supply in a 12 month period was in 2014. The largest project was the first stage of the Macquarie Square development, a 34,500sqm office building known as the "Glasshouse" (Building C). The building, anchored by the NSW Government, was developed by John Holland and sold to Charter Hall in 2019.

Goodman Group's development, Macquarie Corporate Centre at 2 Banfield Road was also completed in late 2020 and was recently sold to AEW Capital Management for approximately AUD140 million.

Although there is an extensive pipeline of development, no new supply is expected to come online during 2021.

Face rents are still holding but incentives have increased since the beginning of the pandemic which has impacted effective rents. Containment measures and subsequent public health orders to work from home where possible, saw leasing activity subside significantly. On a 12 month basis to January 2021, prime net effective rents have declined 7.7% to an average of AUD299 per sqm and secondary net effective rents declined 8% to AUD246 per sqm over the same period.

Macquarie Park continued its record run of deals accounting for almost half the deals by value in 2020. Singaporean investors dominated acquisitions, especially in Macquarie Park.

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

Burleigh Waters is a suburb within the Local Government Area ("LGA") of the City of Gold Coast in Queensland, Australia. It boasts five manmade lakes, two large shopping centres and Marymount College. It sits within the LGA of the City of Gold Coast, and is only 10 kilometres south of the famous Gold Coast entertainment area, which is the second most popular tourist destination in Queensland ("QLD") (3.1 million visitors compared to Brisbane at 6.1 million visitors) with its prominent beaches, popular restaurant offerings and vibrant nightlife. The changing economic environment has seen the local government recognising the need to accommodate not only existing key industries such as tourism, but also emerging industries. In addition, some major domestic and foreign developers have committed to significant tourism and leisure projects, showing confidence that the Gold Coast will continue to attract tourists from Asia Pacific and the world. Education has also become a fundamental economic driver for the Gold Coast with the establishment of the Gold Coast Health and Knowledge Precinct.

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

Gold Coast's 2021 population is now estimated at 710,650 and is one of Australia's fastest growing regions, with its population expected to reach as many as 820,000 by 2035.[1] This move from other states and overseas is helping to propel economic growth in the region, which will provide demand to the commercial and residential property sectors in the future.

The city continues to be a thriving tourism spot because of its beaches that are known for surfing, pristine rainforests, stunning skyline and activities including shopping and theme parks. Its movie, TV, and music industries have earned it the nickname "Australia's Hollywood," and it is now the most populous non-capital city in Australia.

[1] Tourism and Events Queensland, Total Domestic and International Fact Sheet, Year ending September 2020 Article from World Population Review

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

GOLD COAST MARKET OVERVIEW

The Gold Coast economy experienced a slight decline in Gross Regional Product by 1.3% year-on-year to June 2020[1], as a result of the worldwide pandemic.

The Gold Coast unemployment rate at the end of 2020 sits at 6.9%[2], slightly below the regional Queensland average of 7%. There are signs that the recovery on the Gold Coast has already begun with a slight overall increase in jobs in May 2012. There was an increase of 6,100 part-time positions on the Gold Coast in May 2021, reflecting the reopening of restaurants, cafes and pubs.

Growth in major funded projects over the next two years remain focused in South East Queensland (Greater Brisbane, Sunshine Coast, Gold Coast and Ipswich-Toowoomba-Logan), with funded activity (and associated major project employment) more than doubling over the next two years.

Overall, Gold Coast remains one of Australia's fastest growing city and projected to be home to approximately one million people by 2050.[3]

1 .id community, Gold Coast City economic profile 2020
2 Department of Employment, ABS Labour Force Survey and Centrelink Data
3 Australian Bureau of Statistics

MANAGER'S REPORT

OPERATIONS REVIEW

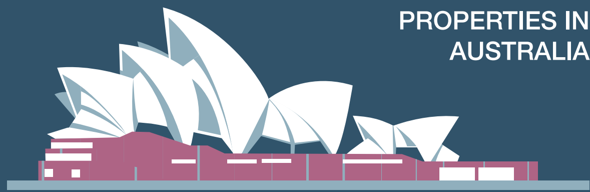
AT A GLANCE AS AT 31 MARCH 2021

26

PROPERTIES IN SINGAPORE

2

PROPERTIES IN AUSTRALIA



WEIGHTED AVERAGE LEASE EXPIRY ("WALE")

3.79 years

2.23 years (without forward leases)

NET LETTABLE AREA ("NLA")

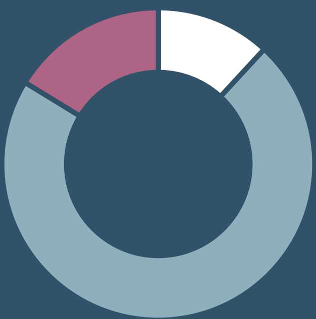
740,738 square metres

TOTAL NUMBER OF TENANTS

193

OCCUPANCY

95.4 %



PORTFOLIO VALUE

S$1.72 billion

DEVELOPMENT TRACK RECORD IN DELIVERING OUR ASSET ENHANCEMENT STRATEGY

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

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

Apr 2016

8 TUAS AVENUE 20

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

Jul 2011

20 GUL WAY (PHASES ONE & TWO)

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

Jun 2013

20 GUL WAY (PHASES TWO EXTENSION & THREE)

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

Aug 2016

51 MARSILING ROAD

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

Jan 2013

103 DEFU LANE 10

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

May 2015

30 TUAS WEST ROAD

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

May 2018

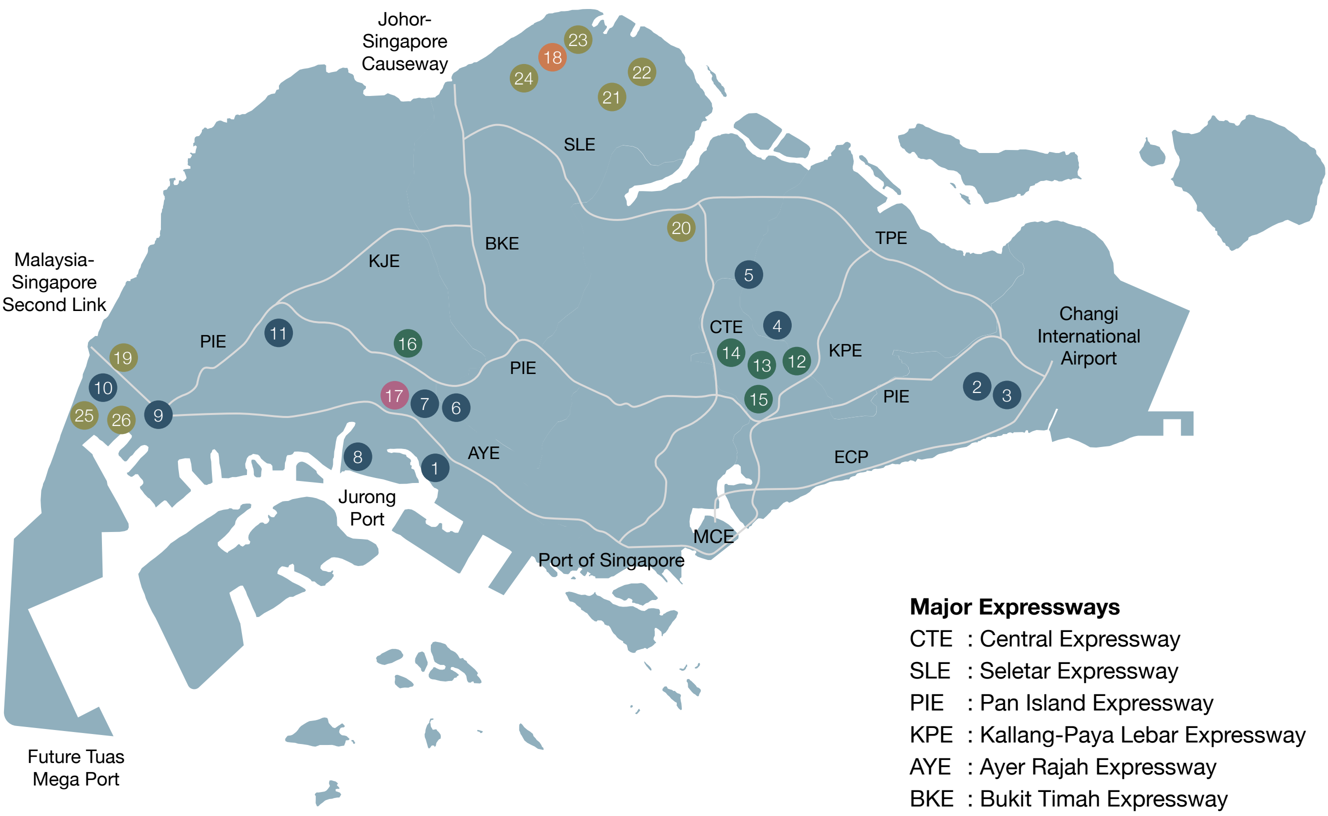
3 TUAS AVENUE 2

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

MANAGER'S REPORT

OPERATIONS REVIEW

SINGAPORE PROPERTY PORTFOLIO AS AT 31 MARCH 2021



Major Expressways

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

LOGISTICS & WAREHOUSE

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

LIGHT INDUSTRIAL

12. 15 Tai Seng Drive
13. 23 Tai Seng Drive
14. 135 Joo Seng Road
15. 1 Kallang Way 2A
16. 1 Bukit Batok Street 22

BUSINESS PARK

17. 1A International Business Park

HI-TECH

18. 29 Woodlands Industrial Park E1

GENERAL INDUSTRIAL

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

AUSTRALIA PROPERTY PORTFOLIO AS AT 31 MARCH 2021

BUSINESS PARK

A. Optus Centre, 1-5 Lyonpark Road, Macquarie Park, New South Wales, Australia

LIGHT INDUSTRIAL

B. Boardriders Asia Pacific HQ, Burleigh Heads, Queensland, Australia

MANAGER'S REPORT

OPERATIONS REVIEW

PORTFOLIO PERFORMANCE IN FY2021

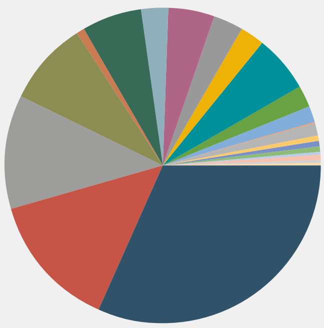
The Manager continued its strategy of proactive management of AA REIT's portfolio and focused on the evaluation and execution of investment opportunities in Singapore and Australia.

Amidst the evolving COVID-19 environment, AA REIT also experienced a healthy demand for logistics facilities which arose from the pandemic conditions, which led to a shift in global supply chains and the resulting additional warehousing needs.

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

Despite the challenging operating environment during FY2021, the Manager maintained its focus on proactive asset and lease management. AA REIT's portfolio remained resilient, with 28 strategically located industrial properties and a diversified tenant base consisting of 193 tenants across 22 industries.

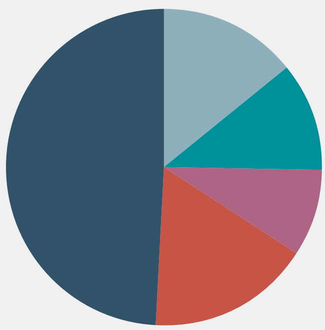
Tenants' Industry Sector (by FY2021 GRI)



Logistics	31.8%	Data Centre	1.8%
Telecommunication	13.8%	Testing and certification	1.3%
Engineering	11.7%	Design and marketing	0.7%
Biotech/Life Sciences	8.7%	Infrastructure	0.7%
Consumer products	6.1%	F&B	0.6%
Pharmaceutical/Healthcare/Cosmetic	5.8%	Paper & Printing	0.4%
Fashion and Apparels	4.9%	Education	0.4%
FMCG	3.0%	Others/Services	0.3%
IT & Electronics	2.8%	Energy	0.3%
Furniture	2.5%	Semiconductor	0.2%
Self-storage	2.1%	Plastic Products and Distribution	0.1%

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

Industrial Sub-clusters (by FY2021 GRI)



Business Park	16.7%
Hi-Tech Space	8.9%
Light Industrial	11.1%
General Industrial	14.1%
Logistics and Warehouse	49.2%

On 9 October 2020, AA REIT completed the acquisition of 7 Bulim Street, a strategically located, modern ramp-up logistics warehouse located at Jurong Innovation District (JID) in Singapore, for S$129.6 million. The property was acquired from Titan (Wenya) Pte. Ltd. and is fully master-leased to KWE-Kintetsu World Express (S) Pte Ltd, a wholly-owned subsidiary of a Japanese freight forwarding and logistics group. The existing lease commenced on 1 January 2014 for a term of 10 years, with a five-year option for the master tenant to renew its lease at the then prevailing market rate by 30 June 2023. The purchase consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the independent valuation by Savills Valuation And Professional Services (S) Pte Ltd commissioned by the Manager. The methods used by the valuer were the Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method, each being used as a check against the other.

In addition, on 27 January 2021, AA REIT announced the acquisition of a property at 315 Alexandra Road in Singapore for a purchase consideration of S$102.0 million from Aster (Alexandra) Pte. Ltd.. The purchase consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the independent valuation by Savills Valuation And Professional Services (S) Pte Ltd commissioned by the Manager, which valued the property at S$104.7 million. The methods used by the valuer were the Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method, each being used as a check against the other. The acquisition is subject to approval by JTC.

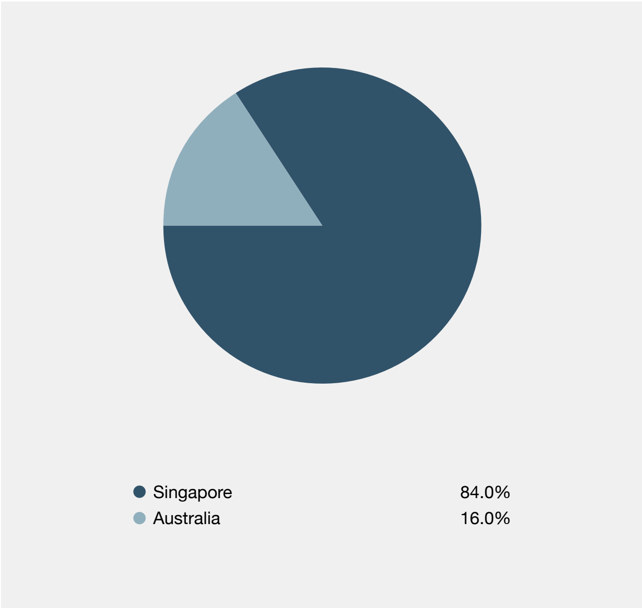
AA REIT's overseas properties are located in Australia, with a property located in Gold Coast, Queensland, as well as a 49.0% interest in a property located in Macquarie Park, New South Wales.

The light industrial property in Gold Coast is located in Burleigh Heads, an established industrial, commercial, retail and residential suburb. It is 100% leased to GSM (Operations) Pty Ltd and operates as Boardriders' Asia Pacific HQ.

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

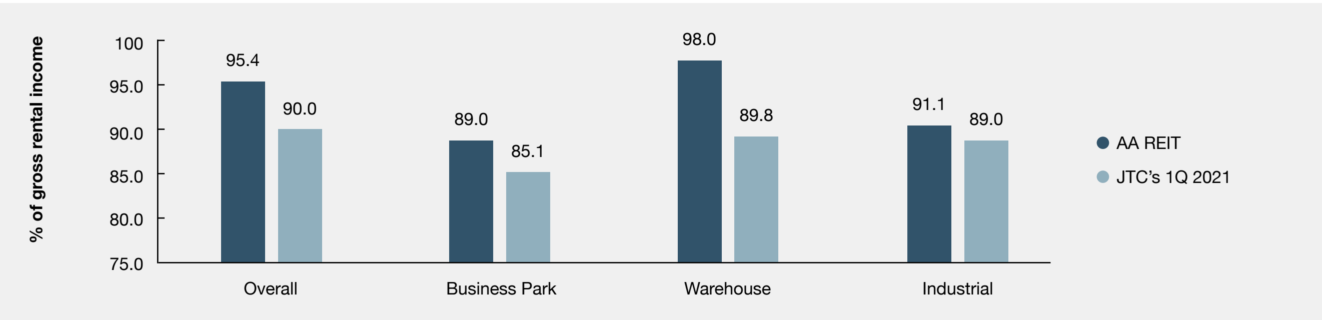
AA REIT seeks to expand its presence in the region and further strengthen and diversify the portfolio through strategic acquisitions and partnership opportunities.

Geographical Location (by FY2021 GRI)



The overall occupancy rate of AA REIT's portfolio stood at 95.4% as at 31 March 2021. The various occupancy rates of the industry sub-clusters also exceeded the respective Singapore's industrial average levels.

Occupancy Rate (by Sub-clusters)



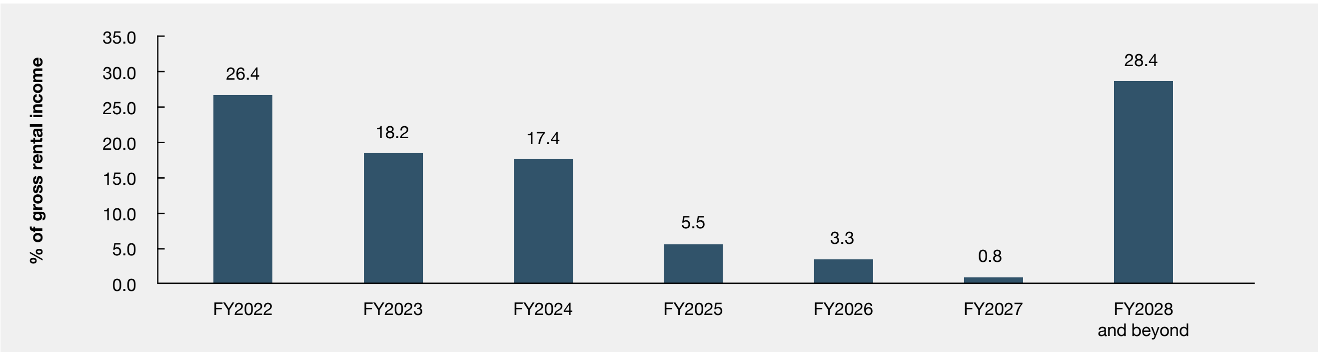
MANAGER'S REPORT

OPERATIONS REVIEW

Despite the ongoing COVID-19 pandemic during FY2021, AA REIT successfully secured 106 new and renewed leases, including 7 Bulim Street (representing 328,123 sq m, or approximately 44.3% AA REIT's respective total NLA), at a weighted average rental rate decrease of 2.02% on the renewed leases in FY2021. Out of these, 44 new leases were secured and the WALE (by GRI) stood at 3.11 years and contributed to 10.1% of the portfolio's FY2021 GRI.

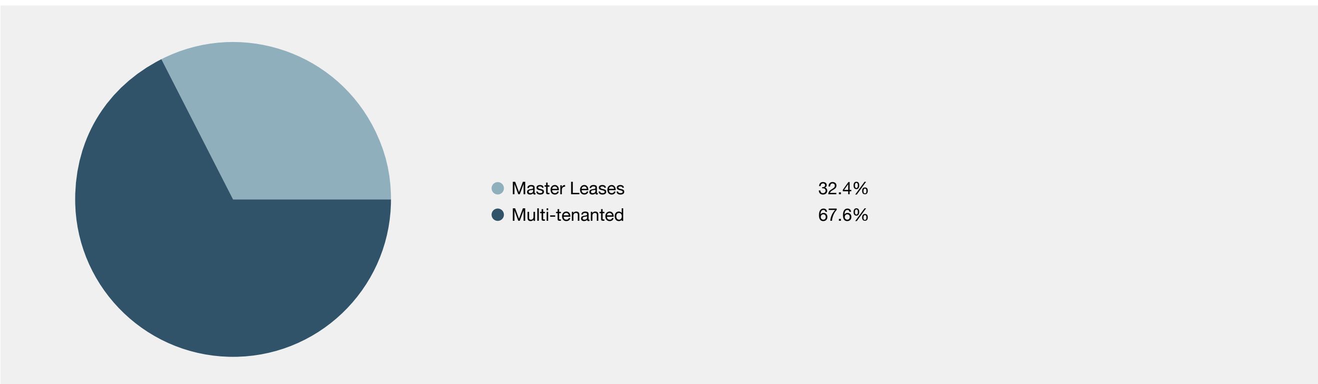
With a well-staggered lease expiry profile, AA REIT's portfolio enjoys stability of income as approximately 28.4% of the total portfolio leases (by GRI) are committed until FY2028 and beyond, which reduces AA REIT's exposure to near term expiries. As at 31 March 2021, AA REIT's WALE (by GRI) stood at 2.23 years.

Lease Expiry Profile (by FY2021 GRI)



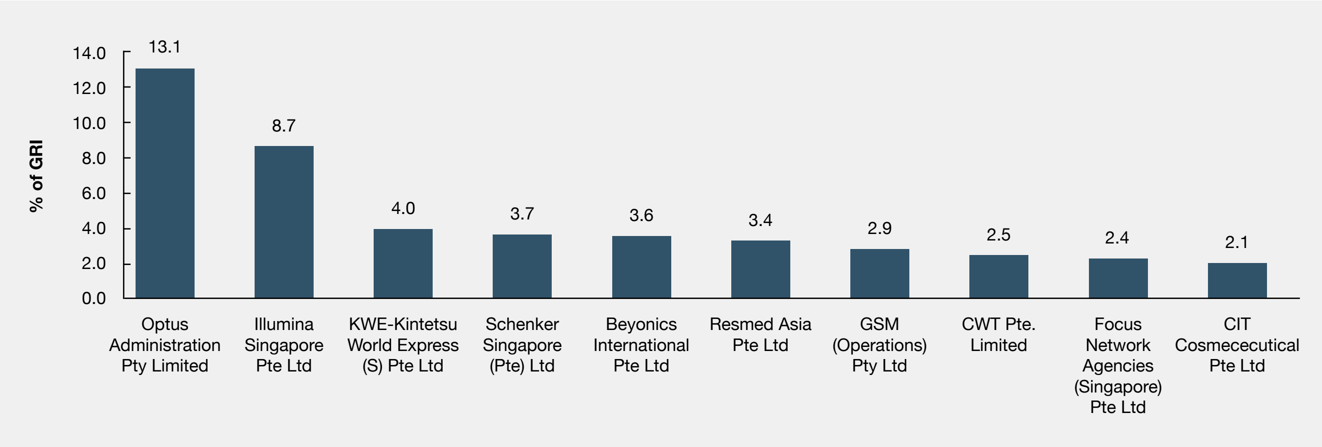
Underpinning the stable income, AA REIT has nine properties under master leases (as at 31 March 2021, including the new master tenant secured for 541 Yishun Industrial Park A which commenced in January 2021) that provide stability of income growth as a result of longer lease duration and built-in rental escalations. The remaining multi-tenancy properties, with shorter leases with an average of approximately three years, provide flexibility and potential for AA REIT to reposition the portfolio according to the market conditions.

Master and Multi-tenanted Leases (by FY2021 GRI)



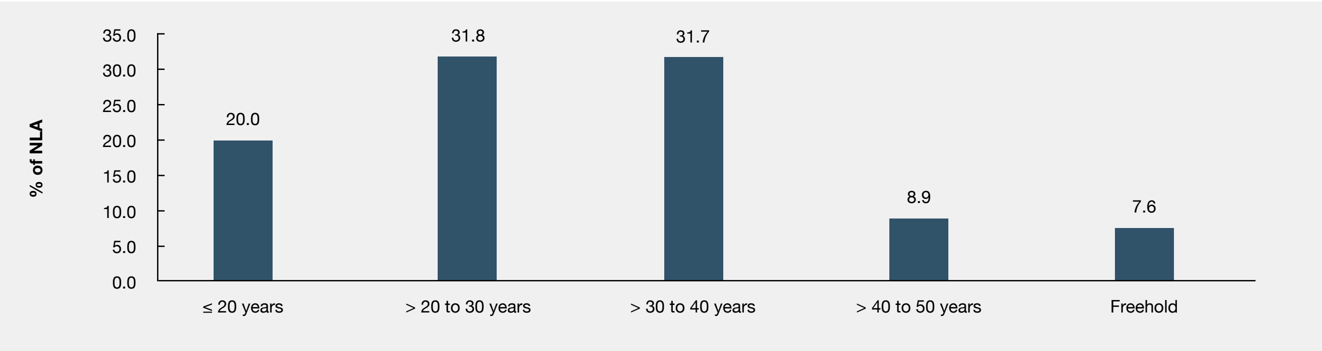
AA REIT's portfolio consists of a high-quality and diversified tenant base, which includes large multinational companies, publicly listed companies and small and medium sized enterprises. The top 10 tenants accounted for approximately 46.4% of GRI for FY2021. Although the top tenant accounted for approximately 13.1% of AA REIT's GRI, the remaining nine tenants each do not exceed 10%.

Top 10 Tenants (by FY2021 GRI)



Properties located on freehold land accounted for 7.6% of the portfolio's NLA as at 31 March 2021. The portfolio enjoys well-distributed, long underlying land leases, with a weighted average land lease to expiry for the portfolio of 34.6* years, weighted by NLA. Excluding freehold land, the weighted average land lease to expiry for leasehold land in the portfolio would be 29.3 years.

Land Lease Expiry Profile (by NLA)



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

While the quality portfolio provided a resilient performance in FY2021, the ongoing COVID-19 impact on both the global and Singapore's economies is expected to continue into FY2022. Although the Manager remains confident in the strength of its portfolio and its business strategy to navigate through these unprecedented and challenging times, it is adapting to the 'new normal' and will continue to proactively manage its portfolio to protect and further drive AA REIT's long-term performance.

MANAGER'S REPORT

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Statement of net income and distributions	FY2021 S$'000	FY2020 S$'000	Change %
Gross revenue	**122,633**	118,860	3.2
Property operating expenses	**(35,101)**	(29,806)	17.8
Net property income	**87,532**	89,054	(1.7)
Foreign exchange gain/(loss)	**296**	(161)	>(100.0)
Interest and other income	**631**	339	86.1
Borrowing costs	**(22,127)**	(22,084)	0.2
Manager's management fees	**(8,411)**	(7,686)	9.4
Other trust expenses	**(3,579)**	(2,692)	32.9
Non-property expenses	**(34,117)**	(32,462)	5.1
Net income before joint venture's profits	**54,342**	56,770	(4.3)
Share of profits of joint venture (net of tax)	**35,354**	61,099	(42.1)
Net income	**89,696**	117,869	(23.9)
Net change in fair value of investment properties and investment property under development	**(31,806)**	(21,258)	49.6
Net change in fair value of derivative financial instruments	**2,178**	(3,526)	>(100.0)
Total return before income tax	**60,068**	93,085	(35.5)
Income tax expense	**(8,047)**	(7,566)	6.4
Total return after income tax	**52,021**	85,519	(39.2)
Attributable to:			
Unitholders	**47,571**	85,519	(44.4)
Perpetual Securities holders	**4,450**	-	NM
	52,021	85,519	(39.2)
Distributions to Unitholders	**63,247**	66,513	(4.9)
Distribution per Unit ("DPU") (cents)	**8.95**	9.50	(5.8)

NM: not meaningful.

Gross revenue and net property income

The gross revenue achieved for FY2021 of S$122.6 million was S$3.8 million higher compared to the gross revenue for FY2020 of S$118.9 million mainly due to the full year contribution from Boardriders Asia Pacific HQ which was acquired in July 2019 and the redevelopment of the property at 3 Tuas Avenue 2 which commenced its maiden contribution from March 2020 as well as the contributions from the property at 7 Bulim Street which was acquired in October 2020. The increase was partially offset by the estimated Additional Rental Relief for eligible tenants under the Singapore rental relief framework of S$1.7 million, lower contributions from the property at 1A International Business Park arising from the conversion from master lease to multi-tenancy leases in November 2019 as well as the expiry of the lease with the previous master tenant at 541 Yishun Industrial Park A in April 2020. Rental contribution from the new master tenant secured for the property at 541 Yishun Industrial Park A commenced in January 2021.

Property operating expenses for FY2021 of S$35.1 million was S$5.3 million higher compared to the property operating expenses for FY2020 of S$29.8 million mainly due to a property tax refund of S$2.3 million for 20 Gul Way recognised in FY2020 due to the change in prior years' annual value assessed by the Inland Revenue Authority of Singapore as well as higher costs arising from the conversion from master lease to multi-tenancy leases for the property at 1A International Business Park. The increase in property operating expenses was also contributed by the property operating expenses incurred for the property at 3 Tuas Avenue 2 and recently acquired property at 7 Bulim Street.

Net property income for FY2021 stood at S$87.5 million, or S$1.5 million lower compared to net property income for FY2020 of S$89.1 million mainly due to higher property operating expenses offset by higher gross revenue.

Borrowing costs

Borrowing costs was comparable to FY2020. The increase in borrowing costs due to the acquisition of Boardriders Asia Pacific HQ and the asset enhancement initiative at Optus Centre which were substantially debt-funded as well as the higher borrowing costs on lease liabilities incurred for FY2021 due to the recognition of the right-of-use asset ("ROU asset") arising from the extension option for the property at 15 Tai Seng Drive in accordance with FRS 116 *Leases* ("FRS 116") was offset by lower floating interest rates as well as lower fixed interest rates on the interest rate swaps and cross currency interest rate swaps entered into in FY2021.

Manager's management fees

Manager's management fees for FY2021 of S$8.4 million was S$0.7 million higher compared to the Manager's management fees for FY2020 of S$7.7 million mainly due to higher value of the Deposited Property of the Group[1] for FY2021 arising from the acquisition of Boardriders Asia Pacific HQ in July 2019, the higher valuation of Optus Centre and the acquisition of the property at 7 Bulim Street in October 2020.

Other trust expenses

Other trust expenses for FY2021 of S$3.6 million was S$0.9 million higher compared to other trust expenses for FY2020 of S$2.7 million mainly due to the inclusion of the finalisation of the revision in the Australian investment management fees in FY2021, applied retrospectively from 15 July 2019, being the date of completion of the acquisition of Boardriders Asia Pacific HQ. This was partially offset by higher costs incurred in FY2020 in relation to the administration of the AA REIT Distribution Reinvestment Plan.

Share of profits of joint venture (net of tax)

The share of profits of joint venture (net of tax) comprised of the contribution from AA REIT's 49.0% interest in Optus Centre. The share of profits of joint venture (net of tax) for FY2021 of S$35.4 million was S$25.7 million lower compared to the share of profits of joint venture (net of tax) for FY2020 of S$61.1 million mainly due to the lower share of revaluation surplus recognised from the valuation of Optus Centre of S$21.7 million (FY2020: S$48.0 million). As at 31 March 2021, the valuation of the property stood at AUD660.0 million, equivalent to approximately S$675.4 million based on the independent valuation carried out by Jones Lang LaSalle Advisory Services Pty Ltd (31 March 2020: AUD584.0 million, equivalent to approximately S$509.8 million based on the independent valuation carried out by Knight Frank NSW Valuations & Advisory Pty Ltd).

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

MANAGER'S REPORT

FINANCIAL REVIEW

Net change in fair value of investment properties and investment property under development

The net revaluation deficit in fair value of investment properties and investment property under development included the fair value adjustment of ROU assets included in investment properties in accordance with FRS 116 of S$5.1 million in FY2021 (2020: S$5.3 million). The net revaluation deficit was mainly attributed to lower rental rates signed up for certain new and renewal leases and lower direct comparison assumption adopted by the independent valuer for certain properties which was partially offset by revaluation surplus from Boardriders Asia Pacific HQ arising from the compression of capitalisation rate. As at 31 March 2021, the independent valuations of AA REIT's 26 investment properties in Singapore were carried out by Cushman & Wakefield VHS Pte Ltd or CBRE Pte. Ltd. while the valuation of Boardriders Asia Pacific HQ was carried out by Jones Lang LaSalle Advisory Services Pty 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.

Net change in fair value of derivative financial instruments

The net change in fair value of derivative financial instruments mainly relate to the changes in fair value due to the revaluation of interest rate swap contracts and cross currency interest rate swap contracts of the Group, with a notional amount of S$316.3 million. Under the interest rate swap contracts, the Group pays fixed interest rates of between 0.28% 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, to fix the floating-rate term loans. Under the cross currency interest rate swap contracts, the Group pays a fixed interest rate of 1.57% per annum on the notional principal of AUD31.5 million and receives interest based on a three-month Singapore swap offer rate plus margin. 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.

Amount reserved for distribution to Perpetual Securities holders

On 14 August 2020, AA REIT issued S$125.0 million subordinated perpetual securities ("Perpetual Securities"), The Perpetual Securities confer a right to its holders to receive distribution payments at a rate of 5.65% per annum, with the first distribution rate reset falling on 14 August 2025 and subsequent resets occurring every five years thereafter. Distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative in accordance with the terms and conditions of the Perpetual Securities.

Distributions to Unitholders

AA REIT's distribution policy is to distribute at least 90.0% of its Singapore taxable income for the full financial year. For FY2021, AA REIT continued to pay out 100.0% of the Singapore taxable income available for distribution. Distributions to Unitholders for FY2021 stood at S$63.2 million, which was S$3.3 million lower compared to the distributions to Unitholders for FY2020 mainly due to lower net property income (net of amount reserved for distribution to Perpetual Securities holders) and management fees paid fully in cash for FY2021 which was partially offset by the full release of the Australian distributable income of S$2.9 million previously retained in FY2020. In FY2020, AA REIT retained S$2.9 million of the Australian distributable income to conserve cash for working capital purposes in view of the COVID-19 situation.

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

Net assets attributable to Unitholders	FY2021 S$'000	FY2020 S$'000
Total assets	1,846,581	1,648,932
Total liabilities	759,210	693,977
Perpetual Securities holders' funds	124,613	-
Net assets attributable to Unitholders	**962,758**	**954,955**
NAV per Unit (S$)	**1.36**	**1.35**

As at 31 March 2021, total assets stood at S$1,846.6 million, or S$197.6 million higher compared to total assets of S$1,648.9 million as at 31 March 2020. The increase in total assets was mainly due to the acquisition of the property at 7 Bulim Street, recognition of ROU asset on the extension option for the property at 15 Tai Seng Drive in accordance with FRS 116, the strengthening of the Australian dollar against the Singapore dollar which resulted in a higher translated balance for AA REIT's Australian assets, the share of revaluation surplus recognised from the valuation of Optus Centre of S$21.7 million as well as the increase in a proportionate unitholder loan to the joint venture to fund AA REIT's share of the Asset Enhancement Initiative ("AEI") at Optus Centre. This was partially offset by a net revaluation deficit of S$31.8 million recognised for the valuation of investment properties.

As at 31 March 2021, total liabilities stood at S$759.2 million, or S$65.2 million higher compared to S$694.0 million as at 31 March 2020. The increase in total liabilities was mainly due to the increase in total borrowings due to the strengthening of the Australian dollar against the Singapore dollar which resulted in a higher translated balance for AA REIT's Australian dollar denominated borrowings as well as the drawdown of approximately AUD19.7 million to fund AA REIT's share of the asset enhancement initiative at Optus Centre. The increase was also attributed to the increase in provision of deferred tax liabilities for AA REIT's investment in Australia arising from the share of revaluation surplus recognised for Optus Centre and Boardriders Asia Pacific HQ as well as the increase in lease liabilities mainly due to the recognition of the lease liability on the extension option for the property at 15 Tai Seng Drive in accordance with FRS 116.

As a result, the NAV per Unit increased to S$1.36 from S$1.35 a year ago.

CASH FLOWS

Cash and cash equivalents decreased by S$9.3 million from 31 March 2020 to S$11.2 million as at 31 March 2021. The decrease was mainly contributed from the partial utilisation of cash and cash equivalents, together with the net proceeds from the issuance of the S$125.0 million Perpetual Securities to fund the acquisition of 7 Bulim Street which was completed on 9 October 2020.

The net cash outflow from investing activities of S$143.0 million was mainly attributable to the acquisition of 7 Bulim Street and funding of AA REIT's share of the AEI at Optus Centre which were partially offset by distributions received from AA REIT's 49.0% interest in Optus Centre. The net cash inflow from financing activities was mainly due to the issuance of the S$125.0 million Perpetual Securities on 14 August 2020 and net proceeds from borrowings to fund AA REIT's share of the AEI at Optus Centre, which were offset by distributions to Unitholders and Perpetual Securities holders, borrowing costs paid to financial institutions and repayment of lease liabilities.

CAPITAL MANAGEMENT

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

Perpetual Securities

AA REIT's maiden issuance of its S$125.0 million Perpetual Securities in August 2020 enabled AA REIT to further diversify its sources of funding and provided AA REIT with greater financial flexibility. The issuance of the Perpetual Securities also contributed to the decrease in the aggregate leverage from 34.8% as at 31 March 2020 to 33.9% as at 31 March 2021. This provided AA REIT with a sizable debt headroom of approximately S$353.0 million and S$563.0 million before its aggregate leverage reaches 45% and 50% respectively, which will enable AA REIT to seize investment opportunities (such as the S$102.0 million proposed acquisition of 315 Alexandra Road) as and when they arise.

MANAGER'S REPORT

FINANCIAL REVIEW

Borrowings

Total borrowings as at 31 March 2021 stood at S$593.8 million, or S$51.9 million higher compared to total borrowings as at 31 March 2020 of S$541.9 million mainly due to the strengthening of the Australian dollar against the Singapore dollar which resulted in a higher translated balance for the Australian denominated borrowings; as well as the drawdown of approximately AUD19.7 million to fund AA REIT's share of the AEI at Optus Centre.

Key borrowing metrics (in S$'000 unless otherwise indicated)	FY2021	FY2020
Total borrowings[1]	593,784	541,908
Undrawn available bank facilities	135,216	181,080
Aggregate leverage (%)[2]	33.9	34.8
All-in-cost of financing (%)	3.0	3.5
Interest coverage ratio (times)[3]	4.0	4.0
Adjusted interest coverage ratio (times) [3, 4]	3.4	4.0
Weighted average term to maturity (years)	2.3[5]	2.4
Fixed rate borrowings as a percentage of total borrowings (%)	78.3	81.1

1 Total borrowings exclude unamortised loan transaction costs.
2 Aggregate leverage ratio is computed as total borrowings as a percentage of total assets. ROU assets and lease liabilities were excluded from the computation of aggregate leverage. The total borrowings excluded Perpetual Securities holders' funds.
3 Based on the interest coverage ratio and adjusted interest coverage ratio definitions in Appendix 6 of the Code on Collective Investment Schemes (last revised on 16 April 2020). For purpose of the computation, interest expense included borrowing costs on lease liabilities and interest expense for adjusted interest coverage ratio further included the amount reserved for distribution to Perpetual Securities holders.
4 On 16 April 2020, the Monetary Authority of Singapore ("MAS") announced that the aggregate leverage limit for S-REITs will be raised from 45% to 50% with immediate effect and proposed for S-REITs to have a minimum adjusted interest coverage ratio of 2.5 times before they are allowed to increase their leverage to beyond the 45% limit (up to 50%). MAS has deferred the new adjusted interest coverage ratio requirement to 1 January 2022.
5 Post-refinancing and assuming the fixed rate notes due in March 2022 were refinanced with the new facilities, the weighted average term to maturity would increase from 2.3 years to 3.5 years on a pro forma basis.

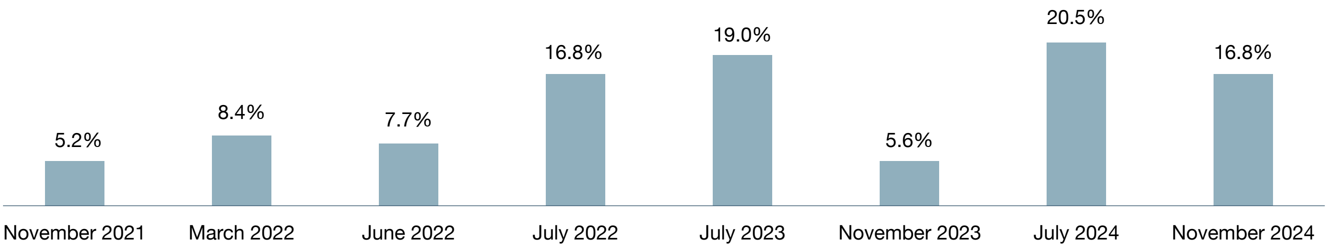
Proactive refinancing of debt

The Manager continued to proactively manage the refinancing of AA REIT's debt portfolio. On 9 July 2020, AA REIT and its indirect wholly-owned trust, AA REIT Macquarie Park Investment Trust entered into a supplemental agreement with existing lenders to refinance the facilities due in 2020 with a new four-year term loan facility of S$100.0 million and a new three-year term loan facility of AUD32.5 million. The new S$100.0 million term loan facility was drawn down in July 2020 to refinance the term loan facility due in August 2020. The new AUD32.5 million term loan facility, together with other existing debt facilities of AA REIT and cross currency interest rate swaps, were utilised to refinance the term loan facility of AUD65.0 million due in November 2020.

In May 2021, AA REIT received a mandate letter for syndicated facilities of up to S$220 million and AUD100 million to refinance several of its secured debt facilities totalling S$245.0 million and AUD15.0 million which are due in 2021 and 2022. The new and upsized secured debt facilities will enable AA REIT to repay the S$50.0 million fixed rate notes due in March 2022 while maintaining a well-spread debt maturity profile and provide AA REIT with enhanced liquidity to pay off existing debt, finance real estate development and/or acquisitions.

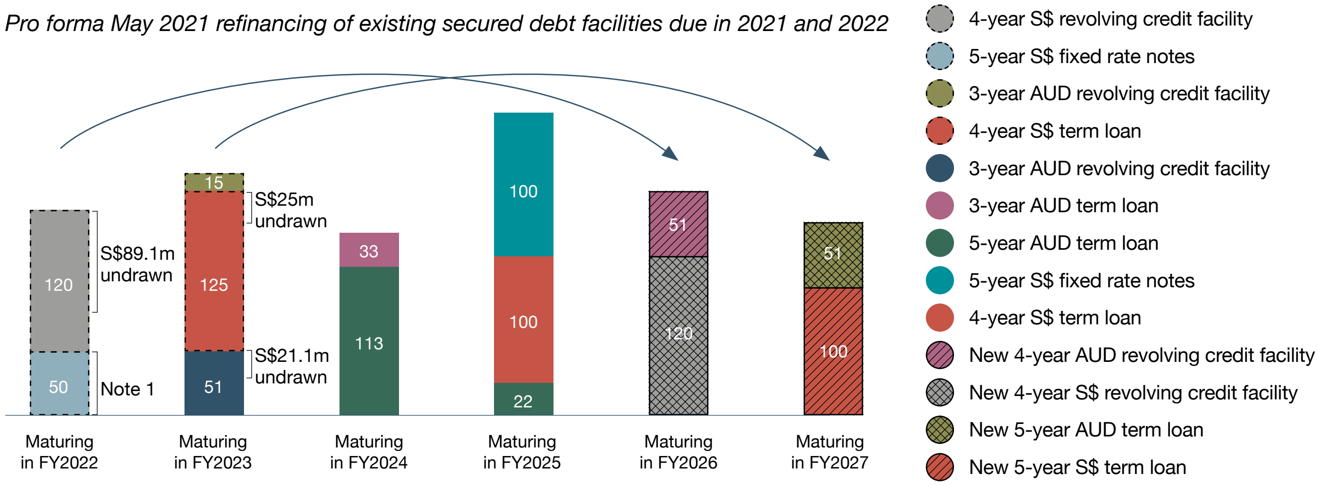
Staggered debt maturity profile

The Manager maintains a well-spread debt maturity profile to minimise any refinancing risk in any one year.



Out of the total borrowings as at 31 March 2021, 5.2% falls due in November 2021, 8.4% falls due in March 2022, 7.7% falls due in June 2022, 16.8% falls due in July 2022, 19.0% falls due in July 2023, 5.6% falls due in November 2023, 20.5% falls due in July 2024 and the remaining 16.8% falls due in November 2024.

The debt maturity profile of AA REIT as at 31 March 2021 (including the pro forma effect of the May 2021 refinancing of its secured facilities) is set out below:



Note 1: The refinancing of the secured debt facilities will enable AA REIT to have sufficient undrawn committed facilities to repay the fixed rate notes due in March 2022.

Prudent financial risk management

AA REIT continued to maintain appropriate hedging ratios to mitigate interest rate volatility. As at 31 March 2021, 78.3% of AA REIT's borrowings were on fixed interest rates with a combination of interest rate swaps to hedge its exposure from floating rate borrowings and fixed rate notes. The fair value of derivative financial instruments included in the financial statements as derivative financial instruments in total assets and total liabilities were S$1.1 million and S$8.2 million, respectively. The net derivative financial liabilities of S$7.1 million represents 0.38% of the total assets as at 31 March 2021. To mitigate the foreign exchange risk arising from its Australian investments in Optus Centre and Boardriders Asia Pacific HQ, AA REIT had substantially funded the investments through the use of Australian dollar denominated borrowings and cross currency interest rate swap contracts, which form a hedge for the capital invested. In addition, the Australian dollar denominated borrowings and cross currency interest rate swap contracts also hedge the Australian dollar distribution income from AA REIT's investments in Australia. As at 31 March 2021, about 65% of AA REIT's Australian portfolio is hedged by Australian dollar denominated debt and cross currency interest rate swap contracts.

Strong financial flexibility

As at 31 March 2021, AA REIT had approximately S$135.2 million of undrawn committed debt facilities and an untapped balance of S$525.0 million from the S$750 million Multicurrency Debt Issuance Programme established in November 2018. AA REIT also had 10 unencumbered Singapore properties with a total value of S$428.7 million or 24.9% of its property portfolio of S$1,724.7 million[1] as at 31 March 2021. This will provide AA REIT with the financial flexibility to fund future redevelopments, AEIs and acquisition opportunities.

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

FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

Year ended 31 March 2021

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of AIMS APAC REIT (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of AIMS APAC REIT Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the provisions of the trust deed establishing the Trust dated 5 December 2006, subsequently amended by the supplemental deed of appointment and retirement of Trustee dated 8 March 2007, the first amending and restating deed dated 8 March 2007, the first supplemental deed dated 31 May 2010, the second amending and restating deed dated 17 July 2017, the second supplemental deed dated 8 August 2018, the third supplemental deed dated 30 November 2018, the fourth supplemental deed dated 11 April 2019 and the fifth supplemental deed dated 13 July 2020 (collectively the "Trust Deed") between the Trustee and the Manager in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by these financial statements, set out on pages 137 to 208, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
HSBC Institutional Trust Services (Singapore) Limited

AUTHORISED SIGNATORY

Singapore
18 June 2021

STATEMENT BY THE MANAGER

Year ended 31 March 2021

In the opinion of the Directors of AIMS APAC REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 137 to 208, comprising the statements of financial position, statements of total return, distribution statements, statements of movements in Unitholders' funds and portfolio statements of the Group and of the Trust, the consolidated statement of cash flows of the Group and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 March 2021, and the total return, distributable income and movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Unit* Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

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

KOH WEE LIH
DIRECTOR

Singapore
18 June 2021

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS OF AIMS APAC REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed)

Report on the financial statements

We have audited the accompanying financial statements of AIMS APAC REIT (the "Trust") and its subsidiaries (the "Group"), which comprise the statements of financial position and portfolio statements of the Group and the Trust as at 31 March 2021, the statements of total return, distribution statements and statements of movements in Unitholders' funds of the Group and the Trust and the consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 137 to 208.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movements in Unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and portfolio holdings of the Group and the financial position and portfolio holdings of the Trust as at 31 March 2021 and the consolidated total return, consolidated distributable income, consolidated movements in Unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in Unitholders' funds of the Trust for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

(Refer to Note 4 to the financial statements)

Risk:

As at 31 March 2021, the Group owns a portfolio of investment properties comprising twenty-six industrial properties which are located in Singapore, one industrial property which is located in Australia and a 49% interest in an investment property held through a joint venture which is located in Australia.

These investment properties are stated at their fair values based on valuations performed by independent external valuers engaged by the Group. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in determining the underlying assumptions to be applied.

Certain valuation reports obtained from the external valuers also highlighted that some real estate sectors are experiencing significantly lower levels of transactional activity and liquidity. Consequently, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

INDEPENDENT AUDITORS' REPORT

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

Our response:
We assessed the Group's process for the selection of the external valuers, the determination of the scope of work of the external valuers, and the review and acceptance of the valuations reported by the external valuers. We evaluated the independence, objectivity and competency of the external valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We considered the appropriateness of the valuation methodologies applied against those applied by other valuers for similar property types, and the reasonableness of the key assumptions applied by the external valuers by benchmarking against industry data. Where the rates were outside the expected range, we undertook further procedures, held further discussions with the external valuers to understand the effects of additional factors considered in the valuations and corroborate with other evidence. We also discussed with the Manager and the external valuers to understand how they have considered the implications of 2019 Novel Coronavirus ("COVID-19") and market uncertainty in the valuations.

Our findings:
The Group has a structured process in appointing the external valuers, and in reviewing and accepting their valuation results. The external valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out the work.

In determining the fair values of the Group's investment properties, the external valuers have adopted the Capitalisation Approach, Discounted Cash Flow Analysis and/or Direct Comparison method. The valuation methodologies used were consistent with generally accepted market practices.

The key assumptions applied were generally within the range of market data available as at 31 March 2021. Where the assumptions were outside the expected range, the additional factors considered by the external valuers were consistent with other corroborative evidence.

Other Information

The management of AIMS APAC REIT Management Limited, the Manager of the Trust (the "Manager"), is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of the auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The management of the Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal controls as the management of the Manager determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS OF AIMS APAC REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed)

In preparing the financial statements, the management of the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management of the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The responsibilities of the directors of the Manager include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the Manager.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors of the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT

UNITHOLDERS OF AIMS APAC REIT

(Constituted in the Republic of Singapore pursuant to a Trust Deed)

From the matters communicated with the directors of the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Sarina Lee.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
18 June 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

	Note	Group		Trust	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current assets					
Investment properties	4	1,489,030	1,366,789	1,443,489	1,332,742
Investment property under development	5	–	–	–	–
Subsidiaries	6	–	–	108,764	107,519
Joint venture	7	335,704	252,782	–	–
Trade and other receivables	8	3,041	3,424	3,041	3,424
Derivative financial instruments	12	1,126	–	1,126	–
		1,828,901	1,622,995	1,556,420	1,443,685
Current assets					
Trade and other receivables	8	6,521	5,488	6,255	4,928
Cash and cash equivalents	9	11,159	20,449	8,884	19,153
		17,680	25,937	15,139	24,081
Total assets		**1,846,581**	**1,648,932**	**1,571,559**	**1,467,766**
Non-current liabilities					
Trade and other payables	10	10,780	11,901	10,780	11,901
Interest-bearing borrowings	11	510,740	382,690	347,146	260,610
Derivative financial instruments	12	6,770	7,635	6,642	7,519
Deferred tax liabilities	13	21,419	14,116	–	–
Lease liabilities	14	89,974	84,435	89,974	84,435
		639,683	500,777	454,542	364,465
Current liabilities					
Trade and other payables	10	32,052	30,225	31,293	28,482
Interest-bearing borrowings	11	80,716	156,635	80,716	156,635
Derivative financial instruments	12	1,444	833	1,444	833
Lease liabilities	14	5,315	5,507	5,315	5,507
		119,527	193,200	118,768	191,457
Total liabilities		**759,210**	**693,977**	**573,310**	**555,922**
Net assets		**1,087,371**	**954,955**	**998,249**	**911,844**
Represented by:					
Unitholders' funds	15	962,758	954,955	873,636	911,844
Perpetual Securities holders' funds	16	124,613	–	124,613	–
		1,087,371	**954,955**	**998,249**	**911,844**
Units in issue ('000)	17	706,663	706,663	706,663	706,663
Net asset value per Unit attributable to Unitholders ($)		1.36	1.35	1.24	1.29

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

STATEMENTS OF TOTAL RETURN
Year ended 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Gross revenue	18	122,633	118,860	119,112	116,256
Property operating expenses	19	(35,101)	(29,806)	(35,060)	(29,529)
Net property income		87,532	89,054	84,052	86,727
Foreign exchange gain/(loss)		296	(161)	(10,199)	7,129
Interest and other income	20	631	339	129	224
Distribution income from a subsidiary		–	–	14,388	12,689
Borrowing costs	21	(22,127)	(22,084)	(19,159)	(18,481)
Manager's management fees	22	(8,411)	(7,686)	(8,411)	(7,686)
Other trust expenses	23	(3,579)	(2,692)	(1,434)	(2,061)
Non-property expenses		(34,117)	(32,462)	(29,004)	(28,228)
Net income before joint venture's profits		54,342	56,770	59,366	78,541
Share of profits of joint venture (net of tax)	7	35,354	61,099	–	–
Net income		89,696	117,869	59,366	78,541
Net change in fair value of investment properties and investment property under development		(31,806)	(21,258)	(36,886)	(18,612)
Net change in fair value of derivative financial instruments		2,178	(3,526)	776	(3,405)
Total return before income tax		60,068	93,085	23,256	56,524
Income tax expense	24	(8,047)	(7,566)	(744)	(1,467)
Total return after income tax		52,021	85,519	22,512	55,057
Attributable to:					
Unitholders		47,571	85,519	18,062	55,057
Perpetual Securities holders		4,450	–	4,450	–
		52,021	85,519	22,512	55,057
Earnings per Unit (cents)					
Basic and diluted	25	6.73	12.27		

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

DISTRIBUTION STATEMENTS

Year ended 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Amount available for distribution to Unitholders at beginning of the year		14,134	19,000	14,134	19,000
Total return before income tax		60,068	93,085	23,256	56,524
Less: Amount reserved for distribution to Perpetual Securities holders		(4,450)	–	(4,450)	–
Net effect of tax adjustments	A	37,249	25,867	34,739	5,878
Other adjustments	B	(39,322)	(56,550)	–	–
		53,545	62,402	53,545	62,402
Amount available for distribution to Unitholders from taxable income		67,679	81,402	67,679	81,402
Distribution from tax-exempt income		2,473	3,376	2,473	3,376
Capital distribution		7,229	735	7,229	735
Amount available for distribution to Unitholders		77,381	85,513	77,381	85,513
Distributions to Unitholders during the year:					
2.75 cents per Unit for the period from 1 January 2019 – 31 March 2019		–	(19,000)	–	(19,000)
2.50 cents per Unit for the period from 1 April 2019 – 30 June 2019		–	(17,371)	–	(17,371)
2.50 cents per Unit for the period from 1 July 2019 – 30 September 2019		–	(17,422)	–	(17,422)
2.50 cents per Unit for the period from 1 October 2019 – 31 December 2019		–	(17,586)	–	(17,586)
2.00 cents per Unit for the period from 1 January 2020 – 31 March 2020		(14,134)	–	(14,134)	–
2.00 cents per Unit for the period from 1 April 2020 – 30 June 2020		(14,134)	–	(14,134)	–
2.00 cents per Unit for the period from 1 July 2020 – 30 September 2020		(14,134)	–	(14,134)	–
2.05 cents per Unit for the period from 1 October 2020 – 31 December 2020		(14,486)	–	(14,486)	–
		(56,888)	(71,379)	(56,888)	(71,379)
Amount available for distribution to Unitholders at end of the year		20,493	14,134	20,493	14,134
Number of Units entitled to distributions at end of the year ('000)		706,663	706,663	706,663	706,663
Distribution per Unit (cents)		8.95	9.50	8.95	9.50

Please refer to note 3.14 for the Trust's distribution policy.

DISTRIBUTION STATEMENTS
Year ended 31 March 2021

Note A - Net effect of tax adjustments

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Amortisation and write-off of borrowing transaction costs	871	767	871	767
Foreign exchange (gain)/loss	(177)	226	10,318	(7,064)
Manager's management fees in Units	–	2,862	–	2,862
Land rent paid/payable on investment properties	(8,669)	(8,395)	(8,669)	(8,395)
Interest expense on lease liabilities	3,535	3,161	3,535	3,161
Net change in fair value of investment properties and investment property under development	36,886	18,612	36,886	18,612
Net change in fair value of derivative financial instruments	(2,160)	3,405	(776)	3,405
Net tax adjustment on foreign sourced income	4,556	3,786	(9,832)	(8,903)
Temporary differences and other tax adjustments	2,407	1,443	2,406	1,433
Net effect of tax adjustments	37,249	25,867	34,739	5,878

Note B – Other adjustments

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 March 2021

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Unitholders' funds					
Balance at beginning of the year		954,955	928,452	911,844	907,104
Operations					
Total return after income tax, attributable to Unitholders and Perpetual Securities holders		52,021	85,519	22,512	55,057
Less: Amount reserved for distribution to Perpetual Securities holders		(4,450)	–	(4,450)	–
Net increase in net assets from operations		47,571	85,519	18,062	55,057
Foreign currency translation reserve					
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	15	16,502	(8,699)	–	–
Hedging reserve					
Effective portion of changes in fair value of cash flow hedges	15	618	6	618	6
Unitholders' contributions					
Issuance of Units (including Units to be issued):					
- Distribution Reinvestment Plan		–	18,224	–	18,224
- Manager's management fees in Units		–	2,862	–	2,862
Distributions to Unitholders		(56,888)	(71,379)	(56,888)	(71,379)
Issue expenses	15	–	(30)	–	(30)
Change in Unitholders' funds resulting from Unitholders' transactions		(56,888)	(50,323)	(56,888)	(50,323)
Total increase/(decrease) in Unitholders' funds		7,803	26,503	(38,208)	4,740
Balance at end of the year		962,758	954,955	873,636	911,844
Perpetual Securities holders' funds					
Balance at beginning of the year		–	–	–	–
Issuance of Perpetual Securities		125,000	–	125,000	–
Issuance cost		(1,277)	–	(1,277)	–
Amount reserved for distribution to Perpetual Securities holders		4,450	–	4,450	–
Distribution to Perpetual Securities holders		(3,560)	–	(3,560)	–
Balance at end of the year	16	124,613	–	124,613	–

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

PORTFOLIO STATEMENTS
As at 31 March 2021

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)
	Group and the Trust			
	Investment properties in Singapore			
1	20 Gul Way	20 Gul Way	35 years	19.8
2	27 Penjuru Lane	27 Penjuru Lane	45 years	28.5
3	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	47.2
4	7 Bulim Street[4]	7 Bulim Street	30 years	21.4
5	NorthTech	29 Woodlands Industrial Park E1	60 years	33.8
6	1A International Business Park	1A International Business Park	52 years	38.2
7	3 Tuas Avenue 2	3 Tuas Avenue 2	73 years	34.0
8	30 Tuas West Road	30 Tuas West Road	60 years	34.8
9	51 Marsiling Road	51 Marsiling Road	70 years and 5 months	23.3
10	15 Tai Seng Drive	15 Tai Seng Drive	60 years	30.0
11	103 Defu Lane 10	103 Defu Lane 10	60 years	22.2
12	8 Tuas Avenue 20	8 Tuas Avenue 20	59 years and 1.5 months	30.6
13	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	34.2
14	23 Tai Seng Drive	23 Tai Seng Drive	60 years	29.3
15	10 Changi South Lane	10 Changi South Lane	60 years	35.2
16	3 Toh Tuck Link	3 Toh Tuck Link	60 years	35.6
17	11 Changi South Street 3	11 Changi South Street 3	60 years	34.0
18	135 Joo Seng Road	135 Joo Seng Road	60 years	33.2
19	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	34.1
20	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	31.4
21	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	26.0
22	8 Senoko South Road	8 Senoko South Road	60 years	33.6
23	541 Yishun Industrial Park A	541 Yishun Industrial Park A	60 years	33.2
24	1 Kallang Way 2A	1 Kallang Way 2A	60 years	34.2
25	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	32.8
26	7 Clementi Loop	7 Clementi Loop	60 years	32.2
	Group			
	Investment property in Australia			
27	Boardriders Asia Pacific HQ	209-217 Burleigh Connection Road, Burleigh Waters, Queensland	Freehold	N.A.
	Investment properties, at valuation (note 4)			

[1] Includes the period covered by the relevant options to renew.
[2] The occupancy rates shown are on committed basis.
[3] The carrying value of investment properties are stated at valuation.
[4] On 9 October 2020, the Group completed the acquisition of 7 Bulim Street in Singapore for $129.6 million. As at 31 March 2021, the property was valued at $130.0 million.

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

Existing use	Occupancy rate[2] 2021 %	Occupancy rate[2] 2020 %	Carrying value[3] 2021 $'000	Carrying value[3] 2020 $'000	Group percentage of total Unitholders' funds 2021 %	Group percentage of total Unitholders' funds 2020 %	Trust percentage of total Unitholders' funds 2021 %	Trust percentage of total Unitholders' funds 2020 %
Logistics and Warehouse	100	87	219,300	224,100	22.8	23.5	25.1	24.6
Logistics and Warehouse	97	89	160,400	163,000	16.7	17.1	18.4	17.9
Logistics and Warehouse	96	90	148,000	149,300	15.4	15.6	16.9	16.4
Logistics and Warehouse	100	N.A.	130,000	–	13.5	–	14.9	–
Hi-Tech	100	100	120,000	116,500	12.5	12.2	13.7	12.8
Business Park	61	61	75,100	80,000	7.8	8.4	8.6	8.8
General Industrial	100	100	54,000	54,300	5.6	5.7	6.2	6.0
Logistics and Warehouse	100	61	53,000	55,400	5.5	5.8	6.1	6.1
General Industrial	100	100	47,600	46,100	4.9	4.8	5.4	5.1
Light Industrial	38	69	32,400	33,700	3.4	3.5	3.7	3.7
Logistics and Warehouse	100	100	30,200	33,200	3.1	3.5	3.5	3.6
General Industrial	100	100	28,200	28,600	2.9	3.0	3.2	3.1
Light Industrial	89	91	25,200	25,900	2.6	2.7	2.9	2.8
Light Industrial	100	100	24,200	24,400	2.5	2.5	2.8	2.7
Logistics and Warehouse	95	100	22,100	22,900	2.3	2.4	2.5	2.5
Logistics and Warehouse	100	100	21,200	24,500	2.2	2.6	2.4	2.7
Logistics and Warehouse	71	81	21,000	21,200	2.2	2.2	2.4	2.3
Light Industrial	82	88	20,200	20,600	2.1	2.2	2.3	2.3
Logistics and Warehouse	98	78	19,100	19,400	2.0	2.0	2.2	2.1
General Industrial	66	52	19,000	19,600	2.0	2.1	2.2	2.1
General Industrial	100	100	16,100	16,400	1.7	1.7	1.8	1.8
General Industrial	100	100	14,200	13,000	1.5	1.3	1.6	1.4
General Industrial	100	100	12,000	14,500	1.2	1.5	1.4	1.6
Light Industrial	100	100	12,000	12,100	1.2	1.3	1.4	1.3
General Industrial	100	100	11,900	11,900	1.2	1.2	1.4	1.3
Logistics and Warehouse	94	94	11,800	12,200	1.2	1.3	1.4	1.3
			1,348,200	1,242,800	140.0	130.1	154.4	136.3
Light Industrial	100	100	45,541	34,047	4.7	3.6	–	–
			1,393,741	1,276,847	144.7	133.7	154.4	136.6

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

PORTFOLIO STATEMENTS
As at 31 March 2021

	Description of property	Location	Term of land lease[1]
	Group		
1-27	**Investment properties – fair value (pages 142 to 143)**		
	Investment properties – right-of-use assets		
	Total investment properties		
	Joint venture (note 7)		
	Investment property in Australia held by a joint venture		
28	Optus Centre[4]	1-5 Lyonpark Road, Macquarie Park, New South Wales	Freehold
	Other assets and liabilities (net)		
	Net assets of the Group		
	Perpetual Securities holders' funds		
	Total Unitholders' funds of the Group		

1 Includes the period covered by the relevant options to renew.
2 The occupancy rates shown are on committed basis.
3 The carrying value of investment properties are stated at valuation.
4 The Group has a 49.0% (2020: 49.0%) interest in Optus Centre. As at 31 March 2021, the property was valued at AUD660.0 million (equivalent to approximately $675.4 million) (31 March 2020: AUD584.0 million (equivalent to approximately $509.8 million)).

Remaining term of land lease[1] (years)	Existing use	Occupancy rate[2] 2021 %	Occupancy rate[2] 2020 %	Carrying value[3] 2021 $'000	Carrying value[3] 2020 $'000	Group percentage of total Unitholders' funds 2021 %	Group percentage of total Unitholders' funds 2020 %
				1,393,741	1,276,847	144.7	133.7
				95,289	89,942	9.9	9.4
				1,489,030	1,366,789	154.6	143.1
				335,704	252,782	34.9	26.5
N.A.	Business Park	100	100				
				(737,363)	(664,616)	(76.6)	(69.6)
				1,087,371	954,955	112.9	100.0
				(124,613)	–	(12.9)	–
				962,758	954,955	100.0	100.0

PORTFOLIO STATEMENTS

As at 31 March 2021

	Description of property	Carrying value 2021 $'000	Carrying value 2020 $'000	Trust percentage of total Unitholders' funds 2021 %	Trust percentage of total Unitholders' funds 2020 %
	Trust				
1-26	**Investment properties – fair value (pages 142 to 143)**	1,348,200	1,242,800	154.4	136.3
	Investment properties – right-of-use assets	95,289	89,942	10.9	9.9
	Total investment properties	1,443,489	1,332,742	165.3	146.2
	Other assets and liabilities (net)	(445,240)	(420,898)	(51.0)	(46.2)
	Net assets of the Trust	998,249	911,844	114.3	100.0
	Perpetual Securities holders' funds	(124,613)	–	(14.3)	–
	Total Unitholders' funds of the Trust	873,636	911,844	100.0	100.0

Portfolio statement by industry segment is not presented as the Group's and the Trust's activities for the years ended 31 March 2021 and 31 March 2020 related wholly to investing in real estate in the industrial sector.

As at 31 March 2021, the investment properties in Singapore were valued by CBRE Pte. Ltd. or Cushman & Wakefield VHS Pte Ltd (2020: CBRE Pte. Ltd. or Cushman & Wakefield VHS Pte Ltd) and the investment property in Australia was valued by Jones Lang LaSalle Advisory Services Pty Ltd (2020: CBRE Valuations Pty Limited). The independent valuation of the investment property held through a joint venture was carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2021 (2020: Knight Frank NSW Valuations & Advisory Pty Ltd).

The Manager believes that the independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations of the investment properties were based on income capitalisation method, discounted cash flow analysis and/or direct comparison method. Refer to note 4 of the financial statements for details of the valuation techniques.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2021

	Group	
	2021	2020
	$'000	$'000
Cash flows from operating activities		
Total return after income tax	52,021	85,519
Adjustments for:		
Share of profits of joint venture (net of tax)	(35,354)	(61,099)
Borrowing costs	22,127	22,084
Foreign exchange (gain)/loss	(296)	161
Manager's management fees in Units	–	2,862
Net change in fair value of investment properties and investment property under development	31,806	21,258
Net change in fair value of derivative financial instruments	(2,178)	3,526
Income tax expense	8,047	7,566
Operating income before working capital changes	**76,173**	**81,877**
Changes in working capital		
Trade and other receivables	228	53
Trade and other payables	2,199	1,941
Cash generated from operations	78,600	83,871
Income tax paid	(744)	(1,467)
Net cash from operating activities	**77,856**	**82,404**
Cash flows from investing activities		
Capital expenditure on investment properties and investment property under development	(3,195)	(28,588)
Acquisition of investment properties[1]	(136,009)	(36,618)
Investment in a joint venture	–	(1,408)
Loan to a joint venture	(19,606)	(8,999)
Distributions from a joint venture	15,840	15,066
Net cash used in investing activities	**(142,970)**	**(60,547)**
Cash flows from financing activities		
Distributions to Unitholders	(57,080)	(53,206)
Distributions to Perpetual Securities holders	(3,560)	–
Proceeds from issuance of Perpetual Securities	125,000	–
Issue costs paid in relation to Perpetual Securities	(1,273)	–
Proceeds from interest-bearing borrowings	183,509	209,386
Repayments of interest-bearing borrowings	(163,904)	(147,000)
Borrowing costs paid	(18,651)	(19,663)
Repayment of lease liabilities	(8,669)	(8,642)
Issue expenses paid in relation to Distribution Reinvestment Plan	–	(30)
Net cash from/(used in) financing activities	**55,372**	**(19,155)**
Net (decrease)/increase in cash and cash equivalents	**(9,742)**	**2,702**
Cash and cash equivalents at beginning of the year	**20,449**	**18,091**
Effect of exchange rate fluctuations on cash held	452	(344)
Cash and cash equivalents at end of the year	**11,159**	**20,449**

[1] This relates to the acquisition of 7 Bulim Street, Singapore and option fee in the proposed acquisition of 315 Alexandra Road, Singapore in 2021 (2020: relates to the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2021

Note:

A Significant non-cash transactions

There were the following significant non-cash transactions:

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

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

Refer to note 17 of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 18 June 2021.

1 GENERAL

AIMS APAC REIT (the "Trust") is a Singapore-domiciled real estate unit trust constituted pursuant to the trust deed dated 5 December 2006, subsequently amended by the supplemental deed of appointment and retirement of Trustee dated 8 March 2007, the first amending and restating deed dated 8 March 2007, the first supplemental deed dated 31 May 2010, the second amending and restating deed dated 17 July 2017, the second supplemental deed dated 8 August 2018, the third supplemental deed dated 30 November 2018, the fourth supplemental deed dated 11 April 2019 and the fifth supplemental deed dated 13 July 2020 (collectively the "Trust Deed"), entered into between AIMS APAC REIT Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 19 April 2007 (the "Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 21 February 2007. On 21 March 2007, the Trust was declared as an authorised unit trust scheme under the Trustees Act, Chapter 337.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in its joint venture.

The principal activity of the Trust is to invest in a diversified portfolio of income-producing real estate located throughout the Asia-Pacific region that is used for industrial purposes, including, but not limited to, warehousing and distribution activities, business park activities and manufacturing activities. The principal activities of the subsidiaries and joint venture are set out in note 6 and note 7 respectively.

The Trust has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are summarised below.

1.1 Trustee's fees

Under the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of the Deposited Property (as defined in the Trust Deed) or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The Trustee's fee is accrued daily and is payable out of the value of the Deposited Property on a monthly basis, in arrears. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

1.2 Manager's fees

The Manager is entitled to receive base fee, performance fee, acquisition fee and divestment fee, respectively as follows:

Base fee

Under clause 14.1.1 of the Trust Deed, the Manager is entitled to a base fee of 0.5% per annum of the value of the Deposited Property or such higher percentage as may be fixed by an extraordinary resolution of a meeting of Unitholders.

The base fee is payable in the form of cash and/or Units as the Manager may elect. In accordance with clauses 14.1.4 (i) and (ii) of the Trust Deed, where the base fee (or any part or component thereof) is payable in the form of cash, such payment shall be made out of the Deposited Property within 30 days of the last day of each calendar month in arrears; and where the base fee (or any part or component thereof) is payable in the form of Units, such payment shall be made within 30 days of the last day of each calendar half-year in arrears.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

1 GENERAL (Continued)

1.2 Manager's fees (continued)

Performance fee

Under clause 14.1.2 of the Trust Deed, the Manager is also entitled to a performance fee of 0.1% per annum of the value of the Deposited Property, provided that growth in distribution per Unit ("DPU") in a given financial year (calculated before accounting for the performance fee in that financial year) relative to the DPU in the previous financial year exceeds 2.5%. The performance fee is 0.2% per annum if the growth in DPU in a given financial year relative to the DPU in the previous financial year exceeds 5.0%. In accordance with clause 14.1.4 (iii) of the Trust Deed, the payment of the performance fee, whether in the form of cash or Units, shall be made out of the Deposited Property within 60 days of the last day of every financial year in arrears.

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

Acquisition and divestment fee

Under clause 14.2 of the Trust Deed, the Manager is entitled to receive the following fees:

(a) An acquisition fee of 1.0% of the acquisition price of any Authorised Investment (as defined in the Trust Deed), acquired directly or indirectly by the Trust or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders; and

(b) A divestment fee of 0.5% of the sale price of any Authorised Investment sold or divested by the Trustee or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The acquisition and divestment fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition or disposal.

1.3 Property Manager's fees

The Manager and the Trustee have appointed the Property Manager to operate, maintain and market all of the properties of the Group. The following fees are payable to the Property Manager in respect of all of the investment properties in Singapore:

(i) A property management fee of 2.0% per annum of the rental income of each of the relevant properties.

(ii) A lease management fee of 1.0% per annum of the rental income of each of the relevant properties.

(iii) A marketing services commission equivalent to:

  (a) one month's gross rent for securing a tenancy of three years or less;

  (b) two months' gross rent for securing a tenancy of more than three years;

  (c) half of one month's gross rent for securing a renewal of tenancy of three years or less; and

  (d) one month's gross rent for securing a renewal of tenancy of more than three years.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

1 GENERAL (Continued)

1.3 Property Manager's fees (continued)

(iii) A marketing services commission equivalent to: (continued)

If a third party agent secures a tenancy, the Property Manager will be responsible for all marketing services commissions payable to such third party agent, and the Property Manager shall be entitled to a marketing services commission equivalent to:

(a) 1.2 months' gross rent for securing a tenancy of three years or less; and

(b) 2.4 months' gross rent for securing a tenancy of more than three years.

The gross rental, where applicable, includes service charge, reimbursements, which are the contributions paid by tenants towards covering the operating maintenance expenses of the property, and licence fees.

(iv) A project management fee in relation to development or redevelopment, the refurbishment, retrofitting and renovation works on a property equivalent to:

(a) 3.0% of the construction costs where the construction costs are $2.0 million or less;

(b) 2.0% of the construction costs where the construction costs exceed $2.0 million but do not exceed $20.0 million;

(c) 1.5% of the construction costs where the construction costs exceed $20.0 million but do not exceed $50.0 million; and

(d) a fee to be mutually agreed by the parties where the construction costs exceed $50.0 million.

(v) A property tax service fee in respect of property tax objections submitted to the tax authority on any proposed annual value of a property if, as a result of such objections, the proposed annual value is reduced resulting in property tax savings for the relevant property. The fee shall be determined as follows:

(a) 7.5% of the property tax savings where the proposed property annual value is $1.0 million or less;

(b) 5.5% of the property tax savings where the proposed property annual value exceeds $1.0 million but does not exceed $5.0 million; and

(c) 5.0% of the property tax savings where the proposed property annual value exceeds $5.0 million.

The above fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period.

The Property Manager's fees are payable monthly, in arrears.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA"), the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that accounting policies adopted should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS"). The related changes to significant accounting policies are described in note 2.5.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

2 BASIS OF PREPARATION (Continued)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties, derivative financial instruments and certain financial assets and liabilities, which are stated at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 4: Valuation of investment properties

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable data).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

2 BASIS OF PREPARATION (Continued)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 April 2020:

- Amendments to References to Conceptual Framework in FRS Standards
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- *Interest Rate Benchmark Reform (*Amendments to FRS 109, FRS 39 and FRS 107)

The application of the amendments to standards and interpretations does not have a material effect on the Group's financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in statement of total return.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in statement of total return.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (continued)

Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have deficit balance.

Joint ventures

A joint venture is an entity over which the Group has joint control established by contractual arrangement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in a joint venture is accounted for under the equity method and is recognised initially at cost. The cost of the investment includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with the equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the reporting date.

Foreign currency differences arising on retranslation are recognised in statement of total return, except for the foreign currency differences which are recognised in Unitholders' funds arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation and a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Foreign currency differences are recognised within Unitholders' funds, and are presented in the foreign currency translation reserve. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to the statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its investment in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture which includes a foreign operation while retaining significant influence or joint control; the relevant proportion of the cumulative amount is reclassified to the statement of total return.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in the Unitholders' funds, and are presented in the foreign currency translation reserve.

3.3 Investment properties

Investment properties and investment property under development

Investment properties are properties held either to earn rental income or capital appreciation or both. Investment property under development is a property being constructed or developed for future use as investment properties. Investment properties and investment property under development are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter.

Cost includes expenditure that is directly attributable to the investment property or investment property under development. Transaction costs shall be included in the initial measurement. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Investment properties (continued)

Investment properties and investment property under development (continued)

Fair value is determined in accordance with the Trust Deed, which requires the investment properties and investment property under development to be valued by independent registered valuers in the following events:

(i) in such manner and frequency as required under the CIS Code issued by MAS; and

(ii) at least once in each period of 12 months following the acquisition of each parcel of real estate property.

Any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties and investment property under development.

Subsequent expenditure relating to investment properties or that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property or investment property under development is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

3.4 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, the Group classifies its non-derivative financial assets as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Non-derivative financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- how the performance of the portfolio is evaluated and reported to the Manager; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost.

Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return. These financial liabilities comprised interest-bearing borrowings, and trade and other payables (excluding rental received in advance).

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (continued)

(v) Cash and cash equivalents

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

(vi) Derivative financial instruments and hedge accounting

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

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return, unless it is designated in a hedge relationship that qualifies for hedge accounting.

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

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in Unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

For all hedged transactions, the amount accumulated in the hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect the statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in Unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to the statement of total return.

Net investment hedge

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Trust's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (continued)

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

Net investment hedge (continued)

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in Unitholders' funds to the extent that the hedge is effective, and are presented in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in the statement of total return. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the statement of total return as part of the gain or loss on disposal.

Other non-trading derivatives

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

3.5 Impairment

(i) Non-derivative financial assets

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

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

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

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

General approach (continued)

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

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

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

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

Measurement of ECLs

ECLs are probability-weighted estimates or credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Impairment (continued)

(i) Non-derivative financial assets (continued)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.5(iii). An impairment is recognised in the statement of total return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and investment property under development, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

For right-of-use assets that meet the definition of investment property, the Group applies the fair value model in FRS 40 *Investment Property* to these assets with any change therein being recognised in the statement of total return and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of total return if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Leases (continued)

(i) As a lessee (continued)

Short-term leases and leases of low-value assets

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

(ii) As a lessor

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

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

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

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

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

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

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

3.8 Unitholders' funds

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets upon termination and is classified as equity. Incremental cost, directly attributable to the issuance, offering and placement of Units in the Trust are deducted directly against Unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Revenue recognition

(i) Rental income and service charge from operating leases

Rental income and service charges receivable under operating leases are recognised in the statement of total return on a straight-line basis over the term of the lease except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received.

(ii) Distribution income

Distribution income is recognised in the statement of total return on the date that the Group's or the Trust's right to receive payment is established.

3.10 Expenses

(i) Manager's fees

Manager's fees are recognised on an accrual basis based on the applicable formula stipulated in note 1.2.

(ii) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses is the Property Manager's fee which is based on the applicable formula stipulated in note 1.3.

(iii) Other trust expenses

Other trust expenses are recognised on an accrual basis.

3.11 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Group comply with the conditions associated with the grants.

Government grants relating to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received, and the Group will comply with the conditions associated with the grant. The grant income and grant expense are then recognised in the statement of total return within 'gross revenue' on a systematic basis over the useful life of the asset.

3.12 Interest income and finance costs

Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and amortisation of borrowings related transaction costs which are recognised in the statement of total return using the effective interest rate method over the period for which the borrowings are granted.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Interest income and finance costs (continued)

In calculating interest income and finance costs, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.13 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' funds.

The Group has determined that interest and penalties related to income tax, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences related to investments in subsidiaries and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse and based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Income tax expense (continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience with tax authorities. The assessment of these factors relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee will not be assessed to tax on the taxable income of the Trust that is distributed to the Unitholders. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Distributions made by the Trust out of such taxable income to individuals and Qualifying Unitholders (as defined below) are distributed without deducting any income tax. This treatment is known as the "tax transparency" treatment.

For distributions made to foreign non-individual Unitholders (as defined below) during the period from 18 February 2010 to 31 December 2025, the Trustee is required to withhold tax at the reduced rate of 10.0% on distributions made out of the Trust's taxable income (that is not taxed at the Trust level).

For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such Unitholders are subject to tax on the regrossed amounts of the distributions received but may claim a credit for the tax deducted at source by the Trustee.

Any portion of the taxable income that is not distributed, known as retained taxable income, tax will be assessed on the Trustee in accordance with section 10(1)(a) of the Singapore Income Tax Act, Chapter 134. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

A "Qualifying Unitholder" is a Unitholder who is:

- A Singapore-incorporated company which is a tax resident in Singapore;
- A body of persons other than a company or a partnership, registered or constituted in Singapore (e.g. a town council, a statutory board, a registered charity, a registered cooperative society, a registered trade union, a management corporation, a club and a trade industry association);
- A Singapore branch of a foreign company;
- An international organisation that is exempt from tax; or
- A real estate investment trust exchange-traded fund.

A "foreign non-individual Unitholder" is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Income tax expense (continued)

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Singapore Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

The Trust's foreign-sourced trust distributions and interest income to be received in Singapore by the Trust from its Australian subsidiary, where such income originate from property rental income from its investments in Boardriders Asia Pacific HQ, Gold Coast, Queensland, Australia and Optus Centre, Macquarie Park, New South Wales, Australia as well as income derived from property-related activities or other activities in line with the regulatory requirements imposed on the Trust, are exempted from Singapore income tax under section 13(12) of the Singapore Income Tax Act.

These tax exemptions are granted by the IRAS but are subject to certain conditions, including the condition that the Trustee is a tax resident of Singapore.

3.14 Distribution policy

The Manager's distribution policy is to distribute at least 90.0% of the Trust's taxable income other than gains from sale of real estate that are determined by IRAS to be trading gains and net overseas income. Taxable income comprised substantially the Trust's income from the letting of its properties after deduction of allowable expenses. The actual level of distribution will be determined at the Manager's discretion.

The Trust makes distributions to Unitholders on a quarterly basis, with the amount calculated as at 30 June, 30 September, 31 December and 31 March in each distribution year for the three-month period ending on each of those dates. Under the Trust Deed, the Manager shall pay distributions within 90 days after the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

In the event that there are gains arising from sale of real estate properties, and only if such gains are surplus to the business requirements and needs of the Group, the Manager may, at its discretion, direct the Trustee to distribute such gains. Such gains, if not distributed, will form part of the Deposited Property. The Trustee shall not distribute any gain arising from the sale of real estate properties until IRAS agrees on the nature of the gain and its taxability.

On 20 April 2012, the Manager announced the implementation of the Distribution Reinvestment Plan ("DRP"), which provides eligible Unitholders with the option to elect to receive Units in lieu of the cash amount of any distribution (including any interim, final, special or other distribution declared on their holding of Units (after the deduction of applicable income tax, if any)). The Manager may, in its absolute discretion, determine that the DRP will apply to any particular distribution.

3.15 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of units outstanding during the period. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of units outstanding for the effects of all dilutive potential units.

3.16 Perpetual securities

The perpetual securities may be redeemed at the option of the Trust. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Makers ("CODMs") which comprise mainly the Board of Directors including the Chief Executive Officer ("CEO") of the Manager to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise foreign exchange gain/loss, interest and other income, borrowing costs, trust expenses and income tax expense.

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

3.18 New standards, interpretations and revised recommended accounting practice not adopted

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

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

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRSs 2018 – 2020*

Revised recommended accounting practice

In July 2020, ISCA issued a revised version of RAP 7 which will become effective for the Group's financial statements for the year ending 31 March 2022, and has not been applied in preparing these financial statements. The application of the revised RAP 7 is not expected to have a significant impact on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

4 INVESTMENT PROPERTIES

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
At 1 April		1,366,789	1,202,300	1,332,742	1,202,300
Recognition of right-of-use assets on initial application of FRS 116 *Leases* on 1 April 2019		–	88,029	–	88,029
Adjusted balance at 1 April		1,366,789	1,290,329	1,332,742	1,290,329
Capital expenditure capitalised		2,270	8,687	2,270	8,687
Acquisition of investment property		134,882	39,443	134,882	–
Remeasurement of right-of-use assets due to revised lease payments and recognition of lease extension option		10,481	797	10,481	797
Net change in fair value of investment properties recognised in the statement of total return		(26,672)	(22,633)	(31,752)	(19,987)
Net change in fair value of right-of-use assets	14	(5,134)	(5,233)	(5,134)	(5,233)
Transfer from investment property under development (net)	5	–	58,149	–	58,149
Foreign currency translation and other movements		6,414	(2,750)	–	–
At 31 March		1,489,030	1,366,789	1,443,489	1,332,742

Included in capital expenditure capitalised are borrowing costs capitalised during the year of approximately $32,000 (2020: $259,000) for the financial year ended 31 March 2021.

Security

As at the reporting date, certain investment properties have been pledged as security for loan facilities granted by financial institutions to the Group (see note 11). The aggregate market value of the mortgaged investment properties are as follows:

	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Investment properties	965,041	964,447	919,500	930,400

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

4 INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

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

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Fair value of investment properties (based on valuation reports)	1,393,741	1,276,847	1,348,200	1,242,800
Add: carrying amount of lease liabilities	95,289	89,942	95,289	89,942
Investment properties	1,489,030	1,366,789	1,443,489	1,332,742

Level 3 fair value measurements

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

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

(ii) Valuation techniques

Investment properties are stated at fair value as at 31 March 2021 based on valuations performed by an independent professional valuer, CBRE Pte. Ltd., Cushman & Wakefield VHS Pte Ltd or Jones Lang LaSalle Advisory Services Pty Ltd (2020: CBRE Pte. Ltd., Cushman & Wakefield VHS Pte Ltd or CBRE Valuations Pty Limited). The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific condition and characteristics inherent in each of the properties are taken into consideration in arriving at the property valuation.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-collaborated discount rate, terminal capitalisation rate and capitalisation rate. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions and the valuation reports are prepared in accordance with recognised appraisal and valuation standards.

The valuers have considered valuation techniques including the income capitalisation method, discounted cash flow analysis and/or direct comparison method in arriving at the open market value as at the reporting date. Certain valuation reports highlighted that some real estate sectors are experiencing significantly lower levels of transactional activity and liquidity. Consequently, less certainty and a higher degree of caution should be attached to their valuations than would normally be the case.

The discounted cash flow analysis involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow analysis requires the valuers to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The capitalisation method is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) has been adjusted against anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised at an appropriate investment yield. Thereafter, various adjustments including assumed vacancy allowance are made, where appropriate, for the capitalisation method. The direct comparison method provides an indication of value by comparing the investment property with identical or similar properties where reliable sales evidence is available.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

4 INVESTMENT PROPERTIES (Continued)

Level 3 fair value measurements (continued)

(iii) Significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows analysis	• Discount rate of 7.50% to 8.00% (2020: 7.50% to 8.50%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 6.00% to 7.50% (2020: 6.00% to 8.00%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 5.75% to 7.00% (2020: 5.75% to 7.50%)	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
Direct comparison method	• Adjusted price per square meter	The estimated fair value would increase (decrease) if adjusted price per square meter was higher (lower).

5 INVESTMENT PROPERTY UNDER DEVELOPMENT

		Group and Trust	
	Note	2021 $'000	2020 $'000
At 1 April		–	32,700
Recognition of right-of-use assets on initial application of FRS 116 *Leases* on 1 April 2019		–	6,418
Adjusted balance at 1 April		–	39,118
Development expenditure capitalised		–	12,423
Net change in fair value of investment property under development recognised in statement of total return		–	6,677
Net change in fair value of right-of-use asset	14	–	(69)
Transfer to investment properties	4	–	(58,149)
At 31 March		–	–

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

6 SUBSIDIARIES

	Trust	
	2021	2020
	$'000	$'000
Unquoted equity, at cost	108,764	107,519

Details of the subsidiaries are as follows:

Subsidiaries of the Trust	Country of incorporation or constitution/ Principal place of business	Effective equity interest held by the Group 2021 %	2020 %
AACI REIT MTN Pte. Ltd.[1]	Singapore	100.0	100.0
AACI REIT Opera Pte. Ltd.[2]	Singapore	100.0	100.0
AA REIT (Alexandra) Pte. Ltd.[3]	Singapore	100.0	–
AA REIT Alexandra Trust[3]	Singapore	100.0	–
AIMS APAC REIT (Australia) Trust[4]	Australia	100.0	100.0
AA REIT Macquarie Park Investment Trust[5]	Australia	100.0	100.0
AA REIT Australia Trust (QLD)[4]	Australia	100.0	100.0
Burleigh Heads Trust[5]	Australia	100.0	100.0

1 Audited by KPMG LLP Singapore.
2 Dormant and not required to be audited.
3 Newly incorporated or constituted on 22 January 2021.
4 Not required to be audited by the laws of the country of its constitution.
5 Audited by a member firm of KPMG International.

AACI REIT MTN Pte. Ltd.

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

AACI REIT Opera Pte. Ltd.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

6 SUBSIDIARIES (Continued)

AA REIT (Alexandra) Pte. Ltd.

AA REIT (Alexandra) Pte. Ltd., a wholly-owned subsidiary, was incorporated on 22 January 2021. Its principal activity is that of an investment holding company. It is dormant during the financial year.

AA REIT Alexandra Trust

AA REIT Alexandra Trust., a wholly-owned trust, was constituted on 22 January 2021. Its principal activity is to acquire and hold Singapore property-related investments. It is dormant during the financial year.

AIMS APAC REIT (Australia) Trust

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

AA REIT Macquarie Park Investment Trust

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

AA REIT Australia Trust (QLD)

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

Burleigh Heads Trust

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

7 JOINT VENTURE

	Group	
	2021	2020
	$'000	$'000
Investment in joint venture	305,602	244,338
Amounts due from joint venture, at amortised cost:		
- Interest-bearing loan	30,102	8,444
	335,704	252,782

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

As at 31 March 2021, the Group's share of the capital commitments of the joint venture is $5.6 million (2020: $19.8 million).

[1] Bank Bill Swap Bid Rate.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

7 JOINT VENTURE (Continued)

Details of the joint venture are as follows:

Name of entity	Country of constitution/ Principal place of business	Principal activity	Effective equity interest held by the Group 2021 %	2020 %
Macquarie Park Trust ("MPT")[1]	Australia	Investment in real estate	49.0	49.0

[1] Audited by PricewaterhouseCoopers Australia. This entity is also audited by a member firm of KPMG International for the purpose of preparing the Group's consolidated financial statements.

MPT is an unlisted joint arrangement in which the Group has joint control via unitholders' agreement with a joint venture partner and 49.0% equity interest. MPT holds Optus Centre, a Grade A business park complex located in Macquarie Park, New South Wales, Australia. MPT is structured as a trust vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in MPT as a joint venture, which is equity-accounted.

The following table summarises the financial information of MPT based on its financial statements prepared in accordance to International Financial Reporting Standards which is aligned with RAP 7, for the respective financial years ended 31 March.

	2021 $'000	2020 $'000
Assets and liabilities		
Non-current assets [a]	675,434	509,834
Current assets [b]	13,504	10,084
Total assets	688,938	519,918
Non-current liabilities	61,433	17,233
Current liabilities [c]	3,828	4,036
Total liabilities	65,261	21,269
Results		
Revenue	32,655	31,125
Expenses	(4,702)	(4,354)
Net change in fair value of investment property	44,199	97,921
Total return for the year	72,152	124,692

[a] Represents the valuation of Optus Centre, Macquarie Park, New South Wales, Australia. The independent valuation of the property was carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2021 (2020: Knight Frank NSW Valuations & Advisory Pty Ltd) and the property was valued at AUD660.0 million (equivalent to approximately $675.4 million) (2020: AUD584.0 million (equivalent to approximately $509.8 million)).

[b] Includes cash at banks and in hand of $13.0 million (2020: $9.5 million).

[c] Comprises trade and other payables, current tax payable and provisions.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

7 JOINT VENTURE (Continued)

	2021 $'000	2020 $'000
Group's interest in net assets and carrying amount of joint venture		
At 1 April	244,338	221,806
Investment during the year	–	1,408
Share of profits of joint venture (net of tax) (including share of net change in fair value of investment property)	35,354	61,099
Distributions received/receivable	(16,014)	(14,846)
Foreign currency translation movements	41,924	(25,129)
At 31 March	305,602	244,338

8 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Trade receivables	1,631	794	1,380	559
Impairment losses	(77)	(33)	(77)	(33)
Net trade receivables	1,554	761	1,303	526
Deposits	92	33	92	33
Amount due from a subsidiary	–	–	1,019	–
Distribution receivable from a subsidiary	–	–	1,850	971
Distribution receivable from a joint venture	1,390	1,154	–	–
Interest receivable from a joint venture	177	85	–	–
Other receivables	323	1,180	32	1,137
	3,536	3,213	4,296	2,667
Prepayments	6,026	5,699	5,000	5,685
	9,562	8,912	9,296	8,352
Non-current	3,041	3,424	3,041	3,424
Current	6,521	5,488	6,255	4,928
	9,562	8,912	9,296	8,352

The amount due from a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

The Group's and the Trust's exposure to credit risk related to trade and other receivables is disclosed in note 28.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

8 TRADE AND OTHER RECEIVABLES (Continued)

Impairment losses

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

	Group and Trust	
	2021	2020
	$'000	$'000
At 1 April	33	–
Provision of impairment losses during the year	44	33
At 31 March	77	33

The Manager believes that no provision of impairment losses is necessary in respect of the remaining trade receivables as majority of the balances are not past due and the rest of these balances mainly arise from tenants who have good payment records and have placed sufficient security with the Group in the form of bankers' guarantees or cash security deposits.

9 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at banks and in hand	11,159	19,498	8,884	18,202
Fixed deposits with financial institutions	–	951	–	951
	11,159	20,449	8,884	19,153

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

10 TRADE AND OTHER PAYABLES

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade payables and accrued expenses	12,380	10,973	12,228	10,605
Trade amounts due to:				
- the Manager	1,458	662	1,458	662
- the Property Manager	465	1,057	465	1,057
- the Trustee	49	47	49	47
- subsidiary	–	–	6	6
- entities controlled by corporate shareholders of the Manager	138	124	–	–
Goods and services tax payable	1,245	1,084	1,244	1,073
Rental received in advance	2,606	3,177	2,601	2,445
Rental and security deposits	17,856	16,492	17,856	16,492
Retention sums for development costs	1,823	2,445	1,823	2,445
Accrued development costs	2,160	3,149	2,160	3,149
Interest payable	2,652	2,916	2,183	2,402
	42,832	42,126	42,073	40,383
Non-current	10,780	11,901	10,780	11,901
Current	32,052	30,225	31,293	28,482
	42,832	42,126	42,073	40,383

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

11 INTEREST-BEARING BORROWINGS

	Note	Group 2021 $'000	Group 2020 $'000	Trust 2021 $'000	Trust 2020 $'000
Non-current					
Secured					
Bank borrowings	(a),(b)	412,933	235,163	248,611	112,222
Unsecured					
Medium term notes	(c)	100,000	150,000	100,000	150,000
		512,933	385,163	348,611	262,222
Less: Unamortised borrowing transaction costs		(2,193)	(2,473)	(1,465)	(1,612)
		510,740	382,690	347,146	260,610
Current					
Secured					
Bank borrowings	(a)	30,851	156,745	30,851	156,745
Unsecured					
Medium term notes	(c)	50,000	–	50,000	–
		80,851	156,745	80,851	156,745
Less: Unamortised borrowing transaction costs		(135)	(110)	(135)	(110)
		80,716	156,635	80,716	156,635
Total		591,456	539,325	427,862	417,245

As at 31 March 2021, the Group had the following borrowings:

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

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

(i) first legal mortgage over 16 investment properties (2020: legal mortgage over 16 investment properties) with market value totalling $919.5 million (2020: $930.4 million) of the Trust (the "Mortgaged Properties");

(ii) assignment of rights, benefits, title and interest in, *inter alia*, the building agreement and/or leases of two investment properties of the Trust;

(iii) assignment of rights, benefits, title and interest in the property management agreements, insurances, tenancy agreements, sale agreements, performance guarantees (including sale proceeds and rental proceeds) relating to the Mortgaged Properties and assignment of rights, benefits, title and interest in moneys credited in certain accounts; and

(iv) first ranking security over the bank account and units in Macquarie Park Trust held by AA REIT Investments (Australia) Pty Limited in its capacity as trustee of AA REIT Macquarie Park Investment Trust (a wholly-owned subsidiary of the Trust).

(b) Secured term loan facility of a wholly-owned subsidiary

A secured five-year term loan facility granted to a wholly-owned subsidiary of the Trust which is guaranteed by the Trust and secured by a mortgage over a property with market value of $45.5 million (2020: $34.0 million) and a general security agreement over all present and after acquired property of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

11 INTEREST-BEARING BORROWINGS (Continued)

(c) Unsecured medium term notes

As at 31 March 2021, $150.0 million unsecured Medium Term Notes had been issued comprising:

(i) $50 million five-year medium term notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears, and will mature on 22 March 2022 which had been issued through AACI MTN under the $500 million Multicurrency Medium Term Note Programme, established in July 2012. The payment of all amounts payable in respect of the notes are unconditionally and irrevocably guaranteed by HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of the Trust; and

(ii) $100 million five-year medium term notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears and will mature on 12 November 2024 which had been issued by the Trust under the $750 million Multicurrency Debt Issuance Programme, established in November 2018.

The medium term notes shall at all times rank *pari passu* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the respective issuers.

Terms and debt repayment schedule

Terms and conditions of the interest-bearing borrowings are as follows:

	Nominal interest rate %	Date of maturity	Group Face value $'000	Group Carrying amount $'000	Trust Face value $'000	Trust Carrying amount $'000
2021						
SGD fixed rate medium term notes	3.60	March 2022	50,000	49,956	50,000	49,956
SGD fixed rate medium term notes	3.60	November 2024	100,000	99,467	100,000	99,467
SGD floating rate bank borrowings	SOR[1] + margin	November 2021	30,851	30,760	30,851	30,760
AUD floating rate bank borrowings	BBSY[2] + margin	June 2022	45,453	45,269	15,351	15,255
SGD floating rate bank borrowings	SOR[1] + margin	July 2022	100,000	99,792	100,000	99,792
SGD floating rate bank borrowings	SOR[1] + margin	July 2022	–	(52)	–	(52)
AUD floating rate bank borrowings	BBSY[2] + margin	July 2023	112,572	112,171	–	–
AUD floating rate bank borrowings	BBSY[2] + margin	November 2023	33,260	33,148	33,260	33,148
SGD floating rate bank borrowings	SOR[1] + margin	July 2024	100,000	99,536	100,000	99,536
AUD floating rate bank borrowings	BBSY[2] + margin	July 2024	21,648	21,409	–	–
			593,784	591,456	429,462	427,862

[1] Swap Offer Rate.

[2] Bank Bill Swap Bid Rate.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

11 INTEREST-BEARING BORROWINGS (Continued)

Terms and debt repayment schedule (continued)

	Nominal interest rate	Date of maturity	Group		Trust	
			Face value	Carrying amount	Face value	Carrying amount
	%		$'000	$'000	$'000	$'000
2020						
SGD fixed rate medium term notes	3.60	March 2022	50,000	49,910	50,000	49,910
SGD fixed rate medium term notes	3.60	November 2024	100,000	99,320	100,000	99,320
SGD floating rate bank borrowings	SOR[1] + margin	August 2020	100,000	99,947	100,000	99,947
SGD floating rate bank borrowings	SOR[1] + margin	November 2021	–	(241)	–	(241)
AUD floating rate bank borrowings	BBSY[2] + margin	June 2022	20,666	20,403	12,222	12,072
SGD floating rate bank borrowings	SOR[1] + margin	July 2022	100,000	99,639	100,000	99,639
SGD floating rate bank borrowings	SOR[1] + margin	July 2022	–	(90)	–	(90)
AUD floating rate bank borrowings	BBSY[2] + margin	November 2020	56,745	56,688	56,745	56,688
AUD floating rate bank borrowings	BBSY[2] + margin	July 2023	96,030	95,540	–	–
AUD floating rate bank borrowings	BBSY[2] + margin	July 2024	18,467	18,209	–	–
			541,908	539,325	418,967	417,245

[1] Swap Offer Rate.
[2] Bank Bill Swap Bid Rate.

Reconciliation of changes in liabilities arising from financing activities

		Financing cash flows					
	At 1 April 2020	Proceeds from borrowings	Repayment of borrowings/ lease liabilities	Borrowing costs paid	Borrowing costs expensed/ capitalised	Foreign exchange and other movement	At 31 March 2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Medium term notes	149,230	–	–	–	193	–	149,423
Bank borrowings	390,095	183,509	(163,904)	(913)	975	32,271	442,033
Interest payable	2,916	–	–	(17,738)	17,456	18	2,652
Lease liabilities	89,942	–	(8,669)	–	3,535	10,481	95,289
	632,183	183,509	(172,573)	(18,651)	22,159	42,770	689,397

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

11 INTEREST-BEARING BORROWINGS (Continued)

Reconciliation of changes in liabilities arising from financing activities (continued)

		Financing cash flows					
	At 1 April 2019	Proceeds from borrowings	Repayment of borrowings/ lease liabilities	Borrowing costs paid	Borrowing costs expensed/ capitalised	Foreign exchange and other movement	At 31 March 2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Medium term notes	129,830	100,000	(80,000)	(737)	137	–	149,230
Bank borrowings	367,586	109,386	(67,000)	(599)	861	(20,139)	390,095
Interest payable	2,617	–	–	(18,327)	18,627	(1)	2,916
Lease liabilities	94,447	–	(8,642)	–	3,340	797	89,942
	594,480	209,386	(155,642)	(19,663)	22,965	(19,343)	632,183

12 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Non-current assets				
Interest rate swaps:				
- at FVTPL	1,126	–	1,126	–
Non-current liabilities				
Interest rate swaps:				
- at FVTPL	(6,770)	(7,635)	(6,642)	(7,519)
Current liabilities				
Interest rate swaps:				
- used for hedging	–	(618)	–	(618)
- at FVTPL	–	(215)	–	(215)
Cross currency interest rate swaps:				
- at FVTPL	(1,444)	–	(1,444)	–
	(1,444)	(833)	(1,444)	(833)

Interest rate swaps

The Group and the Trust use interest rate swaps to manage their exposures to interest rate movements on floating rate interest-bearing term loans by swapping the interest expense on a portion of interest-bearing borrowings from floating rates to fixed rates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

12 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Interest rate swaps (continued)

As at 31 March 2021, the Group had interest rate swap contracts with tenors between three and five years with total notional amounts of $127.0 million and AUD153.5 million, equivalent to approximately $157.1 million (2020: interest rate swap contracts with tenors between three and five years with total notional amounts of $127.0 million and AUD186.0 million, equivalent to approximately $162.4 million). Under the contracts, the Group pays fixed interest rates of 0.280% to 2.825% (2020: 0.795% to 2.825%) and receives interest at the three-month Singapore Dollar swap offer rate ("SOR") or Australia Bank Bill Swap Bid Rate ("BBSY").

As at 31 March 2020, the Group and the Trust had designated the interest rate swap contracts with notional amounts of AUD65.0 million, equivalent to approximately $56.7 million as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the AUD65.0 million, equivalent to approximately $56.7 million floating rate loans. The interest rate swap contracts had expired as at 31 March 2021.

Cross currency interest rate swaps

The Group and Trust entered into cross currency interest rate swaps to manage their exposures to interest rate movements and foreign currency movements on its investment in Australia by swapping the interest expense on a portion of interest-bearing borrowings from floating rates denominated in SGD to fixed rates denominated in AUD.

As at 31 March 2021, the Group had cross currency interest rate swap contracts with tenor of less than one year with total notional amounts of AUD31.5 million, equivalent to $30.9 million. Under the contract, the Group pays fixed interest rates of 1.57% denominated in AUD and receives interest rate at a margin plus the three-month SOR denominated in SGD.

Hedge accounting

Cash flow hedges

The following table provides a reconciliation by risk category of components of equity and analysis of hedging reserve, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve Group and Trust $'000
Cash flow hedges	
Balance as at 1 April 2019	(624)
Effective portion of changes in fair value of cash flow hedges	6
Balance as at 31 March 2020	(618)
Effective portion of changes in fair value of cash flow hedges	618
Balance as at 31 March 2021	–

Offsetting financial assets and financial liabilities

The Group entered into International Swaps and Derivatives Association ("ISDA") master netting agreements with various bank counterparties ("ISDA Master Agreement"). In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

12 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Offsetting financial assets and financial liabilities (continued)

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

13 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year are as follows:

	At 1 April 2019	Recognised in statement of total return (note 24)	At 31 March 2020	Recognised in statement of total return (note 24)	At 31 March 2021
	$'000	$'000	$'000	$'000	$'000
Group					
Deferred tax liabilities					
Tax on unrealised profits of subsidiaries	8,018	6,098	14,116	7,303	21,419

14 LEASES

Leases as lessee (FRS 116)

The Group leases land in respect of certain properties from JTC Corporation ("JTC") and CapitaLand Singapore (BP&C) Pte. Ltd. ("CapitaLand"). The leases typically run for a period of 30 years, with an option to renew the lease after that date. The annual land rent payable is based on the market land rent in the relevant period of the lease term. However, the lease agreements limit any increase of the annual land rent from year to year to 5.5% and 7.6% for leases with JTC and CapitaLand respectively, of the annual land rent for the immediate preceding year.

Information about leases for which the Group is a lessee is presented below.

(a) Amounts recognised in the statement of financial position

	Note	Group and Trust 2021	Group and Trust 2020
		$'000	$'000
Right-of-use assets (included within Investment Properties)	4	95,289	89,942
Lease liabilities			
- Non-current		89,974	84,435
- Current		5,315	5,507
		95,289	89,942

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

14 LEASES (Continued)

Leases as lessee (FRS 116) (continued)

(b) Amounts recognised in the statement of total return

	Note	Group and Trust 2021 $'000	Group and Trust 2020 $'000
Leases under FRS 116			
Interest on lease liabilities	21	3,535	3,161
Net change in fair value of right-of-use assets (included within net change in fair value of investment properties and investment property under development)	4,5	5,134	5,302

(c) Amounts recognised in the statement of cash flows

	Group 2021 $'000	Group 2020 $'000
Repayment of lease liabilities	8,669	8,642

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $60.0 million as at 31 March 2021 (2020: $68.3 million).

Leases as lessor

The Group leases out its investment properties (see note 4). All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out its investment properties. Investment properties are held for use by tenants under operating leases. Generally, the leases contain an initial non-cancellable period of between 3 to 10 years and subsequent renewals are negotiated with the tenants to reflect market rentals. None of the leases contain contingent rental arrangements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

14 LEASES (Continued)

Operating lease (continued)

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date and excluding prevailing market rent adjustments.

	Group $'000	Trust $'000
2021		
Less than one year	79,910	76,679
One to two years	60,546	57,218
Two to three years	39,500	36,073
Three to four years	23,870	20,340
Four to five years	21,792	18,156
More than five years	60,550	39,479
Total lease receivables	286,168	247,945
2020		
Less than one year	70,910	68,234
One to two years	47,471	44,716
Two to three years	29,159	26,321
Three to four years	19,139	16,215
Four to five years	16,260	13,248
More than five years	60,148	39,071
Total lease receivables	243,087	207,805

15 UNITHOLDERS' FUNDS

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation as well as the foreign exchange gains and losses arising from monetary items that are considered to form part of the Group's net investment in a foreign operation.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected the statement of total return.

Issue expenses

Issue expenses comprised professional, underwriting, selling commission and other costs relating to issuance of Units in the Trust. These expenses are deducted directly against Unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

16 PERPETUAL SECURITIES

On 14 August 2020, the Trust issued $125.0 million subordinated perpetual securities ("Perpetual Securities") under the $750 million Multicurrency Debt Issuance Programme established by the Trust. The key terms and conditions of the Perpetual Securities are as follows:

- the Perpetual Securities will confer a right to receive distribution payments at a rate of 5.65% per annum with the first distribution rate reset falling on 14 August 2025 and subsequent resets occurring every five years thereafter;
- the Perpetual Securities may be redeemed at the option of the Trust;
- the distributions are payable semi-annually in arrears on a discretionary basis and are non-cumulative; and
- the Perpetual Securities will constitute direct, unsecured and subordinated obligations of the Trust and rank *pari passu* and without any preference among themselves and with any Parity Obligations (as defined in the terms and conditions) of the Trust.

Accordingly, the Perpetual Securities are classified as equity. The expenses relating to the issue of the Perpetual Securities are deducted against the proceeds from the issue.

As at 31 March 2021, the $124.6 million presented in the statements of financial position of the Group and the Trust represent the carrying value of the $125.0 million Perpetual Securities issued, net of issue costs and includes the total return attributable to the Perpetual Securities holders from the last distribution date.

17 UNITS IN ISSUE

	Note	Group and Trust 2021 '000	Group and Trust 2020 '000
Units in issue at beginning of the year		706,663	690,913
Issue of new Units:			
Units issued as payment of Manager's base fees	(a)	–	2,643
Units issued pursuant to Distribution Reinvestment Plan	(b)	–	13,107
Units in issue at end of the year		706,663	706,663

(a) During the financial year ended 31 March 2020, there were the following issuances of Units to the Manager:

(i) 1,285,485 new Units on 10 July 2019 at an average issue price of $1.4070 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2019 to 30 June 2019; and

(ii) 1,357,787 new Units on 16 January 2020 at an average issue price of $1.4277 per Unit as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2019 to 31 December 2019.

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

17 UNITS IN ISSUE (Continued)

(b) During the financial year ended 31 March 2020, there were the following issuances of Units to eligible Unitholders who elected to participate in the AA REIT DRP:

(i) 2,649,766 new Units on 20 June 2019 at an issue price of $1.3625 per Unit in respect of the distribution for the quarter ended 31 March 2019;

(ii) 2,003,444 new Units on 19 September 2019 at an issue price of $1.4352 per Unit in respect of the distribution for the quarter ended 30 June 2019;

(iii) 5,226,341 new Units on 20 December 2019 at an issue price of $1.3681 per Unit in respect of the distribution for the quarter ended 30 September 2019; and

(iv) 3,226,832 new Units on 26 March 2020 at an issue price of $1.4178 per Unit in respect of the distribution for the quarter ended 31 December 2019.

18 GROSS REVENUE

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Property rental income[1]	84,932	82,992	81,453	80,656
Service charge, land rent and property tax	20,903	19,729	20,903	19,461
Other property expenses recoverable from tenants and other property income[2]	16,798	16,139	16,756	16,139
	122,633	118,860	119,112	116,256

[1] Includes provision for Additional Rental Relief as defined in section 19J of the COVID-19 (Temporary Measures) Act 2020 granted by the Group to eligible tenants of $1.7 million.

[2] Includes the net effect of grant income of $5.2 million and grant expense of $4.3 million recognised in relation to the rental relief for eligible tenants from the Singapore government as part of the COVID-19 relief measures.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

19 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Property and lease management fees	2,444	2,420	2,444	2,420
Property tax	10,011	6,303	10,011	6,140
Other operating expenses	22,646	21,083	22,605	20,969
	35,101	29,806	35,060	29,529

20 INTEREST AND OTHER INCOME

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest income – third party	135	250	129	224
Interest income – joint venture	496	89	–	–
	631	339	129	224

21 BORROWING COSTS

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest expense on borrowings	16,706	17,397	14,190	14,144
Interest expense on lease liabilities (note 14)	3,535	3,161	3,535	3,161
Amortisation of borrowing transaction costs	1,169	997	871	767
Others	717	529	563	409
	22,127	22,084	19,159	18,481

22 MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2021	2020
	$'000	$'000
Base fees		
- Paid/payable in cash	8,411	4,824
- Paid/payable in Units	–	2,862
	8,411	7,686

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

23 OTHER TRUST EXPENSES

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Audit fees paid/payable to:				
- auditors of the Trust	183	183	175	175
- other auditors	42	40	–	–
Non-audit fees paid/payable to auditors of the Trust	103	79	100	63
Trustees' fees	493	498	305	283
Valuation fees	96	129	80	98
Professional fees	46	93	38	71
Non-deal road show expenses	–	32	–	32
Acquisition fees written off	117	342	117	342
Investment management fees	1,804	290	–	–
Other expenses	695	1,006	619	997
	3,579	2,692	1,434	2,061

24 INCOME TAX EXPENSE

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Singapore current tax	–*	1	–	–
Overseas deferred tax (note 13)	7,303	6,098	–	–
Overseas withholding tax	744	1,467	744	1,467
Total tax expense	8,047	7,566	744	1,467

* less than $1,000

Reconciliation of effective tax rate:

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Total return before income tax	60,068	93,085	23,256	56,524
Tax calculated using Singapore tax rate of 17% (2020: 17%)	10,212	15,824	3,954	9,609
Non-tax chargeable items	(7)	(8)	(7)	(8)
Non-tax deductible items	5,959	3,355	5,959	3,355
Tax transparency	(9,859)	(10,610)	(9,859)	(10,610)
Foreign-sourced income	(6,305)	(8,560)	(47)	(2,346)
Deferred tax on unrealised profits of subsidiaries (note 13)	7,303	6,098	–	–
Overseas withholding tax	744	1,467	744	1,467
	8,047	7,566	744	1,467

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

25 EARNINGS PER UNIT

	Group	
	2021	2020
Earnings per Unit (cents)		
Basic and diluted	6.73	12.27

The earnings per Unit ("EPU") is computed using total return after tax over the weighted average number of Units outstanding as follows:

	Group	
	2021 $'000	2020 $'000
Total return after income tax attributable to Unitholders of the Trust and Perpetual Securities holders	52,021	85,519
Less: Amount reserved for distribution to Perpetual Securities holders	(4,450)	–
Total return after income tax attributable to Unitholders of the Trust	47,571	85,519

	Trust Number of Units	
	2021 '000	2020 '000
Basic EPU		
Units in issue at beginning of the year	706,663	690,913
Effect of Units issued/issuable relating to:		
- Distribution Reinvestment Plan	–	4,662
- Manager's base fees	–	1,216
Weighted average number of Units at end of the year	706,663	696,791
Diluted EPU		
Units in issue at beginning of the year	706,663	690,913
Effect of Units issued/issuable relating to:		
- Distribution Reinvestment Plan	–	4,662
- Manager's base fees	–	1,216
Weighted average number of Units at end of the year	706,663	696,791

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

26 COMMITMENTS

As at 31 March 2021, the Group has entered into a Put and Call Option Agreement to acquire 315 Alexandra Road for a purchase consideration of $102.0 million. Other than this, the Group had no other capital expenditure contracted, but not provided for in the financial statements.

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, significant related party transactions carried out on terms agreed between the parties are as follows:

	Group		Trust	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
The Manager				
Manager's management fees				
Base fees	8,411	7,686	8,411	7,686
Acquisition fees	1,296	367	1,296	367
Entities controlled by corporate shareholders of the Manager				
Marketing services commissions[1]	–	1,703	–	–
Administrator fees[1]	–	109	–	–
Investment management fees	1,804	290	–	–
Trustees' fees	185	209	–	–
The Property Manager				
Property management fees	1,629	1,613	1,629	1,613
Lease management fees	815	807	815	807
Marketing services commissions	1,764	2,175	1,764	2,175
Project management fees	83	273	83	273
Property tax services fees	–	5	–	5
The Trustee				
Trustee's fees	293	276	293	276
Joint venture				
Interest income	496	89	–	–
Subsidiaries				
Distribution income	–	–	14,388	12,689
Interest expense	–	–	1,800	2,952
Service fee expense	–	–	26	38

[1] Represents the group's share of costs incurred by joint venture entity, Macquarie Park Trust.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager reviews the Group's capital management and financing policy regularly so as to optimise the Group's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

On 16 April 2020, the MAS announced that the aggregate leverage limit for S-REITs will be raised from 45% to 50% with immediate effect. In its public consultation last year, the MAS had proposed for S-REITs to have a new minimum adjusted interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation. As at 31 March 2021, the Group's aggregate leverage was 33.9% (2020: 34.8%) with an ICR of 3.4 times[1] (2020: 4.0 times[1]). The Group had complied with the Aggregate Leverage limit during the financial year.

There were no changes in the Group's approach to capital management during the financial year.

Risk management framework

Exposure to credit, interest rate, liquidity and foreign currency risks arises in the normal course of the Group's business. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a tenant to settle its financial and contractual obligations to the Group, as and when they fall due.

Trade receivables

Credit evaluations are performed by the Manager before lease agreements are entered into with the tenants. Rental deposits as a multiple of monthly rent are received either in cash or bank guarantees to reduce credit risk. The Manager also monitors the amount owing by the tenants on an ongoing basis.

Based on historical default rates, the Manager believes that no additional impairment allowance is necessary in respect of the remaining trade receivables as these receivables mainly arose from tenants that have good credit standing with the Group and the Group has sufficient security deposits as collateral.

At 31 March 2021, $639,000 of net trade receivables is related to two tenants (2020: $248,000 of net trade receivables is related to two tenants). Except for this, concentration of credit risk relating to trade receivables is limited due to the Group's varied tenant profile and credit policy of obtaining security deposits, banker's guarantees or other forms of collateral from tenants.

[1] As defined in Appendix 6 of the CIS Code ("Property Funds Appendix") (last revised on 16 April 2020).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Cash and cash equivalents

Cash is placed with financial institutions which are regulated.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The ECL on cash and cash equivalents is negligible.

Derivatives

Transactions involving derivative financial instruments are entered only with bank counterparties that are regulated.

Loan to joint venture

The Group extended a loan to a joint venture to fund the capital expenditure requirement in relation to Optus Centre. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, the exposure is considered to be of low credit risk. Therefore, the Manager believes that no impairment allowance is necessary as at 31 March 2021.

Other receivables

The Group assesses on a forward-looking basis the ECLs associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group considers that the credit risk of these counterparties have not increased, and determines that the 12-month ECL on outstanding balances is negligible as at 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Risk management framework (continued)

(a) Credit risk (continued)

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

The ageing of the trade and other receivables at the reporting date was as follows:

	Gross 2021 $'000	Impairment losses 2021 $'000	Gross 2020 $'000	Impairment losses 2020 $'000
Group				
Not past due	2,852	–	3,036	–
Past due 1 – 30 days	441	(7)	44	–
Past due 31 – 90 days	173	–	37	(4)
Past due more than 90 days	147	(70)	129	(29)
	3,613	(77)	3,246	(33)
Trust				
Not past due	3,612	–	2,490	–
Past due 1 – 30 days	441	(7)	44	–
Past due 31 – 90 days	173	–	37	(4)
Past due more than 90 days	147	(70)	129	(29)
	4,373	(77)	2,700	(33)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Trust will encounter difficulty in meeting the obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by the Manager to finance the Group's operations and to mitigate the effect of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

As at 31 March 2021, the current interest-bearing borrowings relate to revolving credit facility of $30.9 million and Medium Term Notes of $50.0 million which are due to mature in November 2021 and March 2022 respectively. The Group is currently in the process of engaging lenders for syndicated facilities of up to $220.0 million and AUD100.0 million to refinance several of its secured debt facilities due in 2021 and 2022. In May 2021, the Group has received a mandate letter from a lender to lead the syndicated facilities.

The Group also monitors and observes the Property Funds Appendix issued by the MAS concerning limits on total borrowings.

The Group has bank loans which contain certain covenants. Any breach of covenants may require the Group to repay the loans earlier than indicated in note 11.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

The following are the expected contractual undiscounted cash outflows of financial liabilities and derivative financial instruments, including estimated interest payments and excluding the impact of netting arrangements:

		Contractual cash flows			
	Carrying amount $'000	Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Group					
2021					
Non-derivative financial liabilities					
Medium term notes	(149,423)	(164,780)	(53,970)	(110,810)	–
Bank borrowings	(442,033)	(462,497)	(37,893)	(424,604)	–
Trade and other payables*	(40,226)	(40,226)	(29,446)	(10,650)	(130)
Lease liabilities	(95,289)	(136,167)	(8,738)	(31,230)	(96,199)
	(726,971)	(803,670)	(130,047)	(577,294)	(96,329)
Derivative financial instruments					
Non-current assets					
Interest rate swaps - at FVTPL (net-settled)	1,126	1,139	(77)	1,216	–
Non-current liabilities					
Interest rate swaps - at FVTPL (net-settled)	(6,770)	(6,859)	(2,827)	(4,032)	–
Current liabilities					
Cross currency interest rate swaps - at FVTPL (net-settled)	(1,444)	(1,421)	(1,421)	–	–
	(7,088)	(7,141)	(4,325)	(2,816)	–
2020					
Non-derivative financial liabilities					
Medium term notes	(149,230)	(170,180)	(3,970)	(166,210)	–
Bank borrowings	(390,095)	(406,388)	(162,524)	(243,864)	–
Trade and other payables*	(38,949)	(38,949)	(27,048)	(10,784)	(1,117)
Lease liabilities	(89,942)	(126,988)	(8,655)	(30,819)	(87,514)
	(668,216)	(742,505)	(202,197)	(451,677)	(88,631)
Derivative financial liabilities					
Non-current liabilities					
Interest rate swaps - at FVTPL (net-settled)	(7,635)	(7,852)	(2,111)	(5,741)	–
Current liabilities					
Interest rate swaps					
- used for hedging (net-settled)	(618)	(626)	(626)	–	–
- at FVTPL (net-settled)	(215)	(162)	(162)	–	–
	(8,468)	(8,640)	(2,899)	(5,741)	–

* Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

	Carrying amount $'000	Contractual cash flows Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2021					
Non-derivative financial liabilities					
Medium term notes	(149,423)	(164,780)	(53,970)	(110,810)	–
Bank borrowings	(278,439)	(291,402)	(35,274)	(256,128)	–
Trade and other payables*	(39,472)	(39,472)	(28,692)	(10,650)	(130)
Lease liabilities	(95,289)	(136,167)	(8,738)	(31,230)	(96,199)
	(562,623)	(631,821)	(126,674)	(408,818)	(96,329)
Derivative financial instruments					
Non-current assets					
Interest rate swaps					
- at FVTPL (net-settled)	1,126	1,139	(77)	1,216	–
Non-current liabilities					
Interest rate swaps					
- at FVTPL (net settled)	(6,642)	(6,748)	(2,750)	(3,998)	–
Current liabilities					
Cross currency interest rate swaps					
- at FVTPL (net-settled)	(1,444)	(1,421)	(1,421)	–	–
	(6,960)	(7,030)	(4,248)	(2,782)	–
2020					
Non-derivative financial liabilities					
Medium term notes	(149,230)	(170,180)	(3,970)	(166,210)	–
Bank borrowings	(268,015)	(275,543)	(160,246)	(115,297)	–
Trade and other payables*	(37,938)	(37,938)	(26,037)	(10,784)	(1,117)
Lease liabilities	(89,942)	(126,988)	(8,655)	(30,819)	(87,514)
	(545,125)	(610,649)	(198,908)	(323,110)	(88,631)
Derivative financial liabilities					
Non-current liabilities					
Interest rate swaps					
- at FVTPL (net settled)	(7,519)	(7,712)	(2,074)	(5,638)	–
Current liabilities					
Interest rate swaps					
- used for hedging (net-settled)	(618)	(626)	(626)	–	–
- at FVTPL (net-settled)	(215)	(162)	(162)	–	–
	(8,352)	(8,500)	(2,862)	(5,638)	–

* Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Risk management framework (continued)

(b) Liquidity risk (continued)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

(i) Interest rate risk

The Manager adopts a proactive interest rate management policy to manage the risk associated with adverse movement in interest rates on the loan facilities while also seeking to ensure that the Group's cost of debt remains competitive. The policy aims to protect the Group's earnings from the volatility in interest rates and provide stability to Unitholders' returns.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Group's and Trust's exposure to cash flow interest rate risks arise mainly from variable rate financial liabilities. The Manager manages the cash flow interest rate risks of these variable rate financial liabilities using floating-to-fixed interest rate swaps and cross currency interest rate swaps.

As at 31 March 2021, the Group had interest rate swap contracts with total notional amounts of $127.0 million and AUD153.5 million, equivalent to approximately $157.1 million (2020: $127.0 million and AUD186.0 million, equivalent to approximately $162.4 million) and cross currency interest rate swap contracts with total notional amounts of AUD31.5 million, equivalent to $30.9 million (2020: nil) whereby the Group had agreed with counterparties to exchange at specified intervals, the difference between the floating rates pegged to the SOR or BBSY and fixed rate interest amounts calculated by reference to the agreed notional amounts.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Risk management framework (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Trust's interest-bearing financial instruments was as follows:

	Group		Trust	
	Nominal amount		Nominal amount	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Financial liabilities	(150,000)	(150,000)	(150,000)	(150,000)
Interest rate swaps	(284,089)	(289,379)	(272,832)	(279,776)
Cross currency interest rate swaps	(32,237)	–	(32,237)	–
	(466,326)	(439,379)	(455,069)	(429,776)
Variable rate instruments				
Financial liabilities	(443,784)	(391,908)	(279,462)	(268,967)
Interest rate swaps	284,089	289,379	272,832	279,776
Cross currency interest rate swaps	32,237	–	32,237	–
	(127,458)	(102,529)	25,607	10,809

Sensitivity analysis

For the variable rate financial liabilities on which interest rate swaps have not been entered into, a decrease/increase of 100 basis points ("bps") in interest rate at the reporting date would increase/(decrease) the statement of total return of the Group by $1,275,000 (2020: $1,025,000) and (decrease)/increase the statement of total return of the Trust by $256,000 (2020: $108,000) as a result of higher/lower borrowing costs on these financial liabilities. This analysis assumes that all other variables remain constant.

(ii) Foreign currency risk

Risk management policy

The Group has exposure to foreign currency risks arising from its interest in a joint venture and an investment property in Australia. Transactions in relation to these investments are mainly denominated in the Australian dollar.

The Manager's strategy is to achieve a natural hedge, wherever possible through the use of Australian dollar denominated borrowings to match the Group's interests in its Australian joint venture and investment property to mitigate the currency risk. As at 31 March 2021, the Group's investment in its Australian assets was hedged as approximately 65% (2020: 68%) of the Australian portfolio value was funded with Australian dollar denominated borrowings or cross currency interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Risk management framework (continued)

(c) Market risk (continued)

(ii) Foreign currency risk (continued)

Exposure to currency risk

The Group's and Trust's exposures to foreign currencies as at 31 March 2021 and 31 March 2020 after taking into account cross currency interest rate swaps, were as follows:

	Group		Trust	
	Australian Dollar	Australian Dollar	Australian Dollar	Australian Dollar
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Amounts due from joint venture	30,102	8,444	–	–
Cash and cash equivalents	3,079	2,226	832	951
Trade and other receivables	2,110	1,515	1,850	971
Trade and other payables	(1,099)	(1,022)	(621)	(507)
Derivative financial instruments	(7,708)	(7,669)	(7,580)	(7,554)
Interest-bearing borrowings	(212,933)	(191,908)	(48,611)	(68,967)
	(186,449)	(188,414)	(54,130)	(75,106)
Less: Cross currency interest rate swap	(32,237)	–	(32,237)	–
Net currency exposure on financial liabilities	(218,686)	(188,414)	(86,367)	(75,106)
Add: Non-financial assets				
Investment in joint venture	305,602	244,338	–	–
Investment property	45,541	34,047	–	–
Currency profile including non-financial assets	132,457	89,971	(86,367)	(75,106)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Risk management framework (continued)

(c) Market risk (continued)

(ii) Foreign currency risk (continued)

Sensitivity analysis

A strengthening/weakening of the Australian dollar, as indicated below, against the Singapore dollar at the reporting date would have increased/(decreased) total return and Unitholders' funds by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Statements of total return $'000	Unitholders' funds $'000
Group		
2021		
Australian dollar (5% strengthening)	(368)	6,991
Australian dollar (5% weakening)	368	(6,991)
2020		
Australian dollar (5% strengthening)	(325)	4,823
Australian dollar (5% weakening)	325	(4,823)
Trust		
2021		
Australian dollar (5% strengthening)	(4,318)	–
Australian dollar (5% weakening)	4,318	–
2020		
Australian dollar (5% strengthening)	(3,724)	(31)
Australian dollar (5% weakening)	3,724	31

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Classification and fair value of financial instruments

The carrying amounts and the fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2021										
Financial assets not measured at fair value										
Amounts due from joint venture	7	30,102	–	–	–	30,102				
Trade and other receivables*	8	3,536	–	–	–	3,536				
Cash and cash equivalents	9	11,159	–	–	–	11,159				
		44,797	–	–	–	44,797				
Financial assets measured at fair value										
Derivative financial assets	12	–	1,126	–	–	1,126	–	1,126	–	1,126
Financial liabilities measured at fair value										
Derivative financial liabilities	12	–	(8,214)	–	–	(8,214)	–	(8,214)	–	(8,214)
Financial liabilities not measured at fair value										
Trade and other payables**	10	–	–	–	(40,226)	(40,226)				
Interest-bearing borrowings	11	–	–	–	(591,456)	(591,456)	–	(593,200)	–	(593,200)
Lease liabilities	14	–	–	–	(95,289)	(95,289)				
		–	–	–	(726,971)	(726,971)				

* Excluding prepayments.
** Excluding rental received in advance.

28 FINANCIAL RISK MANAGEMENT (Continued)

Classification and fair value of financial instruments (continued)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
2020										
Financial assets not measured at fair value										
Amounts due from joint venture	7	8,444	–	–	–	8,444				
Trade and other receivables*	8	3,213	–	–	–	3,213				
Cash and cash equivalents	9	20,449	–	–	–	20,449				
		32,106	–	–	–	32,106				
Financial liabilities measured at fair value										
Derivative financial liabilities	12	–	(7,850)	(618)	–	(8,468)	–	(8,468)	–	(8,468)
Financial liabilities not measured at fair value										
Trade and other payables**	10	–	–	–	(38,949)	(38,949)				
Interest-bearing borrowings	11	–	–	–	(539,325)	(539,325)	–	(537,467)	–	(537,467)
Lease liabilities	14	–	–	–	(89,942)	(89,942)				
		–	–	–	(668,216)	(668,216)				

* Excluding prepayments.
** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Classification and fair value of financial instruments (continued)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2021										
Financial assets not measured at fair value										
Trade and other receivables*	8	4,296	–	–	–	4,296				
Cash and cash equivalents	9	8,884	–	–	–	8,884				
		13,180	–	–	–	13,180				
Financial assets measured at fair value										
Derivative financial assets	12	–	1,126	–	–	1,126	–	1,126	–	1,126
Financial liabilities measured at fair value										
Derivative financial liabilities	12	–	(8,086)	–	–	(8,086)	–	(8,086)	–	(8,086)
Financial liabilities not measured at fair value										
Trade and other payables**	10	–	–	–	(39,472)	(39,472)				
Interest-bearing borrowings	11	–	–	–	(427,862)	(427,862)	–	(429,606)	–	(429,606)
Lease liabilities	14	–	–	–	(95,289)	(95,289)				
		–	–	–	(562,623)	(562,623)				

* Excluding prepayments.
** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Classification and fair value of financial instruments (continued)

		Carrying amount					Fair value			
	Note	Amortised cost $'000	FVTPL $'000	Fair value – Hedging instruments $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust										
2020										
Financial assets not measured at fair value										
Trade and other receivables*	8	2,667	–	–	–	2,667				
Cash and cash equivalents	9	19,153	–	–	–	19,153				
		21,820	–	–	–	21,820				
Financial liabilities measured at fair value										
Derivative financial liabilities	12	–	(7,734)	(618)	–	(8,352)	–	(8,352)	–	(8,352)
Financial liabilities not measured at fair value										
Trade and other payables**	10	–	–	–	(37,938)	(37,938)				
Interest-bearing borrowings	11	–	–	–	(417,245)	(417,245)	–	(415,387)	–	(415,387)
Lease liabilities	14	–	–	–	(89,942)	(89,942)				
		–	–	–	(545,125)	(545,125)				

* Excluding prepayments.
** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

28 FINANCIAL RISK MANAGEMENT (Continued)

Estimation of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Derivatives

The fair values of interest rate swaps and cross currency interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(ii) Other non-derivative financial assets and liabilities

Other non-derivative financial assets and liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

The carrying amounts of non-derivative financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. The carrying amount of borrowings which reprice within three months are assumed to approximate their fair values because of the short period to maturity or repricing. The fair values of the fixed rate notes are based on banks' quotes. Further, for the current year, the fair value disclosure of lease liabilities is also not required.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, is computed from the market rates as follows:

	Group and Trust	
	2021	2020
	%	%
Other financial liabilities	1.90	2.42

The Group's policy is to recognise transfers between levels as of the end of the reporting period during which the transfer has occurred. There had been no transfers between the levels during the year.

29 SEGMENT REPORTING

The Manager considers the business from a geographical segment perspective. Geographically, the Manager manages and monitors the business by two countries: Singapore and Australia. For each of the reporting segments, the Manager reviews internal management reports on a monthly basis. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Certain assets and liabilities, borrowing costs and Trust expenses are not allocated to the segments as treasury activities are centrally managed by the Group.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

29 SEGMENT REPORTING (Continued)

Information about reportable segments

	Singapore $'000	Australia $'000	Total $'000
2021			
Revenue and expenses			
Gross revenue	119,112	3,521	122,633
Property operating expenses	(35,060)	(41)	(35,101)
Net property income	84,052	3,480	87,532
Share of profits of joint venture (net of tax)	–	35,354[1]	35,354
Net change in fair value of investment properties	(31,752)	5,080	(26,672)
Net change in fair value of right-of-use assets	(5,134)	–	(5,134)
Net change in fair value of derivative financial instruments	1,360	818	2,178
			93,258
Unallocated items:			
Foreign exchange gain			296
Interest and other income			631
Borrowing costs			(22,127)
Trust expenses			(11,990)
Total return before income tax			60,068
Income tax expense			(8,047)
Total return after income tax			52,021
Non-current assets[2]	1,446,530	381,245	1,827,775
Other segment items:			
Joint venture	–	335,704	335,704
Capital expenditure[3]	(2,270)	–	(2,270)
Acquisition of investment property	(134,882)	–	(134,882)
2020			
Revenue and expenses			
Gross revenue	116,256	2,604	118,860
Property operating expenses	(29,529)	(277)	(29,806)
Net property income	86,727	2,327	89,054
Share of profits of joint venture (net of tax)	–	61,099[1]	61,099
Net change in fair value of investment properties and investment property under development	(13,310)	(2,646)	(15,956)
Net change in fair value of right-of-use assets	(5,302)	–	(5,302)
Net change in fair value of derivative financial instruments	(1,178)	(2,348)	(3,526)
			125,369
Unallocated items:			
Foreign exchange loss			(161)
Interest and other income			339
Borrowing costs			(22,084)
Trust expenses			(10,378)
Total return before income tax			93,085
Income tax expense			(7,566)
Total return after income tax			85,519
Non-current assets[2]	1,336,166	286,829	1,622,995
Other segment items:			
Joint venture	–	252,782	252,782
Capital expenditure[3]	(21,110)	–	(21,110)
Acquisition of investment property	–	(39,443)	(39,443)

1 Included in the share of profits of joint venture (net of tax) is the share of revaluation surplus recognised on the valuation of Optus Centre of $21.7 million (2020: $48.0 million).
2 Excluding derivative financial instruments.
3 Capital expenditure consists of additions of investment properties and investment property under development.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

29 SEGMENT REPORTING (Continued)

No business segment information has been prepared as all investment properties are used mainly for industrial (including warehousing and business park) purposes and they are similar in terms of purpose, economic characteristics, types of tenants and nature of services provided to tenants. As such, the Group's CODMs are of the view that the Group has only one reportable segment, which is the leasing of investment properties. Accordingly, no operating segment information has been prepared. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

Major tenants

Rental income from one major tenant of the Group's reportable segment represents approximately $8.3 million (2020: $8.3 million rental income from one major tenant) of the Group's rental income.

30 FINANCIAL RATIOS

	Group	
	2021	2020
	%	%
Expenses to weighted average net assets[1]		
- Expense ratio excluding performance-related fee	1.14	1.06
- Expense ratio including performance-related fee	1.14	1.06
Portfolio turnover rate[2]	–	–

[1] The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs, changes in fair value of financial derivatives, investment properties, investment property under development and foreign exchange gains/(losses).

[2] The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

31 SUBSEQUENT EVENTS

On 5 May 2021, the Manager announced a distribution of 2.90 cents per Unit, amounting to approximately S$20.5 million in respect of the period from 1 January 2021 to 31 March 2021.

The Group is currently in the process of engaging lenders for syndicated facilities of up to $220.0 million and AUD100.0 million to refinance several of its secured debt facilities due in 2021 and 2022. In May 2021, the Group has received a mandate letter from a lender to lead the syndicated facilities.

STATISTICS OF UNITHOLDINGS

As at 8 June 2021

ISSUED AND FULLY PAID UNITS

706,662,583 Units (voting rights: 1 vote per unit)

There is only one class of Units in AIMS APAC REIT.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 - 99	508	5.15	18,163	0.00
100 - 1,000	1,345	13.62	749,802	0.11
1,001 - 10,000	4,912	49.76	24,829,148	3.51
10,001 - 1,000,000	3,079	31.19	128,676,527	18.21
1,000,001 and above	28	0.28	552,388,943	78.17
Total	**9,872**	**100.00**	**706,662,583**	**100.00**

TOP 20 UNITHOLDERS

As listed in the Register of Unitholders

No.	Name	Number of Units	%
1	Raffles Nominees (Pte.) Limited	130,647,841	18.49
2	HSBC (Singapore) Nominees Pte Ltd	91,869,584	13.00
3	Citibank Nominees Singapore Pte Ltd	88,921,241	12.58
4	DBS Nominees (Private) Limited	68,278,238	9.66
5	RHB Bank Nominees Pte Ltd	41,246,235	5.84
6	DBSN Services Pte. Ltd.	30,234,139	4.28
7	AIMS Financial Holding Limited	20,081,428	2.84
8	AIMS Fund Management (Cayman) Limited	14,761,900	2.09
9	Maybank Kim Eng Securities Pte. Ltd.	6,752,263	0.96
10	OCBC Securities Private Limited	6,739,690	0.95
11	DB Nominees (Singapore) Pte Ltd	6,677,968	0.95
12	Phillip Securities Pte Ltd	5,458,123	0.77
13	United Overseas Bank Nominees (Private) Limited	4,519,337	0.64
14	AIMS APAC REIT Management Limited	4,262,812	0.60
15	OCBC Nominees Singapore Private Limited	4,128,207	0.58
16	ABN AMRO Clearing Bank N.V.	3,797,015	0.54
17	BPSS Nominees Singapore (Pte.) Ltd.	3,045,309	0.43
18	CGS-CIMB Securities (Singapore) Pte. Ltd.	2,806,703	0.40
19	UOB Kay Hian Private Limited	2,715,662	0.38
20	IFAST Financial Pte. Ltd.	2,490,047	0.35
	Total	**539,433,742**	**76.33**

STATISTICS OF UNITHOLDINGS

SUBSTANTIAL UNITHOLDERS AS AT 8 JUNE 2021

As listed in the Register of Substantial Unitholders maintained by the Manager.

Name	Direct interest	Number of Units Deemed interest	Total interest	% of total issued Units
AIMS Financial Holding Limited[1]	33,319,528	4,262,812	37,582,340	5.32
Great World Financial Group Pty Ltd[2]	-	56,637,090	56,637,090	8.01
Great World Financial Group Holdings Pty Ltd[2]	-	56,637,090	56,637,090	8.01
Mr George Wang[2]	-	56,637,090	56,637,090	8.01
Credit Suisse AG[3]	-	37,763,505	37,763,505	5.34
Credit Suisse Group AG[3]	-	37,763,505	37,763,505	5.34
Dragon Pacific Assets Limited	61,100,001	-	61,100,001	8.65
ESR HK Management Limited	54,785,641	-	54,785,641	7.75
ESR Cayman Limited[4]	9,101,957	82,793,776	91,895,733	13.00
Mr Chan Wai Kheong[5]	12,823,976	28,925,065	41,749,041	5.91

1 Deemed to have an interest in 4,262,812 Units held by AIMS APAC REIT Management Limited (the "Manager") as the Manager is a wholly-owned subsidiary of AIMS Financial Holding Limited ("AFHL").

2 Deemed to have an interest in:
(i) Units held by AFHL and Units which AFHL has interests in;
(ii) 4,148,064 Units held by a fund managed by AIMS Fund Management Limited ("AFML");
(iii) 14,761,900 Units held by AIMS Fund Management (Cayman) Limited ("AFMCL"); and
(iv) 144,786 Units held by a fund managed by AIMS Real Estate Funds Limited ("AREFL").

3 Deemed to have an interest in Units held by affiliates of Credit Suisse AG. Credit Suisse AG is a wholly-owned subsidiary of Credit Suisse Group AG.

4 Deemed to have an interest in:
(i) 54,785,641 Units held by ESR HK Management Limited, a wholly-owned subsidiary of ESR Cayman Limited ("ESR"); and
(ii) 28,008,135 Units held by e-Shang Infinity Cayman Limited, a wholly-owned subsidiary of ESR.

5 Deemed to have an interest in Units held by Splendid Asia Macro Fund.

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 21 APRIL 2021

Based on the Register of Directors' Unitholdings, save as disclosed below, none of the Directors holds any interest in Units issued by AIMS APAC REIT.

Name	Direct interest	Number of Units Deemed interest	Total interest	% of total issued Units
Mr George Wang[6]	-	56,637,090	56,637,090	8.01

6 Deemed to have an interest in (i) Units held by AFHL and Units which AFHL has interests in; (ii) Units held by a fund managed by AFML; (iii) Units held by AFMCL and (iv) Units held by a fund managed by AREFL.

FREE FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10.0% of its listed securities are at all times held by the public. Based on the information made available to the Manager as at 8 June 2021, approximately 92.0% of the Units in AIMS APAC REIT were held in the hands of the public. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

ADDITIONAL INFORMATION

INTERESTED PERSON/ INTERESTED PARTY TRANSACTIONS

The transactions entered into with interested persons/interested parties during the financial year which fall under the Listing Manual of the SGX-ST and the Property Funds Appendix under the Code on Collective Investment Schemes are:

Name of entity	Nature of relationship	Aggregate value of all interested person/ interested party transactions during the financial year under review (excluding transactions less than S$100,000) S$'000	Aggregate value of all interested person/ interested party transactions conducted under Unitholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
AIMS APAC REIT Management Limited			
- Manager's base management fees	REIT Manager	8,411	–
- Manager's acquisition fees		1,296	–
AIMS APAC Property Management Pte. Ltd.			
- Property management fees		1,629	–
- Lease management fees	Subsidiaries of the controlling shareholder of the REIT Manager	815	–
- Marketing services commissions		1,764	–
AA REIT Management Australia Pty Limited			
- Investment management fees[1]		7,949	–
HSBC Institutional Trust Services (Singapore) Limited	REIT Trustee		
- Trustee's fees		293	–

[1] This includes the estimated full value of the investment management fees paid/payable to AA REIT Management Australia Pty Limited, the Australian investment manager ("Investment Manager") of the AA REIT properties located in Australia, pursuant to the finalisation of the revised fees under the investment management agreement for the period from 15 July 2019 (being the date of completion of the acquisition of Boardriders Asia Pacific HQ) and up to 31 August 2024 ("Revised Fees"). The investment management fees paid to the Investment Manager in FY2021, which included the retrospective payment from 15 July 2019 amounted to S$1.8 million.

Following the finalisation of the Revised Fees, the trustees of AIMS APAC REIT (Australia) Trust, AA REIT Macquarie Park Investment Trust, AA REIT Australia Trust (QLD) and Burleigh Heads Trust (collectively "Australian Trustees") waived their trustee fees for the period from 15 July 2019 to 31 August 2024. The total trustee fees received by the Australian Trustees prior to the finalisation of the Revised Fees were deemed to have been paid to the Investment Manager as part of the consideration under the Revised Fees and amounted to S$185,000 (FY2020: S$179,000). The Revised Fees amounted to S$1.5 million in FY2021.

The Trust has not obtained a Unitholders' mandate pursuant to Rule 920 of the Listing Manual for Interested Person Transactions.

Please also refer to note 27 "Significant Related Party Transactions" in the Notes to the Financial Statements. Except as disclosed above,

(a) there are no other material contracts entered into by AA REIT and/or its subsidiaries involving the interests of the Chief Executive Officer, any director or controlling Unitholder, either still subsisting at the end of the year or entered into since the end of the previous financial year; and

(b) there were no additional interested person/interested party transactions (excluding transactions of less than S$100,000 each) entered into up to and including 31 March 2021.

ADDITIONAL INFORMATION

OPERATING EXPENSES AND TAXATION

In accordance with the disclosure requirements under paragraph 11.1 item (l) of the Property Funds Appendix under the Code on Collective Investment Schemes, the total operating expenses of AA REIT (comprising property expenses, trust expenses and all fees paid to the Manager and interested parties) was S$47.1 million, which is approximately 4.9% of its net asset value attributable to Unitholders as at 31 March 2021. Taxation including provision for deferred tax liabilities for the Trust's investment in Australia was S$8.0 million.

CORPORATE DIRECTORY

AIMS APAC REIT
Website: www.aimsapacreit.com
Email: investorrelations@aimsapac.com

Stock code: O5RU
Counter name: AIMS APAC Reit

Registered Address
HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard
Marina Bay Financial Centre
Tower 2 #48-01
Singapore 018983

Trustee
HSBC Institutional Trust Services (Singapore) Limited
10 Marina Boulevard
Marina Bay Financial Centre
Tower 2 #45-01
Singapore 018983
Telephone: (65) 6658 6667

Auditor
KPMG LLP
(Public Accountants and Chartered Accountants, Singapore)
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Telephone: (65) 6213 3388

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

Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

The Manager
AIMS APAC REIT Management Limited
Company Registration No. 200615904N

Registered address
One George Street
#23-03
Singapore 049145
Telephone: (65) 6309 1050
Fax: (65) 6534 3942

Directors of the Manager
Mr George Wang (Chairman)
Mr Ko Kheng Hwa (Lead Independent Director)
Mr Peter Michael Heng
Mr Chong Teck Sin
Mr Koh Wee Lih

Audit, Risk and Compliance Committee
Mr Chong Teck Sin (Chairman)
Mr Ko Kheng Hwa
Mr Peter Michael Heng

Nominating and Remuneration Committee
Mr Ko Kheng Hwa (Chairman)
Mr Peter Michael Heng
Mr George Wang

Company Secretary
Ms Stella Yeak Shuk Phin

AIMS
AA REIT

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

One George Street
#23-03
Singapore 049145

Telephone: (65) 6309 1050
Website: www.aimsapacreit.com

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