	AIMS APAC REIT **UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT** **FOURTH QUARTER ENDED 31 MARCH 2020** **(“4Q FY2020”)**

Introduction

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

The Group[1] has a portfolio of 27 industrial properties, 25 of which are located throughout Singapore, one industrial property located in Gold Coast, Queensland, Australia and one business park property located in Macquarie Park, New South Wales (“NSW”), Australia[2].

Summary of AIMS APAC REIT Group results

	Note	4Q FY2020	3Q FY2020	+/(-)	4Q FY2019	+/(-)	FY2020	FY2019	+/(-)
		S$'000	S$'000	%	S$'000	%	S$'000	S$'000	%
Gross revenue	(a)	28,218	29,458	(4.2)	29,918	(5.7)	118,860	118,078	0.7
Net property income	(a)	20,513	23,110	(11.2)	20,323	0.9	89,054	78,493	13.5
Share of profits of joint venture (net of tax)	(a)	4,323	47,367	(90.9)	13,402	(67.7)	61,099	23,761	>100.0
Distributions to Unitholders	(b)	14,134	17,586	(19.6)	19,000	(25.6)	66,513	70,496	(5.6)
Distribution per Unit (“DPU”) (cents)		2.00[3]	2.50	(20.0)	2.75	(27.3)	9.50[3]	10.25	(7.3)

Notes:

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

(b) The Manager resolved to distribute S$14.1 million for 4Q FY2020, comprising (i) taxable income of S$13.5 million from Singapore operations; and (ii) tax-exempt income distribution of S$0.6 million remitted from the Group’s investment in Optus Centre, Macquarie Park, NSW, Australia and Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia. AA REIT’s distribution policy is to distribute at least 90.0% of the Trust’s Singapore taxable income for the full financial

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

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

[3] AA REIT retained S$2.9 million of Australian distributable income from its 4Q FY2020 distributions to conserve cash for the Group’s working capital purposes in view of the COVID-19 situation. The DPU for 4Q FY2020 and FY2020 would have been 2.40 cents and 9.90 cents respectively, had the distributable income of S$2.9 million been distributed.

year. For FY2020, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

Distribution and Record Date

Distribution	For 1 January 2020 to 31 March 2020	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income	
Distribution Rate	(a) Taxable Income Distribution: (b) Tax-Exempt Income Distribution:	1.913 cents per Unit 0.087 cents per Unit 2.000 cents per Unit
Record Date	20 May 2020	
Payment Date	29 June 2020	

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

	Note	Group 4Q FY2020 S$'000	Group 4Q FY2019 S$'000	+/(-) %	Group FY2020 S$'000	Group FY2019 S$'000	+/(-) %
Gross revenue	(a)	28,218	29,918	(5.7)	118,860	118,078	0.7
Property operating expenses	(a),(b)	(7,705)	(9,595)	(19.7)	(29,806)	(39,585)	(24.7)
Net property income	(a)	20,513	20,323	0.9	89,054	78,493	13.5
Foreign exchange (loss)/gain	(c)	(81)	45	>(100.0)	(161)	(144)	11.8
Interest and other income	(d)	159	68	>100.0	339	193	75.6
Borrowing costs	(a)	(4,764)	(4,602)	3.5	(18,923)	(18,683)	1.3
Borrowing costs on lease liabilities	(a),(b)	(812)	-	NM	(3,161)	-	NM
Manager's management fees	(a)	(1,963)	(1,834)	7.0	(7,686)	(7,390)	4.0
Other trust expenses	(a)	(936)	(597)	56.8	(2,692)	(2,154)	25.0
Non-property expenses		(8,475)	(7,033)	20.5	(32,462)	(28,227)	15.0
Net income before joint venture's profits		12,116	13,403	(9.6)	56,770	50,315	12.8
Share of profits of joint venture (net of tax)	(e)	4,323	13,402	(67.7)	61,099	23,761	>100.0
Net income		16,439	26,805	(38.7)	117,869	74,076	59.1
Net change in fair value of investment properties and investment property under development	(b),(f)	(4,103)	(18,342)	(77.6)	(21,258)	(16,531)	28.6
Net change in fair value of derivative financial instruments	(g)	(1,692)	(1,969)	(14.1)	(3,526)	(4,778)	(26.2)
Total return before income tax		10,644	6,494	63.9	93,085	52,767	76.4
Income tax credit/(expense)	(h)	595	(1,911)	>(100.0)	(7,566)	(2,718)	>100.0
Total return after income tax		11,239	4,583	>100.0	85,519	50,049	70.9

NM: not meaningful.

Notes:

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

(b) AA REIT's operating lease arrangements relate to land rent payments to JTC Corporation and CapitaLand Singapore (BP&C) Pte. Ltd. (formerly known as Ascendas Land (Singapore) Pte Ltd) for certain properties in its portfolio. On 1 April

2019, AA REIT adopted FRS 116 *Leases* ("FRS 116") which introduces a single, on-balance sheet lease accounting model for lessees and requires AA REIT to recognise right-of-use ("ROU") assets representing its right to use the underlying properties and lease liabilities representing its obligation to make lease payments. Using the modified retrospective approach, AA REIT did not adjust its comparatives for the effects arising from the adoption of the new standard. The ROU assets and liabilities are derived from discounting the future land rent payments over the respective lease terms by applying a single discount rate to the portfolio of property leases. The ROU assets are included within "Investment properties" in the Statements of Financial Position.

As at 1 April 2019, AA REIT recognised ROU assets of S$94.4 million and lease liabilities of the same amount for its leases previously classified as operating leases. Lease liabilities increase with the accretion of imputed interest expense computed using the effective interest rate method and decrease as land rent payments are made. Fair value changes on ROU assets are recorded to ensure that the carrying values of ROU assets and lease liabilities are equal at all times. As at 31 March 2020, the carrying values of the ROU assets and lease liabilities were S$89.9 million.

Prior to the adoption of FRS 116, the land rent payments were included within "Property operating expenses" in arriving at the "Net property income" in the Consolidated Statements of Total Return and formed part of "Cash flows from operating activities" in the Consolidated Statement of Cash Flows. With the adoption of FRS 116, these payments are reclassified as (i) "Borrowing costs on lease liabilities" based on the imputed interest expense computed using the effective interest rate method and (ii) "Net change in fair value of investment properties and investment property under development" in the Consolidated Statements of Total Return. In the Consolidated Statement of Cash Flows, the land rent payments are reflected as "Repayment of lease liabilities" within "Cash flows from financing activities". For FY2020, AA REIT recognised borrowing costs on lease liabilities of S$3.2 million (net of interest expense capitalised) and changes in fair value of ROU assets of S$5.3 million in the Consolidated Statements of Total Return.

In line with a circular issued by the Monetary Authority of Singapore ("MAS") dated 26 November 2018 on the exclusion of on-balance sheet operating lease liabilities from REITs' Aggregate Leverage for operating leases entered into before 1 January 2019, AA REIT's ROU assets and lease liabilities have been excluded from the computation of the Aggregate Leverage. As at 31 March 2020, AA REIT's Aggregate Leverage was 34.8% (31 March 2019: 33.7%). In addition, the adoption of FRS 116 has no impact on the taxable income and distributable income of AA REIT.

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

(d) The increase in interest and other income was mainly due to the interest income earned on a proportionate unitholder loan to a joint venture to fund AA REIT's share of the asset enhancement initiative at Optus Centre (see note 1(b)(i)(c)).

(e) The share of profits of joint venture (net of tax) comprised contribution from the Group's 49.0% interest in Optus Centre. As at 31 March 2020, the independent valuation of the underlying property was carried out by Knight Frank NSW Valuations & Advisory Pty Ltd and the property (which included capitalised capital expenditure incurred as at 31 March 2020) was valued at A$584.0 million, equivalent to approximately S$509.8 million (31 March 2019: A$470.0 million, equivalent to approximately S$455.7 million).

(f) The net change in fair value of investment properties and investment property under development for 4Q FY2020 arose from the fair value adjustments of ROU assets included in investment properties as at 31 March 2020 of S$1.3 million, in accordance with FRS 116 as well as the revaluation loss of the Group's 26 investment properties of S$2.8 million. The independent valuation of the Trust's 25 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 in Gold Coast, Queensland, Australia was carried out by CBRE Valuations Pty Limited.

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.

(g) This relates to changes in fair value due to the revaluation of certain interest rate swap contracts in accordance with FRS 109. Please refer to note (e) of section 1(b)(i) for further details of the swap contracts. The net change in fair value of derivative financial instruments is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(h) Income tax expense relates to withholding tax paid/payable by the Trust on the distribution from Australia, income tax payable by the Trust's wholly-owned subsidiary, AACI REIT MTN Pte. Ltd. ("AACI REIT MTN") as well as provision for deferred tax liabilities for the Trust's investments in Australia. The decrease in income tax expense in 4Q FY2020 was mainly due to lower provision for deferred tax liabilities arising from the strengthening of the Singapore dollar against the Australian dollar. The higher income tax expense in FY2020 was mainly due to the deferred income tax expense recognised on the share of revaluation surplus on Optus Centre following the execution of a new agreement for lease with the existing master tenant, Optus Administration Pty Limited (see note 1(b)(i)(i)).

1(a)(ii) Distribution Statement

	Note	Group 4Q FY2020 S$'000	Group 4Q FY2019 S$'000	+/(-) %	Group FY2020 S$'000	Group FY2019 S$'000	+/(-) %
Total return before income tax		10,644	6,494	63.9	93,085	52,767	76.4
Net effect of tax adjustments	(a)	6,026	22,449	(73.2)	25,867	30,545	(15.3)
Other adjustments	(b)	(4,167)	(12,305)	(66.1)	(56,550)	(18,911)	>100.0
Release of distribution retained in previous quarters		1,016	455	>100.0	-	-	-
Amount available for distribution from Singapore taxable income		13,519	17,093	(20.9)	62,402	64,401	(3.1)
Distribution from Singapore taxable income	(c)	13,519	17,093	(20.9)	62,402	64,401	(3.1)
Distribution from tax-exempt income	(d)	615	1,244	(50.6)	3,376	3,442	(1.9)
Capital distribution	(e)	-	663	(100.0)	735	2,653	(72.3)
Distributions to Unitholders		14,134	19,000	(25.6)	66,513	70,496	(5.6)

Notes:

(a) Net effect of tax adjustments

	Group 4Q FY2020 S$'000	Group 4Q FY2019 S$'000	+/(-) %	Group FY2020 S$'000	Group FY2019 S$'000	+/(-) %
Amortisation and write-off of borrowing transaction costs	210	180	16.7	767	790	(2.9)
Foreign exchange loss	100	9	>100.0	226	209	8.1
Manager's management fees in Units	-	886	(100.0)	2,862	4,033	(29.0)
Land rent paid/payable on investment properties	(2,156)	-	NM	(8,395)	-	NM
Borrowing costs on lease liabilities	812	-	NM	3,161	-	NM
Net change in fair value of investment properties and investment property under development	4,229	18,342	(76.9)	18,612	16,531	12.6
Net change in fair value of derivative financial instruments	1,571	1,969	(20.2)	3,405	4,778	(28.7)
Net tax adjustment on foreign sourced income	1,014	677	49.8	3,786	2,665	42.1
Temporary differences and other tax adjustments	246	386	(36.3)	1,443	1,539	(6.2)
Net effect of tax adjustments	6,026	22,449	(73.2)	25,867	30,545	(15.3)

NM: not meaningful.

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

(c) The Trust's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For FY2020, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders.

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

(e) This relates to the tax deferred component arising from the distributions remitted from the Group's investments in Australia.

1(b)(i) Statements of Financial Position as at 31 March 2020 vs. 31 March 2019

	Note	Group 31 Mar 2020 S$'000	Group 31 Mar 2019 S$'000	+/(-) %	Trust 31 Mar 2020 S$'000	Trust 31 Mar 2019 S$'000	+/(-) %
Non-current assets							
Investment properties	(a)	1,366,789	1,202,300	13.7	1,332,742	1,202,300	10.8
Investment property under development	(a)	-	32,700	(100.0)	-	32,700	(100.0)
Subsidiaries	(b)	-	-	-	107,519	87,339	23.1
Joint venture	(c)	252,782	221,806	14.0	-	-	-
Trade and other receivables	(d)	3,424	3,646	(6.1)	3,424	3,646	(6.1)
Derivative financial instruments	(e)	-	371	(100.0)	-	371	(100.0)
		1,622,995	1,460,823	11.1	1,443,685	1,326,356	8.8
Current assets							
Derivative financial instruments	(e)	-	9	(100.0)	-	9	(100.0)
Trade and other receivables	(d)	5,488	5,878	(6.6)	4,928	5,310	(7.2)
Cash and cash equivalents	(f)	20,449	18,091	13.0	19,153	16,792	14.1
		25,937	23,978	8.2	24,081	22,111	8.9
Total assets		**1,648,932**	**1,484,801**	11.1	**1,467,766**	**1,348,467**	8.8
Non-current liabilities							
Trade and other payables	(g)	11,901	11,506	3.4	11,901	11,506	3.4
Interest-bearing borrowings	(h)	382,690	417,450	(8.3)	260,610	311,516	(16.3)
Derivative financial instruments	(e)	7,635	5,333	43.2	7,519	5,333	41.0
Deferred tax liabilities	(i)	14,116	8,018	76.1	-	-	-
Lease liabilities	(j)	84,435	-	NM	84,435	-	NM
		500,777	442,307	13.2	364,465	328,355	11.0
Current liabilities							
Trade and other payables	(k)	30,225	34,076	(11.3)	28,482	33,042	(13.8)
Interest-bearing borrowings	(h)	156,635	79,966	95.9	156,635	79,966	95.9
Derivative financial instruments	(e)	833	-	NM	833	-	NM
Lease liabilities	(j)	5,507	-	NM	5,507	-	NM
		193,200	114,042	69.4	191,457	113,008	69.4
Total liabilities		**693,977**	**556,349**	24.7	**555,922**	**441,363**	26.0
Net assets		**954,955**	**928,452**	2.9	**911,844**	**907,104**	0.5
Represented by:							
Unitholders' funds		954,955	928,452	2.9	911,844	907,104	0.5
		954,955	**928,452**	2.9	**911,844**	**907,104**	0.5

NM: not meaningful.

Notes:

(a) The increase in investment properties was mainly due to the recognition of S$89.9 million ROU assets in relation to the capitalisation of land rent payments, in accordance with FRS 116, the transfer of S$51.8 million (which included net revaluation gain of S$6.7 million recognised in FY2020) from investment property under development for 3 Tuas Avenue 2 upon obtaining Temporary Occupation Permit on 10 January 2020, acquisition of Boardriders Asia Pacific HQ of S$38.7 million and capital expenditure incurred on investment properties of S$8.7 million which included the asset enhancement initiative at 29 Woodlands Industrial Park E1 (“NorthTech”). This was partially offset by a net revaluation loss of S$22.7 million recognised in FY2020 (excluding the revaluation gain of S$6.7 million recognised on 3 Tuas Avenue 2).

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

(c) This relates to the Group’s 49.0% interest in Macquarie Park Trust, the Australian unit trust which holds Optus Centre, located in Macquarie Park, NSW, Australia. On 25 November 2019, the Manager announced that AA REIT and its joint venture partner, Stockland, have successfully executed a new agreement for lease with the existing master tenant, Optus Administration Pty Limited, which is AA REIT’s largest tenant, for a further 12-year term. The new lease will commence from 1 July 2021 following the completion of an asset enhancement initiative to cater to the tenant’s requirements. The increase in the joint venture balances was mainly due to the share of revaluation surplus following the valuation of the property upon execution of the new agreement for lease, as well as a proportionate unitholder loan to the joint venture to fund AA REIT’s share of the asset enhancement initiative. This was partially offset by the strengthening of the Singapore Dollar against the Australian Dollar. As the cost of the Australian investment is substantially hedged through the use of Australian Dollar denominated loans, there is a reduction in Australian Dollar denominated interest-bearing borrowings used to fund the acquisition of Optus Centre (see note 1(b)(i)(h) below).

(d) Non-current trade and other receivables relate to the unamortised portion of the marketing services commission for leases with tenors of more than one year. The decrease in the balances was mainly due to the reclassification of the unamortised portion of the marketing services commission to current trade and other receivables for leases with remaining tenors of less than one year.

Current trade and other receivables as at 31 March 2020 of S$5.5 million was S$0.4 million lower compared to balances as at 31 March 2019. The decrease was mainly due to the timing of billing and collection of receivables from tenants, offset by a refundable deposit of S$1.2 million on a potential acquisition. The deposit was refunded to the Trust in April 2020.

(e) The derivative financial instruments as at 31 March 2020 were in relation to interest rate swap contracts with a total notional amount of S$289.4 million. As at 31 March 2020, approximately 81.1% of the Group’s borrowings were on fixed rates taking into account (i) the interest rate swap contracts entered into and (ii) the medium term notes (“Medium Term Notes”). Under the interest rate swap contracts, the Group pays fixed interest rates of between 0.80% to 2.82% per annum and receives interest at the three-month Singapore swap offer rate or at the three-month Australian bank bill swap bid rates, as the case may be. The changes in fair value were mainly due to the revaluation of the interest rate swap contracts in accordance with FRS 109.

(f) Cash and cash equivalents as at 31 March 2020 of S$20.4 million were S$2.4 million higher compared to balances as at 31 March 2019. This was mainly due to the net proceeds from the issuance of S$100.0 million 3.60% five-year unsecured Medium Term Notes on 12 November 2019, partially offset by the repayment of borrowings, and initial deposit and other transaction costs incurred in relation to the acquisition of Boardriders Asia Pacific HQ (see note 1(b)(i)(a)) above.

(g) Non-current trade and other payables mainly comprised rental deposits received from tenants with tenors of more than one year and retention sums on the asset enhancement initiative at NorthTech.

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

The total borrowings of the Group as at 31 March 2020 of S$539.3 million was S$41.9 million higher compared to balances as at 31 March 2019 mainly due to the following:

- drawdown of A$35.2 million to fund the acquisition of Boardriders Asia Pacific HQ;
- drawdown of A$9.7 million to fund AA REIT's share of the asset enhancement initiative at Optus Centre; and
- net drawdown of S$20.0 million which was mainly used to fund the payment of retention sums and development costs of the Trust's recent development projects and other asset enhancement initiatives.

The increase in borrowings was partially offset by the decrease arising from exchange difference in the Australian Dollar denominated borrowings used to partially fund the investments in Australia of S$20.1 million as a result of the strengthening of the Singapore Dollar against the Australian Dollar.

(i) This relates to the provision of deferred tax liabilities for the Trust's investment in Australia. The increase in deferred tax liabilities is in relation to the deferred income tax liability recognised on the share of revaluation surplus on Optus Centre (see note 1(a)(i)(h)).

(j) This relates to the recognition of lease liabilities in relation to the capitalisation of land rent payments, in accordance with FRS 116.

(k) The decrease in current trade and other payables was mainly due to the decrease in development costs payable on the Trust's redevelopment of 3 Tuas Avenue 2. The balance as at 31 March 2020 included retention sums of S$1.8 million relating to the Trust's recent developments (31 March 2019: included retention sum of S$1.6 million relating to the Trust's recent development projects as well as development cost payable relating to the redevelopment of 3 Tuas Avenue 2 and 8 Tuas Avenue 20 as well as the asset enhancement initiative at NorthTech of S$11.0 million). As at 31 March 2020, the Group and the Trust had total undrawn committed facilities of S$181.1 million to fulfil their liabilities as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group 31 Mar 2020 S$'000	Group 31 Mar 2019 S$'000	Trust 31 Mar 2020 S$'000	Trust 31 Mar 2019 S$'000
Interest-bearing borrowings				
Amount repayable within one year				
Secured				
Term loans	156,745	-	156,745	-
Unsecured				
Medium Term Notes	-	80,000	-	80,000
	156,745	80,000	156,745	80,000
Less: Unamortised borrowing transaction costs	(110)	(34)	(110)	(34)
	156,635	79,966	156,635	79,966

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

	Group 31 Mar 2020 S$'000	Group 31 Mar 2019 S$'000	Trust 31 Mar 2020 S$'000	Trust 31 Mar 2019 S$'000
Amount repayable after one year				
Secured				
Term loans	214,497	369,661	100,000	263,017
Revolving credit facilities	20,666	-	12,222	-
	235,163	369,661	112,222	263,017
Unsecured				
Medium Term Notes	150,000	50,000	150,000	50,000
	385,163	419,661	262,222	313,017
Less: Unamortised borrowing transaction costs	(2,473)	(2,211)	(1,612)	(1,501)
	382,690	417,450	260,610	311,516
Total	539,325	497,416	417,245	391,482

Details of borrowings and collateral

(a) Secured borrowings

AA REIT and its indirect wholly-owned trust, AA REIT Macquarie Park Investment Trust, have secured credit facilities from a syndicate of financial institutions which comprised of the following:

- a four-year term loan facility of S$100.0 million maturing in August 2020;
- a three-year term loan facility of A$65.0 million maturing in November 2020, to partially fund the 49.0% interest in Optus Centre;
- a four-year revolving credit facility of S$120.0 million maturing in November 2021;
- a four-year term loan facility of S$100.0 million maturing in July 2022, to fund real estate development and/or acquisitions;
- a four-year term loan facility of S$25.0 million maturing in July 2022, to fund real estate development and/or acquisitions;
- a five-year term loan facility of A$110.0 million maturing in July 2023, to partially fund the 49.0% interest in Optus Centre;
- a three-year revolving credit facility of A$50.0 million maturing in June 2022, to finance real estate development and/or acquisitions, and/or general working capital purposes. The revolving credit facility was partially utilised to fund the Group's share of the asset enhancement initiative at Optus Centre; and
- a three-year revolving credit facility of A$15.0 million maturing in June 2022, to finance real estate development and/or acquisitions, and/or general working capital purposes. The revolving credit facility was utilised to partially fund the acquisition of the Boardriders Asia Pacific HQ.

The details of the collateral for these facilities are as follows:

- first legal mortgage over 16 investment properties of the Trust (with two as mortgages-in-escrow) (the "Mortgaged Properties");
- assignment of rights, benefits, title and interest in, *inter alia*, the building agreement and leases of two investment properties of the Trust;
- assignment of rights, benefits, title and interest in the property management agreements, insurances and tenancy agreements, sale agreements and performance guarantees (including sale proceeds and rental proceeds) of the Mortgaged Properties; and

- first ranking specific security agreement over the bank account and units in Macquarie Park Trust held by AA REIT Investments (Australia) Pty Limited in its capacity as trustee of AA REIT Macquarie Park Investment Trust.

On 9 July 2019, AIMS Capital Management Pty Ltd in its capacity as trustee of Burleigh Heads Trust, an indirect wholly-owned trust of AA REIT ("Borrower") and HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of AA REIT had entered into a facility agreement with a financial institution for a secured five-year term loan facility maturing July 2024 of A$21,153,000 to partially fund the acquisition of the Boardriders Asia Pacific HQ. The loan is guaranteed by AA REIT and secured by a mortgage over the property and a general security agreement over all present and after acquired property of the Borrower.

(b) Unsecured borrowings

As at 31 March 2020, S$150.0 million unsecured Medium Term Notes had been issued comprising:

(i) S$50.0 million five-year Medium Term Notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears and will mature on 22 March 2022 which had been issued under the S$500 million Multicurrency Medium Term Note Programme which had been established in July 2012; and

(ii) S$100.0 million five-year Medium Term Notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears and will mature on 12 November 2024 which had been issued under the S$750 million Multicurrency Debt Issuance Programme which had been established in November 2018.

Capital management

On 16 April 2020, the MAS announced that the aggregate leverage limit for S-REITs will be raised from 45% to 50% with immediate effect. In its public consultation last year, the MAS had proposed for S-REITs to have a new minimum interest coverage ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation. As at 31 March 2020, the Group's aggregate leverage was 34.8% with an ICR of 4.3 times[4].

As at 31 March 2020, the current interest-bearing borrowings relate to term loans of S$100.0 million and A$65.0 million which are due to mature in August 2020 and November 2020 respectively. In May 2020, the Group received commitments from its lenders to refinance the facilities with a new four-year term loan facility of S$100.0 million and a new three-year term loan facility of A$32.5 million. In addition, the Group and the Trust have total undrawn committed facilities of S$181.1 million to fulfil their liabilities as and when they fall due.

[4] As defined in the Code on Collective Investment Schemes (last revised on 16 April 2020), ICR is a ratio that is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation ("EBITDA") (excluding effects of any fair value changes of derivatives, investment properties and foreign exchange translation) by the trailing 12 months interest expense and borrowing-related fees. For the purpose of AA REIT's ICR calculation, EBITDA included deductions for the repayment of lease liabilities for operating leases entered into before 1 January 2019 and interest expense and borrowing-related fees included capitalised interest expense and amortisation of borrowing transaction costs but excluded borrowing costs on lease liabilities for operating leases entered into before 1 January 2019.

1(c) Consolidated Statement of Cash Flows

	Group 4Q FY2020 S$'000	Group 4Q FY2019 S$'000	Group FY2020 S$'000	Group FY2019 S$'000
Cash flows from operating activities				
Total return after income tax	11,239	4,583	85,519	50,049
Adjustments for:				
Share of profits of joint venture (net of tax)	(4,323)	(13,402)	(61,099)	(23,761)
Borrowing costs	5,576	4,602	22,084	18,683
Foreign exchange loss/(gain)	81	(45)	161	144
Manager's management fees in Units	-	886	2,862	4,033
Net change in fair value of investment properties and investment property under development	4,103	18,342	21,258	16,531
Net change in fair value of derivative financial instruments	1,692	1,969	3,526	4,778
Income tax (credit)/expense	(595)	1,911	7,566	2,718
Operating income before working capital changes	**17,773**	**18,846**	**81,877**	**73,175**
Changes in working capital				
Trade and other receivables	(1,242)	153	53	573
Trade and other payables	1,437	356	1,941	(249)
Cash generated from operations	17,968	19,355	83,871	73,499
Income tax paid	(359)	(289)	(1,467)	(1,111)
Net cash from operating activities	**17,609**	**19,066**	**82,404**	**72,388**
Cash flows from investing activities				
Capital expenditure on investment properties and investment properties under development	(2,819)	(5,747)	(28,588)	(14,332)
Acquisition of investment property[5]	(12)	-	(36,618)	-
Investment in a joint venture	-	-	(1,408)	(580)
Loan to a joint venture	(1,290)	-	(8,999)	-
Distributions from a joint venture	3,664	3,766	15,066	15,127
Net cash (used in)/from investing activities	**(457)**	**(1,981)**	**(60,547)**	**215**
Cash flows from financing activities				
Distributions to Unitholders	(12,980)	(14,240)	(53,206)	(63,755)
Proceeds from interest-bearing borrowings	1,395	6,000	209,386	224,063
Repayments of interest-bearing borrowings	-	-	(147,000)	(212,724)
Borrowing costs paid	(4,482)	(4,194)	(19,663)	(19,409)
Repayment of lease liabilities	(2,164)	-	(8,642)	-
Issue expenses paid	(30)	(60)	(30)	(60)
Net cash used in financing activities	**(18,261)**	**(12,494)**	**(19,155)**	**(71,885)**
Net (decrease)/increase in cash and cash equivalents	**(1,109)**	**4,591**	**2,702**	**718**
Cash and cash equivalents at beginning of the period	**21,771**	**13,445**	**18,091**	**17,550**
Effect of exchange rate fluctuations on cash held	(213)	55	(344)	(177)
Cash and cash equivalents at end of the period	**20,449**	**18,091**	**20,449**	**18,091**

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

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

There were the following significant non-cash transactions:

(i) During the financial year, the Trust issued an aggregate of 2,643,272 new Units amounting to S$3.7 million as partial payment of the base fee element of the Manager's management fees incurred. Please refer to details in section 1(d)(iii).

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

(iii) In 2Q FY2020, the Trust issued an aggregate 2,003,444 new Units amounting to S$2.9 million as part payment of the distributions for 1Q FY2020 pursuant to the AA REIT DRP. Please refer to details in section 1(d).

(iv) In 3Q FY2020, the Trust issued an aggregate 5,226,341 new Units amounting to S$7.2 million as part payment of the distributions for 2Q FY2020 pursuant to the AA REIT DRP. Please refer to details in Section 1(d).

(v) In 4Q FY2020, the Trust issued an aggregate 3,226,832 new Units amounting to S$4.6 million as part payment of the distributions for 3Q FY2020 pursuant to the AA REIT DRP. Please refer to details in Section 1(d).

1(d)(i) Statements of Movements in Unitholders' Funds (4Q FY2020 vs. 4Q FY2019)

	Group 4Q FY2020 S$'000	Group 4Q FY2019 S$'000	Trust 4Q FY2020 S$'000	Trust 4Q FY2019 S$'000
Balance at beginning of the period	964,549	937,162	909,621	924,940
Operations				
Total return after income tax	11,239	4,583	15,164	(4,073)
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(7,892)	470	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	96	(353)	96	(353)
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Distribution Reinvestment Plan	4,579	2,978	4,579	2,978
- Manager's management fees	-	886	-	886
Distributions to Unitholders	(17,586)	(17,218)	(17,586)	(17,218)
Issue expenses	(30)	(56)	(30)	(56)
Change in Unitholders' funds resulting from Unitholders' transactions	(13,037)	(13,410)	(13,037)	(13,410)
Total (decrease)/increase in Unitholders' funds	(9,594)	(8,710)	2,223	(17,836)
Balance at end of the period	954,955	928,452	911,844	907,104

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

	Group FY2020 S$'000	Group FY2019 S$'000	Trust FY2020 S$'000	Trust FY2019 S$'000
Balance at beginning of the period	928,452	938,959	907,104	921,659
Operations				
Total return after income tax	85,519	50,049	55,057	45,460
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(8,699)	(1,936)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	6	802	6	(593)
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Distribution Reinvestment Plan	18,224	4,985	18,224	4,985
- Manager's management fees	2,862	4,033	2,862	4,033
- Property Manager's fees	-	1,087	-	1,087
Distributions to Unitholders	(71,379)	(69,471)	(71,379)	(69,471)
Issue expenses	(30)	(56)	(30)	(56)
Change in Unitholders' fund resulting from Unitholders' transactions	(50,323)	(59,422)	(50,323)	(59,422)
Total increase/(decrease) in Unitholders' funds	26,503	(10,507)	4,740	(14,555)
Balance at end of the period	954,955	928,452	911,844	907,104

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

	Note	Trust 4Q FY2020 Units '000	Trust 4Q FY2019 Units '000	Trust FY2020 Units '000	Trust FY2019 Units '000
Units in issue at beginning of the period		702,078	687,101	690,913	683,452
Issue of new Units relating to:					
- Manager's management fees	(a)	1,358	1,619	2,643	2,947
- Marketing service fees		-	-	-	786
- Distribution Reinvestment Plan	(b)	3,227	2,193	13,107	3,728
Units in issue at end of the period		706,663	690,913	706,663	690,913
Units to be issued:					
Manager's management fees		-	634	-	634
Total Units in issue and to be issued at end of the period		706,663	691,547	706,663	691,547

(a) During the financial year, there were the following issuance of Units to the Manager:

(i) 1,285,485 new Units on 10 July 2019 at an average issue price of S$1.4070 to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2019 to 30 June 2019; and

(ii) 1,357,787 new Units on 16 January 2020 at an average price of S$1.4277 to the Manager 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.

(b) During the financial year, there were the following issuance 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 S$1.3625 per Unit to eligible Unitholders who elected to participate in the AA REIT DRP in respect of the 4Q FY2019 distribution;

(ii) 2,003,444 new Units on 19 September 2019 at an issue price of S$1.4352 per Unit to eligible Unitholders who elected to participate in the AA REIT DRP in respect of the 1Q FY2020 distribution;

(iii) 5,226,341 new Units on 20 December 2019 at an issue price of S$1.3681 per Unit to eligible Unitholders who elected to participate in the AA REIT DRP in respect of the 2Q FY2020 distribution; and

(iv) 3,226,832 new Units on 26 March 2020 at an issue price of S$1.4178 per Unit to eligible Unitholders who elected to participate in the AA REIT DRP in respect of the 3Q FY2020 distribution.

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

The figures have not been audited or reviewed by auditors.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation applied in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2019.

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

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

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

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

	Group 4Q FY2020	Group 4Q FY2019	Group FY2020	Group FY2019
Basic EPU				
Weighted average number of Units ('000)	703,425	688,530	696,791	685,758
Earnings per Unit (cents)	1.60	0.67	12.27	7.30
Diluted EPU				
Weighted average number of Units ('000)	703,425	688,678	696,791	685,794
Earnings per Unit (cents)	1.60	0.67	12.27	7.30

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

The increase in the EPU in 4Q FY2020 was mainly due to lower net revaluation deficit recognised for the valuation of investment properties and investment property under development which was partially offset by lower share of revaluation surplus recognised from the valuation of the Group's 49.0% interest in Optus Centre. The increase in the EPU in FY2020 was mainly due to higher share of revaluation surplus recognised from the valuation of the Group's 49.0% interest in Optus Centre.

The share of revaluation surplus and 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.

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

	Group 4Q FY2020	Group 4Q FY2019	Group FY2020	Group FY2019
Number of Units in issue at end of period (‘000)	706,663	690,913	706,663	690,913
Distribution per Unit (cents)	**2.00**	**2.75**	**9.50**	**10.25**

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

	Group 31 Mar 2020 S$	Group 31 Mar 2019 S$	Trust 31 Mar 2020 S$	Trust 31 Mar 2019 S$
Net asset value / net tangible asset per Unit[6]	1.35	1.34	1.29	1.31

8 Review of the performance

	Group 4Q FY2020 S$'000	Group 4Q FY2019 S$'000	Group 3Q FY2020 S$'000	Group FY2020 S$'000	Group FY2019 S$'000
Gross revenue	28,218	29,918	29,458	118,860	118,078
Property operating expenses	(7,705)	(9,595)	(6,348)	(29,806)	(39,585)
Net property income	20,513	20,323	23,110	89,054	78,493
Net property income margin	*72.7%*	*67.9%*	*78.5%*	*74.9%*	*66.5%*
Foreign exchange (loss)/gain	(81)	45	2	(161)	(144)
Interest and other income	159	68	104	339	193
Borrowing costs	(4,764)	(4,602)	(4,926)	(18,923)	(18,683)
Borrowing costs on lease liabilities	(812)	-	(772)	(3,161)	-
Manager's management fees	(1,963)	(1,834)	(1,969)	(7,686)	(7,390)
Other trust expenses	(936)	(597)	(594)	(2,692)	(2,154)
Non-property expenses	(8,475)	(7,033)	(8,261)	(32,462)	(28,227)
Net income before joint venture’s profits	12,116	13,403	14,955	56,770	50,315
Share of profits of joint venture (net of tax)	4,323	13,402	47,367	61,099	23,761
Net income	16,439	26,805	62,322	117,869	74,076
Distributions to Unitholders	14,134	19,000	17,586	66,513	70,496

[6] Based on Units in issue and to be issued at the end of the period.

Review of the performance for 4Q FY2020 vs. 3Q FY2020

The gross revenue achieved for 4Q FY2020 of S$28.2 million was S$1.2 million lower than the gross revenue for 3Q FY2020 mainly due to lower occupancy for the property at 1A International Business Park arising from the conversion from master lease to multi-tenancy leases in November 2019, full quarter impact on the expiry of the final phase of the master lease at 20 Gul Way in 3Q FY2020 and the expiry of the second phase of the master lease at 30 Tuas West Road in February 2020. The decrease was partially offset by the maiden rental contribution from the recently completed property at 3 Tuas Avenue 2 in March 2020 as well as higher recoveries from Boardriders Asia Pacific HQ.

Property operating expenses for 4Q FY2020 of S$7.7 million were S$1.4 million higher than the property operating expenses for 3Q FY2020 mainly arising from a property tax refund in 3Q FY2020 for 20 Gul Way of S$2.3 million due to the change in the prior years' annual value assessed by the Inland Revenue Authority of Singapore ("IRAS").

Net property income for 4Q FY2020 stood at S$20.5 million, or S$2.6 million lower than 3Q FY2020 mainly due to higher property operating expenses and lower gross revenue. As a result, net property income margin decreased to 72.7% in 4Q FY2020 compared to 78.5% in 3Q FY2020.

Borrowing costs for 4Q FY2020 of S$4.8 million was S$0.2 million lower than borrowing costs for 3Q FY2020 mainly due to the lower three-month Singapore swap offer rates as well as the lower borrowing costs on the Australian Dollar loans due to the strengthening of the Singapore Dollar against the Australian Dollar.

Other trust expenses for 4Q FY2020 of S$0.9 million was S$0.3 million higher compared to 3Q FY2020 mainly arising from due diligence and professional fees incurred in relation to a potential acquisition of S$0.3 million.

The share of profits of joint venture (net of tax) for 4Q FY2020 comprised the contribution from the Group's 49.0% interest in Optus Centre. The share of profits of joint venture (net of tax) for 4Q FY2020 included the share of revaluation surplus of S$1.2 million from the valuation of Optus Centre while the share of profits of joint venture (net of tax) for 3Q FY2020 included the share of revaluation surplus of S$44.1 million from the valuation of Optus Centre. The valuation of the property stood at A$584.0 million, equivalent to approximately S$509.8 million based on the independent valuation carried out by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2020. The increase in the valuation of Optus Centre in 3Q FY2020 was due to the execution of a new agreement for lease with the existing tenant, Optus Administration Pty Limited in November 2019, where the independent valuation of the underlying property was carried out by Knight Frank NSW Valuations & Advisory Pty Ltd and the property was valued at A$570 million, equivalent to approximately S$538.8 million (30 September 2019: A$475 million, equivalent to approximately S$443.2 million).

Distributions to Unitholders for 4Q FY2020 stood at S$14.1 million, which was S$3.5 million lower compared to the distributions to Unitholders for 3Q FY2020 mainly due to lower net property income, the partial retention of distributable income from the Group's investment in Australia to conserve cash for the Group's working capital purposes in view of the COVID-19 situation as well as management fees paid fully in cash for 4Q FY2020. The decrease is partially offset by distribution of income retained in previous quarters.

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

The gross revenue for 4Q FY2020 of S$28.2 million was S$1.7 million lower than the gross revenue for 4Q FY2019 mainly due to the conversion from master lease to multi-tenancy leases for the property at 1A International Business Park in November 2019, the expiry of the final two phases of the master lease at 20 Gul Way in August 2019 and November 2019 respectively, the expiry of the second phase of the master lease at 30 Tuas West Road in February 2020 as well as lower rental and recoveries for the property at 15 Tai Seng Drive. The decrease was partially offset by rental contribution from Boardriders Asia Pacific HQ which was acquired in July 2019 as well as maiden rental contribution from the recently completed property at 3 Tuas Avenue 2 in March 2020.

Property operating expenses for 4Q FY2020 of S$7.7 million was S$1.9 million lower than the property operating expenses for 4Q FY2019 mainly due to land rent that was excluded from the property operating expenses due to the adoption of FRS 116 of S$2.1 million. The decrease in property operating expenses was partially offset by higher costs arising from the conversion from master lease to multi-tenancy leases for the property at 1A International Business Park in November 2019 and property operating expenses of Boardriders Asia Pacific HQ which was acquired in July 2019.

Net property income for 4Q FY2020 stood at S$20.5 million, or S$0.2 million higher compared to 4Q FY2019 mainly due to lower property operating expenses, partially offset by lower gross revenue. As a result, net property income margin increased to 72.7% in 4Q FY 2020 compared to 67.9% in 4Q FY2019.

Borrowing costs for 4Q FY2020 of S$4.8 million was S$0.2 million higher than borrowing costs for 4Q FY2019 due to the borrowing costs incurred on the issuance of the S$100.0 million 3.60% five-year unsecured Medium Term Notes in November 2019 which was partially utilised to repay the revolving credit facility and the redemption in full of the principal and accrued interest of the S$30.0 million 4.35% seven-year Medium Term Notes in December 2019. The increase was also contributed by the Australian Dollar borrowing costs incurred on the acquisition of Boardriders Asia Pacific HQ as well as borrowing costs incurred to fund the asset enhancement initiative at Optus Centre. Borrowing costs on lease liabilities for 4Q FY2020 of S$0.8 million was in relation to the adoption of FRS 116 on 1 April 2019.

Other trust expenses for 4Q FY2020 of S$0.9 million was S$0.3 million higher compared to 4Q FY2019 mainly arising from due diligence and professional fees incurred in relation to a potential acquisition of S$0.3 million.

Manager's management fees for 4Q FY2020 of S$2.0 million was S$0.1 million higher compared to 4Q FY2019 due to higher value of the Deposited Property in 4Q FY2020 mainly due to the acquisition of Boardriders Asia Pacific HQ as well as the revaluation of Optus Centre following the execution of a new agreement for lease with the existing tenant, Optus Administration Pty Limited in November 2019.

The share of profits of joint venture (net of tax) 4Q FY2020 of S$4.3 million was S$9.1 million lower compared to the corresponding period in the previous financial year mainly due to lower share of revaluation surplus recognised from the valuation of Optus Centre as well as lower share of profits of Optus Centre due to the strengthening of Singapore Dollar against the Australian Dollar.

Distributions to Unitholders for 4Q FY2020 stood at S$14.1 million, which was S$4.9 million lower compared to the distributions to Unitholders for 4Q FY2019 mainly due to lower net property income (after adjustment for land rent paid/payable), the partial retention of distributable income from the Group's investment in Australia to conserve cash for the Group's working capital purposes in view of the COVID-19 situation as well as management fees paid fully in cash for 4Q FY2020. The decrease is partially offset by the distribution of higher Singapore distributable income retained in previous quarters.

Review of the performance for FY2020 vs. FY2019

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

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

Net property income for FY2020 stood at S$89.1 million, or S$10.6 million higher compared to FY2019 mainly due to higher gross revenue and lower property operating expenses. As a result, net property income margin increased to 74.9% in FY2020 compared to 66.5% in FY2019.

Borrowing costs for FY2020 of S$18.9 million was S$0.2 million higher than borrowing costs for FY2019 mainly due to the Australian Dollar borrowing costs incurred on the acquisition of Boardriders Asia Pacific HQ as well as borrowing costs incurred to fund the asset enhancement initiative at Optus Centre. Borrowing costs on lease liabilities for FY2020 of S$3.2 million was in relation to the adoption of FRS 116 on 1 April 2019.

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

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

The increase in the share of profits of joint venture (net of tax) for FY2020 was mainly due to the share of revaluation surplus of S$48.0 million recognised from the valuation of Optus Centre, which was partially offset by a lower share of profits of Optus

Centre due to the strengthening of Singapore Dollar against the Australian Dollar. The valuation of the property stood at A$584.0 million, equivalent to approximately S$509.8 million based on the independent valuation carried out by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2020 (31 March 2019: A$470.0 million, equivalent to approximately S$455.7 million based on the independent valuation carried out by Jones Lang LaSalle Advisory Services Pty Ltd).

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

9 Variance between Forecast / Prospect Statement

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

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

The COVID-19 global outbreak has continued to escalate since February 2020, which has brought about significant deterioration to the operating environment and has negatively impacted the economic situation in many countries, including Singapore and Australia. There remains a significant degree of uncertainty over the severity and duration of the outbreak. Downside risks include a protracted global outbreak, more severe and prolonged disruptions to global supply chains and the possibility of financial shocks triggered by the economic impact of COVID-19.

Based on advance estimates from the Ministry of Trade and Industry ("MTI") announced on 26 March 2020, the Singapore economy contracted by 2.2% on a year-on-year ("y-o-y") basis in the first quarter of 2020 ("1Q 2020"), reversing the 1.0% growth in the fourth quarter of 2019 ("4Q 2019"). On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the Singapore economy shrank by 10.6% as compared to the 0.6% growth in the preceding quarter. The Singapore manufacturing sector contracted by 0.5% on a y-o-y basis in 1Q 2020, moderating from the 2.3% decline in the previous quarter, weighed down by output declines in the electronics and chemicals clusters, which more than offset output expansions in the biomedical manufacturing and precision engineering clusters. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector expanded by 4.2%, a turnaround from the 5.9% decline in the preceding quarter.

MTI announced that, after taking into account the weaker-than-expected performance of the Singapore economy in 1Q 2020 and the sharp deterioration in the external and domestic environment due to the ongoing COVID-19 pandemic, the GDP growth forecast for the Singapore economy is further downgraded to "-4.0% to -1.0%" in 2020.

Based on JTC Corporation's market report for 1Q 2020 released on 23 April 2020, the occupancy rate of Singapore's overall industrial property market was unchanged at 89.2% compared to the previous quarter. Prices and rentals of industrial space fell slightly. In 1Q 2020, the price index for the overall industrial property fell by 0.4% while the rental index fell by 0.1% as compared to the previous quarter. Compared to a year ago, the price index fell by 0.7% while the rental index remained unchanged. As the industrial prices and rentals in 1Q 2020 have not fully captured the full impact of COVID-19, there would be downward pressures on prices and rentals in the coming quarters. For the next three quarters of 2020, around 2.1 million sqm of industrial space was originally estimated to be completed, but this would likely be delayed due to the disruption in construction activities caused by the ongoing COVID-19 situation.

According to the Reserve Bank of Australia ("RBA"), the COVID-19 pandemic has lowered the near-term growth outlook of

Australia's key trading partners and created new uncertainties. Accordingly, it expects the soft patch in growth to extend into early 2020 for the Australia economy. In March 2020, in response to the COVID-19 outbreak, the RBA cut its official cash rate twice to 0.25%, and its monetary policy is likely to remain accommodative to complement the fiscal measures from governments in Australia to support its economy.

COVID-19 Update

There has been minimal impact to AA REIT's operations following the commencement of the Circuit Breaker period in Singapore as the Manager has been able to continue to carry out critical functions of asset and facility management of the portfolio with reduced on-site staff supporting tenants, while operating safely and within government guidelines.

AA REIT's diverse portfolio remains resilient. More than 50%[7] of tenants in Singapore remain in operation during the Circuit Breaker period as they are deemed essential services. A diversified tenant base is a cornerstone of AA REIT's resilient portfolio. With 192 tenants across 27 properties in Singapore and Australia, AA REIT's gross revenue is distributed across tenants operating in a broad range of industries. AA REIT's portfolio is also well balanced with both multi-tenanted and master leased properties, as well as with a high portfolio occupancy rate and a long weighted average lease expiry. While the Manager expects prospective tenants to become more risk-adverse across the various industrial sub-clusters during the COVID-19 outbreak, the Manager will continue to proactively manage the properties and leases in AA REIT's portfolio.

On 26 March 2020, the Singapore Government's Resilience Budget included a 30% rebate on property tax payable for premises used for an industrial purpose or business park. AA REIT is committed to pass on the property tax rebates, estimated to be around S$2.3 million[8], from IRAS to qualifying tenants in Singapore to help them through this trying period. The Manager will continue to be in constant and active dialogues with AA REIT's tenants affected by the COVID-19 situation to address their circumstances.

The Manager continues to adopt a prudent and disciplined approach to capital management. As at 31 March 2020, AA REIT's aggregate leverage was 34.8%, which is well within the new aggregate leverage limit of 50%. The new measure by MAS to increase the leverage limit for S-REITs from 45% to 50% will provide AA REIT with greater headroom to manage its capital structure. AA REIT's ICR of approximately 4.3 times for the financial year ended 31 March 2020 is also well within the ICR requirement of a minimum of 2.5 times.

In May 2020, AA REIT received commitments from its lenders to refinance the facilities due in 2020 with a new four-year term loan facility of S$100 million and a new three-year term loan facility of A$32.5 million. These loan commitments, together with the total undrawn committed facilities of S$181.1 million as at 31 March 2020 will enable AA REIT to fulfil its liabilities as and when they fall due. The Manager is closely monitoring AA REIT's cash flows and is taking various steps to conserve cash. In view of the COVID-19 situation, distributions to Unitholders for 4Q FY2020 were reduced by approximately S$2.9 million due to the partial retention of the distributable income from AA REIT's investments in Australia to fund the Group's working capital requirements. The Manager will also continue to focus on conserving cash by prioritising critical asset enhancement/capital

7 Based on 4Q FY2020 gross rental income.

8 Subject to change, depending on occupancy of properties for the entire year of 2020; basis of apportioning annual value for individual units as determined by IRAS; and other parameters to be set by IRAS on passing on property tax rebates to tenants.

expenditure initiatives and implementing cost savings on operating expenses, where possible. As at 31 March 2020, AA REIT had cash balances of approximately S$20.5 million and undrawn committed facilities of S$181.1 million. The Manager remains focused on maintaining adequate cash reserves in order to effectively manage AA REIT's operations through the COVID-19 crisis.

The COVID-19 situation is still evolving and further measures may be put in place by the authorities in Singapore and Australia. The Manager remains vigilant and will continue to proactively manage the portfolio to protect its long-term value for Unitholders.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes	
Name of distribution:	Fifty-sixth distribution, for the period from 1 January 2020 to 31 March 2020	
Distribution Type[9]:	Taxable Income Tax-Exempt Income	
Distribution Rate:	Taxable Income	1.913 cents per Unit
	Tax-Exempt Income	0.087 cents per Unit
	Total	2.000 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

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

Tax-Exempt Income Distributions

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

[9] No capital distribution was declared for the period from 1 January 2020 to 31 March 2020.

(b) Corresponding period of the immediately preceding period

Any distributions declared for the previous corresponding financial period:	Yes	
Name of distribution:	Fifty-second distribution, for the period from 1 January 2019 to 31 March 2019	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.474 cents per Unit
	Tax-Exempt Income	0.180 cents per Unit
	Capital Distribution	0.096 cents per Unit
	Total	2.750 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

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

Tax-Exempt Income Distributions

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

Capital Distributions

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

(c) Record date: 20 May 2020

(d) Date payable: 29 June 2020

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

Not applicable.

13 Interested Person Transactions

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

14 Segment revenue and results

FY2020	**Singapore S$'000**	**Australia S$'000**	**Total S$'000**
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[10]	61,099
Net change in fair value of investment properties and investment property under development	(18,611)	(2,647)	(21,258)
Net change in fair value of financial derivatives	(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

FY2019	**Singapore S$'000**	**Australia S$'000**	**Total S$'000**
Revenue and expenses			
Gross revenue	118,078	-	118,078
Property operating expenses	(39,585)	-	(39,585)
Net property income	78,493	-	78,493
Share of profits of joint venture (net of tax)	-	23,761[10]	23,761
Net change in fair value of investment properties and investment property under development	(16,531)	-	(16,531)
Net change in fair value of financial derivatives	(69)	(4,709)	(4,778)
			80,945
Unallocated items:			
Foreign exchange loss			(144)
Interest and other income			193
Borrowing costs			(18,683)
Trust expenses			(9,544)
Total return before income tax			52,767
Income tax expense			(2,718)
Total return after income tax			50,049

[10] 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 S$48.0 million (FY2019: S$9.9 million).

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

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

The increase in the Australian gross revenue and net property income was due to contributions from Boardriders Asia Pacific HQ, Gold Coast, Queensland which was acquired in July 2019. Please refer to paragraph 8 for review of actual performance.

16 Breakdown of sales

	Group FY2020 S$'000	Group FY2019 S$'000	+(-) %
First half of year			
Gross revenue	61,184	58,341	4.9
Total return after income tax	20,271	31,543	(35.7)
Second half of year			
Gross revenue	57,676	59,737	(3.5)
Total return after income tax	65,249	18,506	>100.0

17 Breakdown of the total annual distributions

	DPU (Cents)	Group FY2020 S$'000	Group FY2019 S$'000
Distributions paid during the year			
For the period :			
01/10/2019 to 31/12/2019	2.50	17,586	-
01/07/2019 to 30/09/2019	2.50	17,422	-
01/04/2019 to 30/06/2019	2.50	17,371	-
01/01/2019 to 31/03/2019	2.75	19,000	-
01/10/2018 to 31/12/2018	2.50	-	17,218
01/07/2018 to 30/09/2018	2.50	-	17,139
01/04/2018 to 30/06/2018	2.50	-	17,139
01/01/2018 to 31/03/2018	2.63	-	17,975
		71,379	69,471

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

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

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

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

By Order of the Board

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

Koh Wee Lih
Chief Executive Officer
12 May 2020