Harvesting Growth

Annual Report 2022

AIMS
AA REIT

ABOUT AIMS APAC REIT

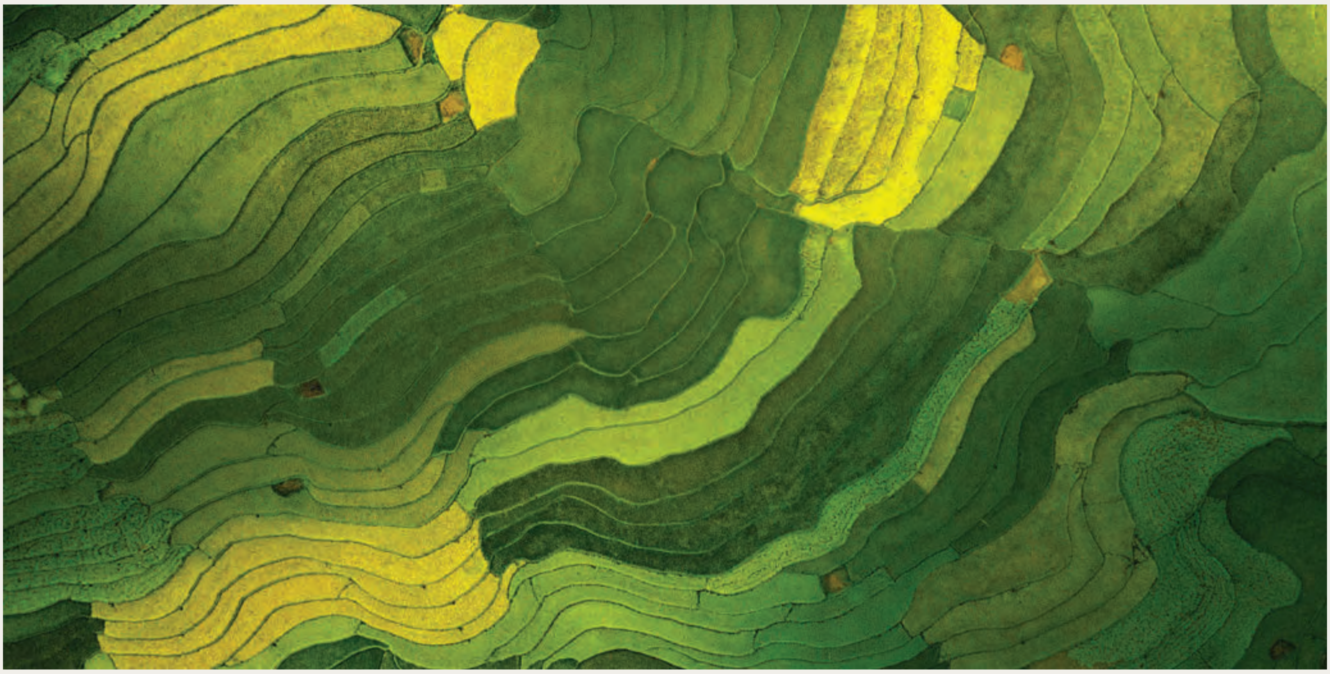
AIMS APAC REIT ("AA REIT") is a real estate investment trust listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") since 2007. The principal investment objective of AA REIT is to invest in a diversified portfolio of income-producing industrial, logistics and business park real estate throughout the Asia Pacific region. The real estate assets are utilised for a variety of purposes, including but not limited to warehousing & distribution, business parks activities and manufacturing activities. AA REIT's portfolio consists of 29 properties, of which 26 properties are located throughout Singapore, and three 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

Farming is a work of wisdom, patience, and expectation. For abled and dedicated hands grow small seeds into yields - evolving through times of tilling, seeding, nurturing, and harvest.

Each farming phase is not without its set of challenges. It requires diligence and resilience to deepen the roots and produce good fruits.

Combining old wisdom and modern tools, a seasoned farmer proceeds with a balance of hope and caution. Making adjustments and weeding out risks, he expertly nurtures every patch of greens knowing that harvest will be ready at the proper time.

AA REIT upholds the same principle - every task we do is strategic and proactive to enable growth. We are always forward looking and prepared for the changing seasons to sustain the fruits of our labour.

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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 funds management, mortgage lending, investment banking and property investment. AIMS is also the owner of the Sydney Stock Exchange.

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

PREPARING THE FIELD

Any good harvest requires priming of the soil before the rain comes. First, the farmer clears it of weeds. Then he plows, fertilises, and moistens the soil, providing the right conditions for the seedlings to grow and flourish.

We employ similar principles in our own field. We cultivate our portfolio through planning and strategising, and making our asset investments ready for challenging seasons. We optimise our real estate portfolio, make sound investment decisions, and capitalise on our market reach across our key markets of Singapore and Australia for long–term growth.

CHAIRMAN'S STATEMENT

"

AA REIT executed on its strategy and emerged stronger and more agile from this tough period. As a testament to the resilience of our quality assets and the track record of the Manager, AA REIT delivered strong results that surpassed pre-COVID levels.

"

Dear Unitholders,

The overall operating environment remained unpredictable during the financial year ended 31 March 2022. Nonetheless, we are seeing a gradual recovery from the COVID-19 pandemic, with the reopening of economies in AA REIT's core markets of Singapore and Australia. The recent increase in global interest rates is likely to cause pressure on real estate values but may also create opportunities for AA REIT.

STRATEGY EXECUTION

AA REIT executed on its strategy and emerged stronger and more agile from this tough period. As a testament to the resilience of our quality assets and the track record of the Manager, AA REIT delivered strong results that surpassed pre-COVID levels:

1. Distributions per Unit (DPU) increased by 5.7% year-on-year;
2. Total Assets of S$2.4 billion was an increase of 30.2% year-on-year;
3. Occupancy Rate increased from 95.4% to 97.6% year-on-year;
4. Weighted Average Lease Expiry (WALE) increased from 3.95 years to 5.05 years year-on-year;
5. Weighted Average Land Lease Expiry increased from 45.5 years to 57.0 years year-on-year;
6. Gross Revenue increased by 16.1% year-on-year; and
7. Net Property Income increased by 17.9% year-on-year.

"

Under the new leadership team, AA REIT completed the transformational acquisition of the Woolworths Headquarters in Sydney, the largest asset in AA REIT's high quality portfolio and one that is strategically located to benefit from future infrastructure investment and urban regeneration.

"

NEW TEAM

I would like to take the opportunity to highlight the leadership transition over the past year, with Mr Russell Ng taking over as CEO and Ms Lim Joo Lee assuming the role of CFO. Russell has extensive experience in investment, asset management and corporate finance, and will continue to drive AA REIT's investment activities, as well as develop new capital and business partnerships, whilst Joo Lee brings a wealth of experience in corporate finance, capital management, financial reporting and accounting.

Russell and Joo Lee, in conjunction with our existing management team, have the drive and capabilities to lead AA REIT to the next phase of our growth.

WOOLWORTHS ACQUISITION MILESTONE

Under the new leadership team, AA REIT completed the transformational acquisition of the Woolworths Headquarters in Sydney, the largest asset in AA REIT's high quality portfolio and one that is strategically located to benefit from future infrastructure investment and urban regeneration. This high quality business park property is fully leased for 10 years to Woolworths Limited, Australia's largest supermarket retailer and one of the largest companies listed on the Australian Securities Exchange. The site also provides 1.5 million square feet of untapped development potential for AA REIT, and is in addition to the 500,000 square feet of untapped plot ratio within our Singapore portfolio.

Together with our two other head office Australian properties with blue chip brand tenants – Optus Centre at Macquarie Park, Sydney and Boardriders at Burleigh Heads, Gold Coast – Australia now makes up 39.5% of our portfolio by valuation.

STRONG ASSET GROWTH

In addition to acquisitions, the REIT has also demonstrated a strong track record of extracting value through redevelopments and asset enhancements, thereby achieving a 10-year CAGR of 9.3% in assets under management (AUM) between FY 2012 and FY 2022, from S$930.9 million to S$2.27 billion.

SOLID FINANCIAL POSITION

On the capital management front, AA REIT enhanced its financial position by further strengthening its balance sheet and building an even stronger liquidity position than before. The Manager proactively refinanced its facilities during the year, reaching an aggregate leverage for AA REIT of 37.5% (as at 31 March 2022), well below MAS' upper limit of 50%. The portfolio's debt facilities are also hedged as further protection against the rising interest rate market, with an overall fixed cover of 91.6% (including forward started interest rate swaps). Following the refinancing exercise, our longest debt maturity dates have been extended to approximately 5 years.

During the year, AA REIT diversified its sources of funding by issuing S$250 million 5.375% subordinated perpetual securities, which was utilised to part fund the acquisition of the Woolworths Headquarters, along with debt financing from a syndicate of lenders, which achieved a very competitive low margin rate for the debt that reduced the cost of funding for the REIT.

Subsequent to the financial year end, AA REIT's wholly-owned trust entered into a new secured term loan facility of A$212.3 million with an institutional bank, also successfully achieving a very competitive margin for the debt financing.

CHAIRMAN'S STATEMENT

INDEX RECOGNITION

We are encouraged that AA REIT continues to be accorded the recognition it deserves. In addition to our inclusion in the FTSE Russell ST Singapore Shariah Index and MSCI Singapore Small Cap Index in FY 2021, the REIT was also included in the FTSE EPRA Nareit Global Developed Index in September 2021. This is likely to further increase the visibility and exposure of AA REIT to index funds and bring about higher trading liquidity to global investors, complementing our drive to strengthen the REIT's engagement with existing and new investors, as it diversifies its capital sources, investment allocation and partnership opportunities in Singapore and the region.

ESG COMMITMENT

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.

In line with our ongoing commitment to sustainability, we are exploring installation of roof-top solar on some of our properties in Singapore which will provide green energy and lead to electricity cost savings.

MOVING FORWARD

As we navigate the volatile COVID-19 environment, the strategy and objectives over the next year remain focused on the following key pillars:

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, which may include established logistics and business space precincts and/or industrial locations that are likely to benefit from future infrastructure investment and urban regeneration.

   b. Focus on successful delivery of build-to-suit development projects on time and within budget.
   c. Active portfolio management and recycling of assets with lower capital growth potential.
   d. Origination of new investment and development opportunities through new capital and business partnerships.

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. **Asset Enhancement & Future Development**

   a. Our strong asset enhancement track record and the current market opportunity with rents strengthening provide excellent conditions to resume our asset enhancement and development initiatives in Singapore and Australia.

4. **Prudent Capital & Risk Management:**

   a. Prudent capital management.
   b. Focus on growing distribution per unit.
   c. Diversified sources of funding for yield accretive acquisitions.

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

   a. With our Singapore properties, accounting for 60.5% of our portfolio by valuation, 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 of around 3%, long-term capital appreciation due to the freehold land title, potential rezoning upside, stable economy/political system, value-add/development opportunities and a steadily growing population.

6. **Capital and business operation partnership strategy:**

   This strategy utilises the AIMS team's asset management, development and investment expertise and track record to attract new capital and business operation partners to potentially invest in some existing or future opportunities:

   a. Capital Partnership Strategy. The benefit of introducing a capital partner is to diversify AA REIT's risk by broadening holdings through investment by key joint venture partners in select assets and developments. This will allow AA REIT's capital to diversify and be invested in more assets, which will reduce exposure risk, while providing access to the income and capital growth of those assets.

   b. Business Operation Partnership Strategy. The benefit of introducing a business operational partner is the potential development opportunities that may arise and add value to both parties. For example, a logistics tenant, who may want to lease a build-to-suit premise, could work closely with AIMS to invest, develop and take up a long-term lease upon completion.

ACKNOWLEDGEMENT

I would like to take this opportunity to thank our Unitholders, tenants, business partners, financiers, all our supporters, the staff of the Manager, our executive management team and my fellow Board Members for their efforts and continued contribution to the success of our REIT. On behalf of the Board of Directors, I would also like to thank our previous CEO, Mr Koh Wee Lih and Head of Finance, Ms Stella Yeak for their contribution to AA REIT over their years of service.

The Board of Directors of the Manager and the new executive leadership team of AA REIT are committed to ensuring the continued growth of the property portfolio and delivering stable returns to investors. With the continued support of our Unitholders, we look forward to charting the REIT's next phase of growth.

Yours faithfully,

George Wang
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

"

With the portfolio now anchored by our two high quality Australian business parks, and supported by our diversified tenant base across multiple industries, we remain confident in AA REIT's cash flow resiliency and long-term growth prospects.

"

Dear Unitholders,

As we enter into a new financial year, we are starting to see a gradual global economic recovery from the COVID-19 pandemic, boosted by the reopening of Singapore and Australia, as well as a strong and resilient industrial market. Amidst the macro uncertainties bought about by rising energy prices, supply disruption, inflation and the war between Russia and Ukraine, towards the end of the financial year ended 31 March 2022 (FY 2022), AA REIT continued to deliver a strong set of results and performance, underpinned by our high quality portfolio and the healthy growth and stability across the industrial, logistics and business park segments in our key markets of Singapore and Australia. Robust demand for industrial space supported by rising rentals and prices as well as strong e-commerce growth also resulted in a resilient industrial and logistics market.

In line with our strategy of investing in quality assets that provide long-term stable and growing income yield and capital growth, we successfully completed the accretive and transformational acquisition of Woolworths Headquarters, which increased our foothold in Australia. With the portfolio now anchored by our two high quality Australian business parks, and supported by our diversified tenant base across multiple industries, we remain confident in AA REIT's cash flow resiliency and long-term growth prospects.

ROBUST PERFORMANCE ANCHORED BY STRONG FOUNDATIONS

For FY 2022, we registered higher gross revenue and net property income of S$142.4 million and S$103.2 million, rising 16.1% and 17.9% respectively, compared to FY 2021. Our strong performance was mainly due to contributions from the recently acquired Woolworths Headquarters in November 2021, a full year contribution from 7 Bulim Street acquired in October 2020, as well as higher rental income from 20 Gul Way, 8 & 10 Pandan Crescent, NorthTech, and 541 Yishun Industrial Park A. The REIT also registered an overall increase in the share of profits of joint venture for FY 2022 due to the higher revaluation gain of Optus Centre as at 31 March 2022 as compared to FY 2021.

Total FY 2022 Distributions per Unit ("DPU") was 9.46 cents and cumulative distributions to Unitholders was S$67.2 million, 6.3% higher as compared to FY 2021. The higher DPU and full year distributions to Unitholders for FY 2022 was underpinned by higher gross revenue and net property income.

PROACTIVE EFFORTS IN ASSET AND LEASE MANAGEMENT

During FY 2022, AA REIT successfully executed 107 new and renewal leases representing 213,130 square metres and 27.1% of the portfolio's total net lettable area. At the end of FY 2022, we managed to increase and sustain our healthy portfolio occupancy, bringing it up to 97.6% as at 31 March 2022 from 95.4% as at 31 March 2021. At 97.6%, the REIT's portfolio occupancy rate is well above JTC Corporation's industry average of 89.8% in 1Q 2022. Together with strong leasing activities from our existing and new tenants, we achieved an average rental reversion of +7.4% for FY 2022.

As part of our active asset management strategy, the REIT focused on maintaining existing partnerships with tenants while at the same time, growing and developing new relationships with other tenants. In FY 2022, we successfully executed a 10-year lease renewal at North Tech with Illumina Singapore Pte. Ltd. ("Illumina"), our second largest tenant and a leading global developer, manufacturer and marketer of life science tools. The successful outcome with Illumina builds on our track record for managing strategic partnerships with our tenants and securing long-term leases, following the 12-year lease extension at Optus Centre Macquarie Park, with our largest tenant, Optus Administration Pty Limited, in FY 2020.

PRUDENT AND DISCIPLINED APPROACH TOWARDS CAPITAL AND RISK MANAGEMENT

Over the year, Management adopted a financially prudent and disciplined approach towards capital management. The REIT's healthy balance sheet is well positioned to meet any financial obligations as and when they fall due. AA REIT's strong relationships with key financial institution partners has allowed the REIT to gain diversified access to various sources of capital, putting it in a good position to explore any asset enhancement initiatives and accretive acquisitions.

During the year, the REIT redeemed in full the principal together with the accrued interest of the S$50 million 3.60% fixed rate notes due 22 March 2022. In addition, the Manager had entered into two facility agreements during the year and subsequent to the financial year to finance new acquisitions and working capital purposes, as well as refinance existing loan facilities. The REIT also issued S$250 million 5.375% subordinated perpetual securities as part of the S$750 million multicurrency debt issuance programme. Net proceeds from the issue of the perpetual securities were subsequently utilised for the acquisition of Woolworths Headquarters.

As at 31 March 2022, AA REIT's aggregate leverage was 37.5%. AA REIT's overall blended funding cost of 2.7% for FY 2022 was lower than the 3.0% for FY 2021 mainly due to lower overall cost of funding.

As at 31 March 2022, AA REIT had cash balances of S$21.4 million and undrawn committed facilities of S$160.4 million. The weighted average term to maturity stood at 3.3 years as at 31 March 2022. With a fixed debt of 62% (or 92% including forward started interest rate swaps) hedged via interest rate swaps and fixed rate notes, AA REIT will continue to be financially prudent to manage interest rate risks. We will continue to evaluate and optimise sources of funding to ensure a healthy liquidity position as AA REIT continues to grow.

CHIEF EXECUTIVE OFFICER'S REVIEW

MAINTAINING RESILIENCY THROUGH SUSTAINABLE PRACTICES

AA REIT is committed to incorporating sustainable business practices into our strategy and operations to achieve long-term growth while serving all our stakeholders' best interests. Our sixth annual sustainability report is appended in this Annual Report in accordance with the Global Reporting Initiative (GRI) standards.

Our Environmental, Social and Governance (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, which provides an objective standard in engagement with our stakeholders. We established a Sustainability Council (SC) in 2017 to oversee and manage our sustainability efforts.

As a testament to our commitment to consistently deliver green building solutions, we are pleased to share that 1A International Business Park was awarded the Building and Construction Authority's (BCA) Green Mark Gold. This is our third asset that has been awarded the BCA Green Mark Certification, joining the ranks of our other two assets – NorthTech and 3 Tuas Avenue 2.

At AA REIT, we value corporate social responsibility and volunteerism, and remain committed to doing good and playing our part to contribute to the local community. Over the year, we collaborated with The Food Bank Singapore and Thye Hua Kwan Moral Charities to distribute food bundles to various households and donated used laptops to Engineering Good.

For the Governance Index For Trusts (GIFT) 2021, AA REIT was ranked 16th out of 45 REITs and Business Trusts. We will continue to integrate greater transparency and sustainable practices in our business strategy and operations for our stakeholders.

LOOKING AHEAD

The International Monetary Fund is expecting global economic growth to slow to 3.6% in 2022 and 2023, due to rising food and energy prices, and elevated inflation exacerbated by global spillovers from the ongoing war in Ukraine. Amidst concerns about rising inflation, central banks have continued to tighten monetary policy.

The broad recovery in the Singapore and Australian economies has provided support for the industrial and business park sectors. Factors such as delays in completion of new stock, rising rentals and prices of industrial space will continue to prop up demand for industrial space, reinforcing the resilience of the industrial sector and future growth prospects for our Singapore industrial and logistics warehouse properties. Furthermore, our Australian business park portfolio is expected to anchor the long-term performance of AA REIT.

IN APPRECIATION

On behalf of Management, I would like to thank our tenants, Unitholders, financiers, business partners, staff and the Board of Directors for the trust they have put in us during this period, as well as their support for our landmark acquisition of Woolworths Headquarters. I would also like to express gratitude to our team and service providers for their contributions towards AA REIT.

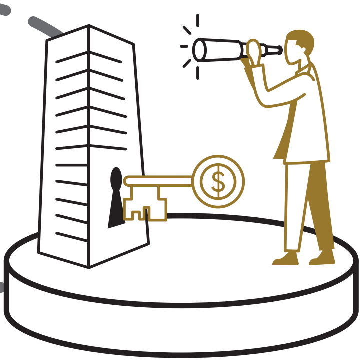
Yours faithfully,

Russell Ng
Chief Executive Officer

OUR STRATEGY

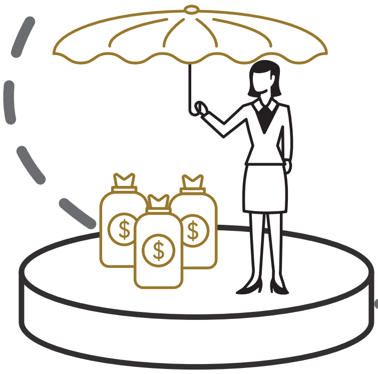
1 Accretive Investments & Developments

Pursue accretive investments and build-to-suit development opportunities in Singapore and Australia that offer stable and growing income yield and long-term capital growth. Anchor portfolio with high quality modern industrial, logistics, and business park assets that provide resilient and sustainable long-term returns.



2 Active Asset Management

Active asset and lease management. Continuously seeking to unlock value of assets within portfolio through building enhancements, conversions and leasing as well as through divestment and capital recycling of non-core assets.



3 Prudent Capital & Risk Management

Prudent capital management such as diversifying funding sources, proactive refinancing activities and capitalising on low cost of funding when market conditions are favourable.

4 Strategic Capital & Business Partnerships

Leveraging on our track record in investments, developments and asset management to form new capital partnerships for joint projects as well as collaboration with business partners and end users to develop, enhance and hold modern facilities that meet their occupational and business requirements.

FINANCIAL HIGHLIGHTS

(S$'million unless otherwise stated)

FOR THE FINANCIAL YEAR ENDED 31 MARCH	2022	2021	2020
Gross revenue	**142.4**	122.6	118.9
Net property income[1]	**103.2**	87.5	89.1
Distributions to Unitholders	**67.2**	63.2	66.5
Distribution per Unit (“DPU”) (Singapore cents)	**9.46**	8.95	9.50

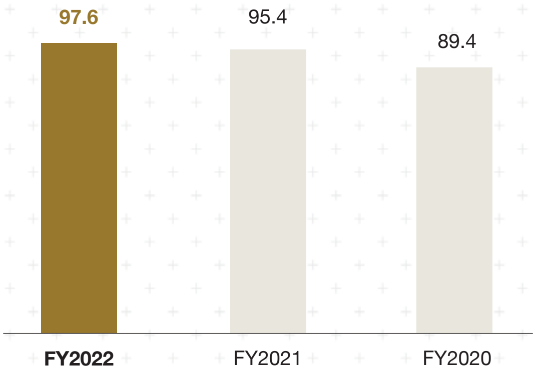
BALANCE SHEET AS AT 31 MARCH	2022	2021	2020
Total assets	**2,403.7**	1,846.6	1,648.9
Total liabilities	**1,029.9**	759.2	693.9
Total borrowings[2]	**858.9**	593.8	541.9
Unitholders' funds	**1,000.2**	962.8	955.0
Perpetual Securities holders' funds	**373.6**	124.6	-

KEY FINANCIAL RATIOS AS AT 31 MARCH	2022	2021	2020
Net asset value per Unit (S$)	**1.40**	1.36	1.35
Aggregate leverage ratio[3] (%)	**37.5**	33.9	34.8
Interest coverage ratio[4] (times)	**5.1**	4.0	4.0
All-in-cost of financing (%)	**2.7**	3.0	3.5

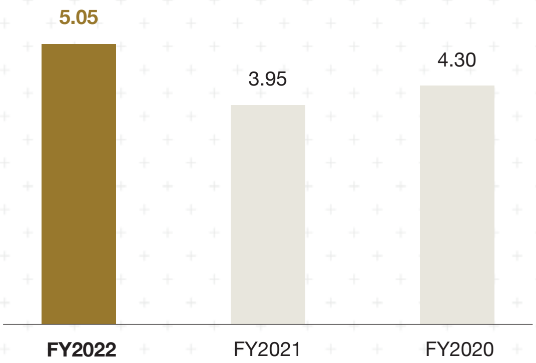
1 Pursuant to the adoption of FRS 116 Leases on 1 April 2019, land rent payments for certain properties in AA REIT’s portfolio were excluded from property operating expenses and net property income from 1 April 2019.
2 Excluding unamortised loan transaction costs.
3 Aggregate leverage ratio is computed as total borrowings as a percentage of total assets and includes lease liabilities that are entered into in the ordinary course of AA REIT’s business on or after 1 April 2019 in accordance with MAS guidelines. The total borrowings excluded Perpetual Securities holders’ funds.
4 Based on the interest coverage ratio (“**ICR**”) definition in Appendix 6 of the Code on Collective Investment Schemes (last revised on 3 March 2022). The ICR as at 31 March 2022 excluded interest expense on lease liabilities.

KEY HIGHLIGHTS

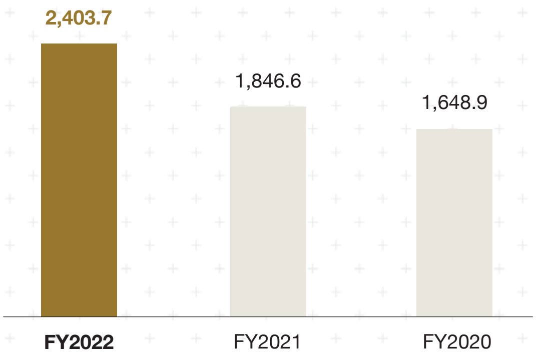
OCCUPANCY RATE (%)



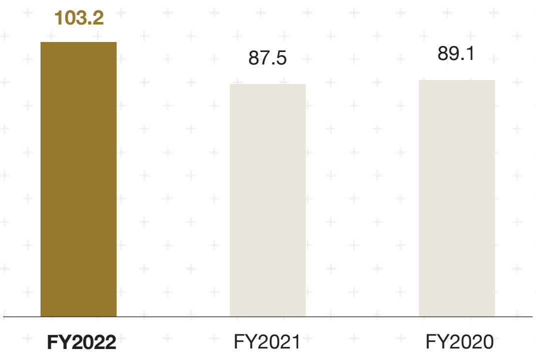
WEIGHTED AVERAGE LEASE EXPIRY ("WALE")
(Years) (by 4Q GRI with forward leases)



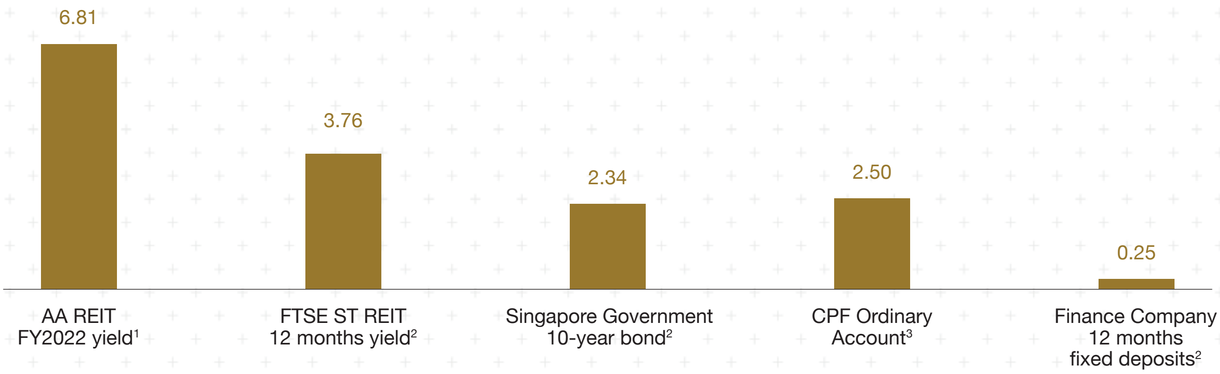
TOTAL ASSETS (S$' million)



NET PROPERTY INCOME (S$' million)



YIELD PER ANNUM (%)

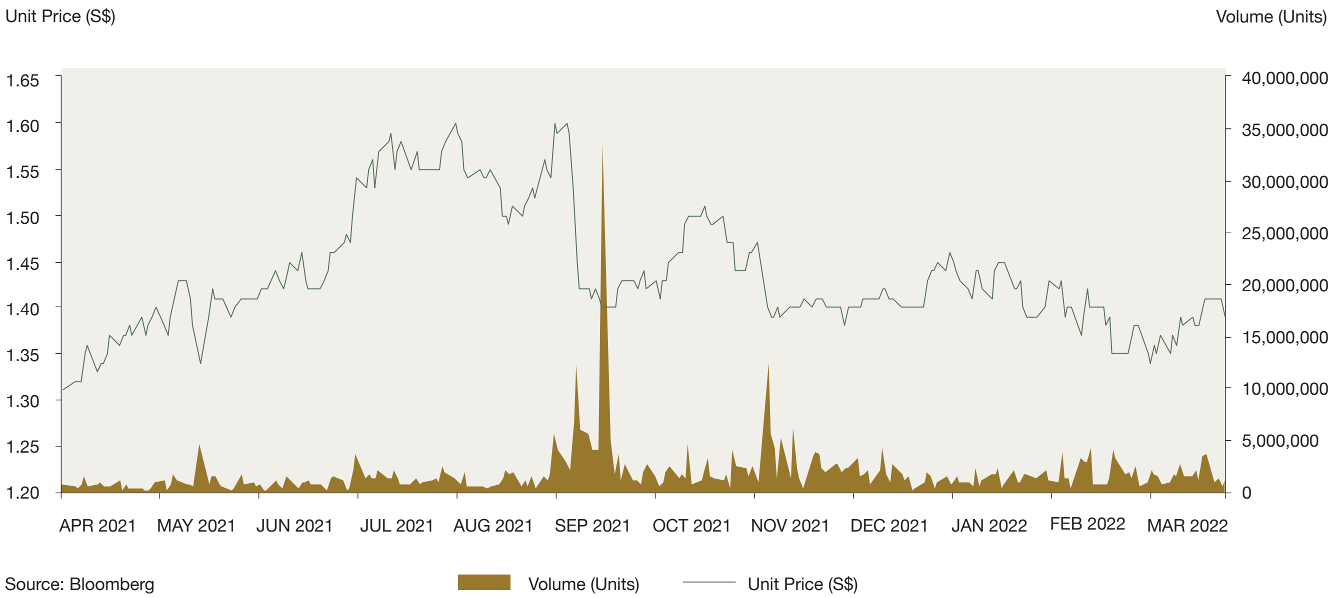


[1] Based on closing price of S$1.39 on 31 March 2022 and actual FY2022 DPU of 9.46 cents.
[2] Source: Bloomberg data as at March 2022.
[3] Prevailing CPF Ordinary Account interest rate.

TRADING PERFORMANCE

	31 March 2022	31 March 2021	31 March 2020
Net asset value per Unit (S$)	**1.40**	1.36	1.35
Closing price (S$)	**1.39**	1.29	1.04
Highest price during financial year (S$)	**1.60**	1.33	1.49
Lowest price during financial year (S$)	**1.31**	0.985	0.93
Total volume traded during financial year (Units 'million)	**477.7**	284.4	458.1
Average daily volume traded during financial year (Units 'million)	**1.888**	1.133	1.818
Market capitalisation (based on closing price) (S$'million)	**989.7**	911.6	734.9

UNIT PRICE AND VOLUME



Source: Bloomberg

TOTAL RETURNS

	%
Since listing on 19 April 2007 to 31 March 2022	6.26
From 1 April 2021 to 31 March 2022 (one-year)	15.58
From 1 April 2019 to 31 March 2022 (three-year)	6.42

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 2021

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.

28 JUL 2021

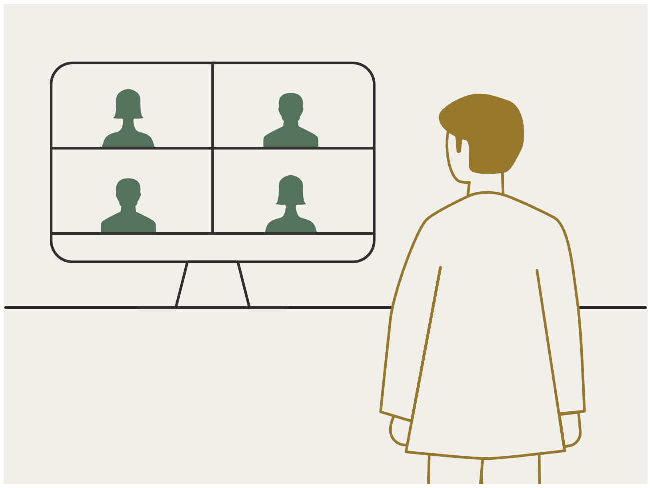
1Q FY2022 Financial Results

Announced financial results for the first quarter ended 30 June 2021, with a DPU of 2.25 cents and total distributable income of S$15.9 million for the quarter.

28 JUL 2021

12th Annual General Meeting ("AGM")

Pursuant to the COVID-19 restriction measures passed by the Singapore Parliament, the 12th 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 12th AGM.



SIGNIFICANT EVENTS 2021

1 SEP 2021

Issue of Perpetual Securities

Issuance of S$250.0 million 5.375% Perpetual Securities under the S$750.0 million Multicurrency Debt Issuance Programme established on 30 November 2018. The net proceeds were subsequently used for the acquisition of Woolworths Headquaters (“HQ”), Australia.

8 SEP 2021

Executive Officer Appointment

Appointment of Mr Russell Ng as CEO-designate. He assumed the role of CEO of the Manager on 29 November 2021, subject to regulatory approval. Prior to being appointed as CEO-designate, Mr Ng was Head of Investor Relations, Investments & Partnerships of the Manager.

10 SEP 2021

Executive Officer Appointment

Appointment of Ms Lim Joo Lee as Chief Financial Officer with effect from 23 October 2021 subject to regulatory approval. She will also assume the role of Company Secretary. Ms Lim is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Fellow Member of the Association of Chartered Certified Accountants.

20 SEP 2021

Included in the FTSE EPRA Nareit Global Developed Index

AA REIT included in the FTSE EPRA Nareit Global Developed Index. The FTSE EPRA Nareit Global Real Estate Index Series is developed by FTSE Russell, together with EPRA (European Public Real Estate Association) and Nareit (National Association of Real Estate Investment Trusts). The index series tracks the performance of listed real estate companies and real estate investment trusts worldwide, and is seen as the leading benchmark for listed real estate investments.

30 SEP 2021

Acquisition of Woolworths HQ, Australia

Announced the proposed acquisition of Woolworths HQ, a freehold A-Grade corporate campus, 100% leased to Woolworths, one of the Top 10 ASX listed companies by market capitalisation, and the largest supermarket retailer in Australia. It is in a strategic business park and data centre location with excellent road and rail transport connectivity.

13 OCT 2021

1H FY2022 Financial Results

Announced financial results for the first half ended 30 September 2021, with a DPU of 4.75 cents and total distributable income of S$33.6 million for the half year period.

11 NOV 2021

Governance Index for Trusts ("GIFT") 2021

AA REIT was ranked joint-16th in the fifth edition of Governance Index for Trusts 2021 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.

SIGNIFICANT EVENTS 2021/2022

15 NOV 2021

Completion of Acquisition of Woolworths HQ, Australia

Announced completion of acquisition of Woolworths HQ, Australia. Following the completion of the acquisition, AA REIT owns a total of 29 properties, of which 26 properties are located throughout Singapore, and three properties located in Australia.

BCA GREEN MARK

18 JAN 2022

BCA Green Mark Gold Award

Announced that 1A International Business Park has been awarded the Building and Construction Authority's Green Mark Gold Award for Existing Non-Residential Buildings. This is our third asset that has been awarded the BCA Green Mark Certification, with our other two assets being NorthTech and 3 Tuas Avenue 2.

27 JAN 2022

3Q FY2022 Business Update

Announced the Business Update for the third quarter ended 31 December 2021, with a DPU of 2.35 cents and total distributable income of S$16.7 million for the quarter mainly attributable to the rental contribution from Woolworths HQ.

22 MAR 2022

Redemption of Fixed Rate Notes

Announced the redemption of S$50.0 million 3.60% Fixed Rate Notes issued under the S$500.0 million Multicurrency Medium Term Note Programme by AACI REIT MTN Pte. Ltd.

27 APR 2022

2H FY2022 and FY2022 Financial Results

Announced financial results for the financial year ended 31 March 2022, with a DPU of 2.36 cents for 4Q FY2022. This brought the total DPU for FY2022 to 9.46 cents, with a 5.7% increase in total distributions to Unitholders to S$67.2 million.

CONSTANTLY NURTURING THE PASTURE

Paddy fields need continuous care to keep the soil nourished. Farmers regularly survey their land, remove unwanted weeds, adjust crowded patches, and balance moisture levels to maintain the soil's fertility.

We recognise the need to continuously fortify our portfolio to respond to market changes, evaluate opportunities and manage risks. We will continue to nurture our portfolio to make it an evergreen and resilient source of stable distributions for our Unitholders. Through our prudent capital management and active asset management strategies, we face each season with deep rooted strength and stability.

BOARD OF DIRECTORS OF THE MANAGER

"The Board of Directors of the Manager of AA REIT believes that strong and effective corporate governance is imperative to the long-term success of AA REIT."

From left to right:
George Wang
Ko Kheng Hwa
Peter Michael Heng
Chong Teck Sin

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. 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, venture capital and high-tech investment. AIMS Financial Group also owns the Sydney Stock Exchange (SSX).

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.

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.

BOARD OF DIRECTORS OF THE MANAGER

PETER MICHAEL HENG

NON-EXECUTIVE INDEPENDENT DIRECTOR, MEMBER OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE AND MEMBER OF THE NOMINATING AND REMUNERATION COMMITTEE

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

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

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

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 23 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 and InnoTek Limited. He was an independent director of Accordia Golf Trust Management Pte. Ltd. from 2014 to 2021, 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.

SENIOR MANAGEMENT OF THE MANAGER

From left to right:
Russell Ng
Lim Joo Lee
Toh Lay Gan
Heng Khiam Yeong

SENIOR MANAGEMENT OF THE MANAGER

RUSSELL NG
CHIEF EXECUTIVE OFFICER

Mr Ng joined the Manager in September 2020 and was Head of Investment, Investor Relations & Partnerships prior to his re-designation to Chief Executive Officer in November 2021.

Mr Ng works with the Board and Management Team to determine the strategic direction, overall business and investment strategy of AA REIT. He is responsible for the day-to-day management and execution of the REIT's business plan.

Mr Ng has over 19 years of experience in direct real estate investments, asset management and corporate finance in Asia and Australia. Prior to joining the Manager, he held senior fund management and investment roles with 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.

LIM JOO LEE
CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Ms Lim joined the Manager in October 2021 and has over 21 years of experience in financial and management reporting, auditing and various finance-related work including capital management.

Ms Lim heads the Finance team and assists the Chief Executive Officer on the finance, taxation, treasury, capital management and corporate secretarial matters of AA REIT.

Ms Lim holds a Bachelor of Science with First Class Honours in Applied Accounting from the Oxford Brookes University. She is a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Fellow Member of the Association of Chartered Certified Accountants.

TOH LAY GAN
HEAD, ASSET MANAGEMENT

Ms Toh has been with the Manager since March 2015 and has over 27 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

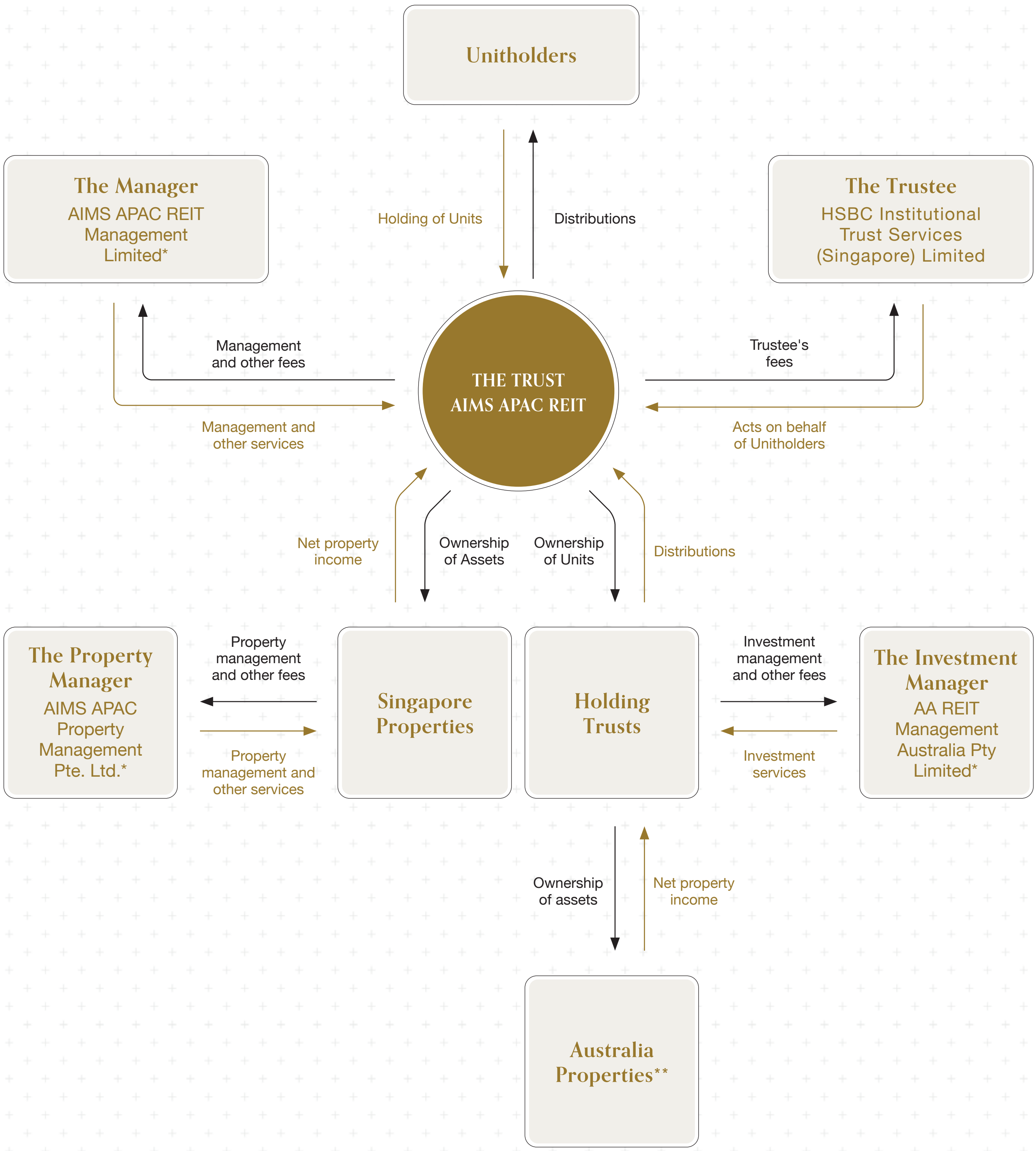
Mr Heng joined the Manager in January 2018 and has over 24 years of experience in real estate development spanning across architectural consultancy, project management, migration management and contract administration for green and brown field projects. His experience spans across a variety of sectors 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 Woolworths HQ, Optus Centre and Boardriders Asia Pacific Headquarters. Optus Centre is held through a joint venture and the joint venture partners have certain pre-emptive right that may be triggered if there are changes in the trust ownership structure.

ENJOYING AND MAXIMISING THE HARVEST

Sunny seasons are times of reaping the rewards of earlier hard work, foresight and dedication, when risks have been effectively managed and overcome, and the right processes have led to a bountiful harvest.

By adhering to our principles of cultivation and growth, we will be able to enjoy the fruits of our labour. Like seasoned farmers, we plan, strategise, nurture, adapt, and respond to challenges while we work towards producing sustainable distributions overtime through financial discipline.

INVESTOR RELATIONS

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

PROACTIVE AND TRANSPARENT COMMUNICATIONS

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

Despite the shift to half-yearly reporting in FY2022, we continue to hold quarterly analyst and investor virtual meetings to proactively communicate AA REIT's operational progress and financial performance. AA REIT continues to pay distributions to Unitholders on a quarterly basis.

STAYING CONNECTED WITH STAKEHOLDERS

The Investor Relations team maintains regular two-way communication with investors through various touch points including one-on-one meetings, group meetings, local and overseas investor conferences, results briefings, teleconferences and non-deal roadshows to engage the investment community.

In light of the ongoing COVID-19 pandemic during FY2022, 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. 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. The team maintained its engagements with the investment community by way of virtual meetings. This allowed the Manager to reach out to its institutional investors in Singapore and overseas. Such engagements by the senior management with both existing and prospective investors during such challenging times allow the Manager to still effectively articulate AA REIT's financial and operational performance, industry trends and prospects and allow investors a better understanding of AA REIT.

Retail investors is 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 FY2022, the Manager further reached out to retail Unitholders virtually via targeted group meetings organized by various research houses. These events were successful and well attended.

12TH ANNUAL GENERAL MEETING

On 28 July 2021, AA REIT convened its 12th 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. Unitholders submitted 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.

RECOGNISED FOR CORPORATE GOVERNANCE

As an affirmation of the Manager's continued efforts to adhere to high standards of corporate governance and investor relations practices, AA REIT was ranked 13th out of 43 REITs and Business Trusts in the **Singapore Governance and Transparency Index (SGTI)** 2021. SGTI is the leading index for assessing corporate governance practices of Singapore-listed companies. AA REIT was also ranked joint 16th third in the **Governance Index for Trusts (GIFT)** 2021 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 recognizes 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 not only allow AA REIT to increase its profile and provide the investment community access to the management, they also enable the Manager to obtain feedback on the markets' expectations and perceptions of AA REIT. The Manager continued to actively engage with its five existing research analysts covering AA REIT as well as potential new research analysts with a view to further expand research coverage. Investors would 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 ST Singapore Shariah Index (21 December 2020)
FTSE EPRA Nareit Global Developed Index (Sep 2021)

INVESTOR AND MEDIA RELATIONS ACTIVITIES IN FY2022

1Q FY2022

- 4Q FY2021 and FY2021 results announcement and analyst briefings
- Various investor virtual meetings
- CGS-CIMB Securities Webinar for retail investors
- DBS-SGX-REITAS REITs Conference 2021
- UBS ASEAN SMID Series 2021
- Various engagements with research analysts

2Q FY2022

- 1Q FY2022 results announcement and analyst briefings
- 12th Virtual AGM
- Various investor virtual meetings
- Citi-REITAS-SGX REITs/Sponsors Forum 2021
- Various engagements with research analysts

3Q FY2022

- 1H FY2022 results announcement and analyst briefings
- Various analysts and media virtual briefings on acquisition of Woolworths HQ
- Various investor virtual meetings
- SGX-NH Securities Corporate Access 2021

4Q FY2022

- 3Q FY2022 business update and analyst briefings
- Various investor virtual meetings
- Samsung Securities-SGX SREITs Corporate Day 2021
- Phillip Securities Webinar for retail investors
- Various engagements with research analysts

UNITHOLDERS, INVESTORS AND MEDIA CONTACT

Mr Russell Ng, CEO /
Mr Terence Lim, VP, Investor Relations Investments & Partnerships
Telephone: +65 6309 1050
Email: investorrelations@aimsapac.com

12th Virtual AGM, 28 July 2021

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 Singapore Exchange Securities Trading Limited (the "SGX-ST") and is externally managed by AIMS APAC REIT Management Limited (the "Manager"), who holds a capital markets services licence issued by the Monetary Authority of Singapore ("MAS") to conduct real estate investment management activities. The sponsor of AA REIT is AIMS Financial Group (the "Sponsor").

The Manager has general powers of management over the assets of AA REIT. The Manager's main responsibility is to manage the assets and liabilities of AA REIT in the best interests of the unitholders of AA REIT ("Unitholders"). This is done with a focus on generating rental income and, where appropriate, increasing the value of AA REIT's assets over time so as to enhance the returns from the investments, and ultimately distributions and 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 2001 ("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 the 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 2022 ("FY2022") with specific reference to the principles and provisions of the CG Code, and where applicable, the Listing Manual and the Companies Act 1967 ("Companies Act"). For FY2022, 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 and Ethics 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 business updates, half year 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

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 FY2022 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 FY2022	**5**	**4**	**3**	**1**
Board members				
Mr George Wang	5	n/a	3	1
Mr Ko Kheng Hwa	5	4	3	1
Mr Chong Teck Sin[1]	5	4	3	1
Mr Peter Michael Heng	5	4	3	1
Mr Koh Wee Lih[2]	3	3	2	1

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

1. Mr Chong Teck Sin attended all the NRC meetings by invitation.
2. Mr Koh Wee Lih attended all the ARCC and the NRC meetings by invitation although he was not a member of either Board committee and Mr Koh stepped down as the Executive Director and the Chief Executive Officer on 28 November 2021.

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 a formal letter of appointment to each Director 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 Entity Director ("LED") Programme conducted by the Singapore Institute of Directors in order to acquire relevant knowledge of what is expected of a listed company director. The LED 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.

In FY2022, the Board had been updated during Board Meetings and at specially convened meetings by 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 (the "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 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 the 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 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 do not have the right to vote on the appointment of directors of the Manager. Provision 2.2 of the CG Code provides that independent directors make up a majority of the Board where the Chairman is not independent. Provision 2.3 of the CG Code further provides 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 four members, of whom majority are Non-Executive Independent Directors.

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 impose additional independence requirements on the Directors. Under the SF(LCB) Regulations, a director is considered to be independent 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 does 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 annually, taking into consideration independence requirements set out in the Listing Manual, the CG Code as well as the SF(LCB) Regulations. 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 paragraph sets out the outcome of the assessment carried out by the NRC on the independence of the Independent Directors for FY2022:

The Independent Directors, being Mr Ko Kheng Hwa, Mr Peter Michael Heng and Mr Chong Teck Sin, do not have any relationships and are 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 their independent judgement. The NRC considered whether each of them has demonstrated independence in character and judgement in the discharge of his responsibilities as a Director and concluded that each of them has acted with independent judgement. The NRC is therefore of the view that the Independent Directors have exercised independent judgement in the discharge of his duties and responsibilities.

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

All Independent Directors (i) are independent from the management of the Manager and AA REIT during FY2022; (ii) are independent from any business relationship with the Manager and AA REIT during FY2022; (iii) are independent from every substantial shareholder of the Manager and every substantial unitholder of AA REIT during FY2022; (iv) are not a substantial shareholder of the Manager or a substantial unitholder of AA REIT during FY2022; and (v) have not served as a director of the Manager for a continuous period of nine years of longer as at the last day of FY2022.

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 235 of this Annual Report and is a substantial unitholder of AA REIT. Therefore, during FY2022, Mr George Wang is deemed to have a management relationship with a related corporation of the Manager and a business relationship with the Manager and AA REIT. Mr Wang is a substantial shareholder of the Manager and a substantial unitholder of AA REIT. Mr Wang has served on the Board for more than nine years as at 31 March 2022 as he was first appointed to the Board on 7 August 2009. As at 31 March 2022, Mr George Wang was able to act in the best interests of all Unitholders of AA REIT as a whole and the Board is satisfied that Mr George Wang was able to act in the best interests of all Unitholders of AA REIT as a whole.

The 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 the Independent and Non-Executive Directors on issues that are brought before the Board. 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, as appropriate.

The size and composition of the Board and the Board Committees are reviewed from time to time to ensure that they are of an appropriate size and their 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 adopted a Board Diversity Policy which sets out the Manager's approach to diversity on its Board. Under the Board Diversity Policy, the NRC will review the relevant objectives including diversity in skills, industry and business experiences, gender, age and ethnicity when identifying qualified and suitable candidates for appointment to the Board so as to ensure that the Board remains sufficiently diverse to reflect a range of viewpoints. 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. The NRC will review the Board Diversity Policy from time to time as appropriate and if necessary, recommend changes to the policy for the Board's approval. During FY2022, 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 size and composition of the Board and the Board Committees are appropriate and enable 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 which has been set out in writing. 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 provides for the appointment of 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 Chief Financial Officer, 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.

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 FY2022, 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 FY2022, 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 FY2022, 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 FY2022, 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 which is payable wholly in cash 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 FY2022.

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-orientated and time-bound. A year-end review is carried out to measure actual performance against the KPIs while taking into consideration qualitative factors such as business environment, regulatory landscape and industry trends to determine a variable year-end bonus that is commensurate with the performance achieved. A portion of the variable year-end bonus is deferred for key employees to incentivise them to strive for short and longer term performance. In determining the actual quantum of the variable component of the remuneration to be paid, the NRC would take into account the extent to which the KPIs have been met. The KPIs of the Manager include distribution per unit growth of AA REIT. This will allow alignment of the Manager's employees' interests with those of AA REIT's Unitholders and other stakeholders and promotes the long-term success of AA REIT.

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 2022, the directors' fees paid in cash were as follows:

Directors' fees	FY2022	FY2021
Board Members		
Mr George Wang	-	-
Mr Ko Kheng Hwa	S$90,000	S$72,500[2]
Mr Chong Teck Sin	S$80,000	S$70,000
Mr Peter Michael Heng	S$72,500[1]	S$65,000
Mr Koh Wee Lih[3]	-	-

1. Includes a S$2,500 fee for chairing the FY2021 Annual General Meeting ("AGM") in July 2021.
2. Includes a S$2,500 fee for chairing the FY2020 Annual General Meeting ("AGM") in August 2020.
3. Mr Koh Wee Lih stepped down as the Executive Director on 28 November 2021.

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 has reviewed, assessed and decided against such disclosures for the following reasons:

- the spirit of Principle 8 of the CG Code is to enable shareholders of the Company to assess the remuneration levels of the Chief Executive Officer and key management personnel vis-à-vis the performance of the company as the remuneration is paid by the company and would impact the net returns to shareholders. However, in the current structure of AA REIT, the remuneration of the Directors and employees of the Manager are not paid out of the deposited property of AA REIT (listed issuer). Instead, they are remunerated directly by the Manager, which is a private company. The fees that the Manager received from AA REIT for FY2022 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 current management team has been serving the Manager and AA REIT effectively. 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 of the CG Code.

In FY2022, there were no employees of the Manager who were substantial shareholders of the Manager, substantial unitholders of AA REIT or immediate family members of a Director, the Chief Executive Officer, any substantial shareholder of the Manager or any substantial unitholder of AA REIT.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

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

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

The Head of Risk and Compliance has been appointed on 14 March 2022 to provide oversight and co-ordination of risk management to the Manager and AA REIT. The Head of Risk and Compliance is assisted by the Risk and Compliance Officers. Periodic updates will be provided by the Head of Risk and Compliance 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.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer 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 give a true and fair view of the operations and finances of the Group and the Trust which comprise the financial position and portfolio holdings of the Group and the Trust as at 31 March 2022, 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 Investment Funds" 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 2022.

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 2022. 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 FY2022.

CORPORATE GOVERNANCE

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 Chief Financial Officer on the financial records 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 FY2022, the ARCC's activities included the following:

- The ARCC performed independent reviews of AA REIT's business updates, half year 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 2022, 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 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 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 2022. 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 2022 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 148 to 149 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 2022.

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 FY2022 was approximately S$454,000, of which audit fees amounted to approximately S$264,000 and non-audit fees amounted to approximately S$190,000. The non-audit fees paid/payable to the external auditors mainly related to tax compliance services, acquisition related tax services, property technical due diligence services, and goods and service tax advisory services. Despite the higher proportion of non-audit fees, the ARCC is satisfied that the external auditor's independence will not be compromised as the non-audit services engaged by the Manager are not prohibited under The Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities prescribed in the Fourth Schedule to the Accountant (Public Accountants) Rules under the Accountants Act (Chapter 2) (the "ACRA Code").

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, the Manager ensures that the identity of the Whistleblower is kept confidential and remains committed to protect the Whistleblower against detrimental or unfair treatment. 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, and the Whistle Blowing Policy is available on AA REIT's website at https://www.aimsapacreit.com/whistle-blowing.html.

The ARCC is designated as the independent function to investigate all whistleblowing reports and is responsible for oversight and monitoring of whistleblowing. 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 FY2022, 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 and has appropriate standing within the Group. 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 FY2022, 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 FY2022 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.

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 https://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 FY2021 was, and the upcoming AGM on 26 July 2022 ("AGM FY2022") will be held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Units Trusts and Debenture Holders) Order 2020 ("Meetings Order"). Alternative arrangements relating to attendance at the AGM FY2022 (including arrangements by which the AGM FY2022 can be electronically accessed via live audio-visual webcast or live audio-only stream, submission of questions in advance of the AGM FY2022, addressing of substantial and relevant questions prior to the AGM FY2022 and voting by appointing the chairman of the meeting as proxy at the AGM FY2022) are set out in the Manager's notice of AGM dated 4 July 2022. 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 auditor's 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 CG 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 of the CG Code 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 Vice President of Investor Relations, Investments & Partnerships. The Manager has put in place an Investor Relations Policy which outlines AA REIT's principles and framework to promote effective communication with Unitholders and to provide them with timely and equal access to all publicly available information of AA REIT so that Unitholders can continue to exercise their rights in an informed manner. The Investor Relations Policy also sets out the Manager's commitment to engage Unitholders and stakeholders through regular, effective and fair communication. 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.

As provided for in the Investor Relations Policy, investors may subscribe to email alerts on AA REIT's corporate website for all announcements and SGXNET filings issued by AA REIT. Active Unitholder engagement, and continuous and informed dialogue between the Manager and Unitholders is a central tenet of good corporate governance. Unitholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or the Manager. Such questions, requests and comments can be addressed to the Investor Relations team via the Investor Relations contact available at AA REIT's website at investorrelations@aimsapac.com. 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 https://www.aimsapacreit.com to facilitate communication and engagement with stakeholders and ensure that stakeholders have access to timely information on AA REIT.

ADDITIONAL INFORMATION

Dealings in AA REIT Units

In line with Rule 1207(19) of the Listing Manual on Dealings in Securities, AA REIT has devised and adopted its own internal compliance code to provide guidance to its officers with regard to dealing by AA REIT and its officers in securities. AA REIT issues a memorandum 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 half year and full year 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 half year and full year 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) all 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) will be subject to review and prior approval of 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 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

(c) 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 235 of this Annual Report.

Fees payable to the Manager

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

The methodology for the computation of the fees is disclosed on page 168 under the "Notes to the Financial Statements" section of this Annual Report.

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

Base fee

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

Performance fee

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

Acquisition fee and Divestment fee

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

RISK MANAGEMENT REPORT

Enterprise Risk Management ("ERM") framework

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

The Board of Directors is responsible for the governance of risk. It is assisted by the ARCC to provide an overview of risk management at the Board level. The ARCC meets on a quarterly basis or more frequently, if required and these meetings are attended by the Chief Executive Officer as well as other key management staff. The ARCC is assisted by the Head of Risk and Compliance and Risk and Compliance Officers 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 FY2022

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 FY2022 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 e-commerce sales, stockpiling of essential goods and inventory requirements – all of which had accelerated amid the pandemic.

To ensure the continuation of business operations, the Manager has a Business Continuity Plan ("BCP") that is updated regularly to ensure minimal impact on potential operational disruptions to critical business activities.

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.

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 supply and demand for industrial and business park premises which may have an adverse effect on property yields. In order to mitigate such risks, the Manager has an established and diversified tenant base and adopts proactive tenant management strategies to retain and secure tenants. Regular feedback is also obtained from tenants to foster close landlord-tenant relationships. Where the opportunity arises, the Manager will embark 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 - Appendix 6 to the Collective Investment Schemes Code, 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 - Appendix 6 to the Collective Investment Schemes Code 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 2022, only 4.0% of the total borrowings is due for refinancing in the next 12 months. As at 31 March 2022, the Group and the Trust have total cash and balances of S$21.4 million and undrawn committed facilities of approximately S$160.4 million to fulfil their liabilities as and when they fall due.

Foreign exchange risk

AA REIT is exposed to fluctuation of the Australian dollar against the Singapore dollar. The Manager's strategy is to achieve a natural hedge through the use of Australian dollar denominated borrowings to hedge its investments in Australia and currency forwards to hedge the foreign currency income distribution from Australia, thereby mitigating the foreign exchange risk. As at 31 March 2022, the foreign currency borrowings hedge approximately 65.0% of the book value of AA REIT's investments in Australia.

Interest rate risk

The Manager adopts a proactive interest rate management strategy to manage the risk associated with adverse movement in interest rates. The Manager monitors interest rate risk regularly to limit AA REIT's net interest exposure to adverse movements in floating interest rate. As part of risk management, the Manager enters into hedging transactions to partially mitigate the risk of interest rate fluctuations through the use of interest rate swaps (including forward starting interest rate swaps) and/or fixed rate borrowings. As at 31 March 2022, 62.2% (or 91.6% hedged including forward starting interest rate swaps) 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 takes up to 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.

Cyber Security and Information Technology ("IT") Risks

Ongoing business digitalisation exposes the business to IT-related threats which may comprise the confidentiality, integrity and availability of AA REIT's information, assets and systems. IT controls and cybersecurity measures are put in place and reviewed on a ongoing basis to address any IT-related risks. Training on IT security awareness is conducted regularly to raise IT security awareness on the evolving threats such as spotting potential phishing attempts and other cybersecurity threats. On an annual basis, the Manager conducts the BCP and annual disaster recovery exercise to ensure timely recoverability of business-critical IT systems.

Human Capital Risk

Loss of key management personnel can cause disruptions to the business operations and hinder the achievement of strategic business goals. Human Capital Risk is mitigated by putting in place a competitive remuneration and benefits plan, talent management and offering staff development and training opportunities.

THE CONTINUING WORK OF SUSTAINABILITY

A dutiful farmer's work doesn't end with the harvest. Rather, it signals the start of another cycle of cultivation and growth - from tilling the paddy to targeting profitability. The crops are threshed, winnowed, and milled to diversify and maximise the value of the produce.

Likewise, our work is a continuing process of enhancing and expanding our portfolio to serve market demands. We are committed to cultivating the right environment for stability and growth. Our portfolio is the land we keep nourishing and strengthening for sustainable yields. Proactively prepared for the changing seasons and climates, and sustained to bring forth steady and reliable returns.

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 pleased to publish our 6th Sustainability Report. The scope of this report covers our environmental, social and governance ("ESG") performance, management approach and initiatives for the financial period from 1 April 2021 to 31 March 2022 ("FY2022") for all properties owned by AA REIT at our headquarters in Singapore.

This report has been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"): Core option and Rule 711B of the Mainboard Rules issued by Singapore Exchange Securities Trading Limited ("SGX-ST"). The GRI Standards were chosen due to their reputation as being an internationally recognised standard for reporting ESG issues. The GRI Content Index can be found on pages 74 to 77.

This report's content and material ESG topics were defined by applying the four reporting principles established in the GRI Standards:

- **Stakeholder Inclusiveness**
  The content and context of this report were determined through internal discussions within management and engagement with our various stakeholders. This ensures a comprehensive coverage of expectations and interests of all stakeholders.

- **Sustainability Context**
  Our business operations and performance were presented in the context of ESG landscape requirements at the local, regional and global level.

- **Materiality**
  The material issues disclosed in this report were identified through internal discussions within management and stakeholder engagement. These selected topics were determined to have the most significant impact on our business.

- **Completeness**
  This report covers various aspects of the material topics, including implications, initiatives and boundaries of datapoints, within the reporting period.

We have not sought external independent assurance for this annual sustainability report. All questions, comments and feedback related to the FY2022 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 FY2022. To view our previous sustainability reports, please visit our corporate website at:
www.aimsapacreit.com

ABOUT AIMS APAC REIT

GRI 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) ("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 Trust was formally admitted to the Official List of 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 Trust's operations are based in Singapore and Australia (New South Wales and Queensland) with Singapore accounting for almost 61% by valuation. The Trust serves tenants operating in the industrial sector including but not limited to: manufacturing, warehousing and distribution and 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 of the Annual Report

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. The Manager is also a member of the REIT Association of Singapore ("REITAS").

SUSTAINABILITY BOARD STATEMENT

GRI 102-14

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

In 2017, we established a Sustainability Council ("SC") to oversee and manage our efforts to incorporate sustainable practices into our business operations and activities. The SC is led by principal executives across various business functions and operates under the guidance of the Board. The SC implements and monitors our sustainability efforts and performs assessments to evaluate the outcomes against our set goals and targets. Moving forward from FY2022, the SC will also ensure incorporation of environmental risk considerations in investment research, portfolio construction, risk management and stewardship practices.

In FY2022, we conducted a materiality review in which the Board re-validated existing ESG topics that are of significant importance to AA REIT's business and are of concern to stakeholders. This was done through a stakeholder engagement survey which was delivered to over 80 stakeholders.

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

ENVIRONMENTAL

FY2022 was a year of continued recovery from the impacts of the COVID-19 pandemic, with the main theme in Singapore being the relaxing of restrictions and return towards pre-pandemic normalcy. The whole saga has shown the pressing need for building resilience and keeping our business focused on sustainability, both from an economical as well as environmental lens. While energy consumption increased compared to FY2021, we are encouraged that water consumption decreased by a large margin. We will continue to reduce our resource usage through implementation of efficiency and optimisation measures to boost our environmental performance. In this regard, we have engaged a sustainability consultant to undertake a carbon emission baseline study and gap analysis with a view to develop our sustainability framework in alignment with Singapore Green Plan 2030. This initiative is currently ongoing and we will make an announcement on its material development.

SOCIAL

The well-being of our employees remains a high priority. During the pandemic in FY2022, we maintained the option for our employees to telecommute and provide flexible work arrangements for all our employees to allow for more time in pursuing activities outside of the workplace that was previously spent travelling. Social distancing practices were updated in line with government regulations for those who chose to commute to work, along with provision of face masks and sanitisers.

Despite the distractions and disruptions due to the pandemic, we did not neglect providing our employees with training and development opportunities. As our employees are the backbone of AA REIT's continuity and growth, we are committed to supporting them by providing adequate resources for them to continue growing their knowledge and excelling in their individual areas of expertise. We will strive to progressively nurture and increase 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 our FY2022 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 aligning with Singapore's national sustainable development framework and agenda. We understand the importance of sustainably operating within the environment around us and limiting consumption of the natural resources it holds to last for future generations. To fulfil our duty as a responsible corporate citizen, we have set long-term sustainability goals to ensure business continuity while creating a positive economic, environmental and social impact.

Sustainability is an essential part of our strategy in achieving our business objective of delivering long-term value for stakeholders, maintaining business resiliency and managing risk exposure. Our aim is to reduce any adverse environmental and social impact of our operations while playing a role in betterment of the communities we operate in through investment of our capital and human effort.

To achieve our goals and meet our commitments, we have embedded several approaches into 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.

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 pre-emptively 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. We re-examined the top five UN SDGs through consultation with stakeholders in FY2022; there was no change in the top 5 choices and the results are detailed on page 63.

SUSTAINABILITY GOVERNANCE

The Manager's Board oversees the 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.

Moving forward from FY2022, the SC will also ensure incorporation of environmental risk considerations in investment research, portfolio construction, risk management and stewardship practices. It will also be responsible for establishing internal escalation processes for identifying and managing environmental risks.

ENVIRONMENTAL RISK MANAGEMENT

The Manager's sustainability strategy consists of risk management and 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.

In consideration of environmental risk arising from our operations, we have updated our enterprise risk management framework to include identification and mitigation of environmental risks. This is aligned with the Monetary Authority of Singapore Environmental Risk Management Guidelines ("MAS ENRM Guidelines") for Asset Managers that were released back in December 2020. The MAS ENRM Guidelines were drafted based on the Task Force on Climate-related Financial Disclosures ("TCFD") framework and recommendations, which focus on assessment and pricing of climate-related risks and opportunities. We will seek to further develop our approach to environmental risk management in line with best practices, to be both well prepared in the event that such risks do occur and affect our operations and be sensitive to the opportunities available.

SUSTAINABILITY ACROSS THE SUPPLY CHAIN

Our commitment to promoting sustainability extends across our supply chain, where we identify and manage risks in our outsourcing and procurement practices. AA REIT has a supply chain of approximately 240 active suppliers, including facility managers, 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 criteria 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.

We 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 delivered to over 80 stakeholders, we have identified five SDGs that are most applicable to our business and the impact we create for our stakeholders. The results were the same as when we first conducted this exercise in FY2020, just with a different ranking. The table below documents these SDGs in the order of priority from highest to lowest.

Ranking	SDG	Description	GRI Indicators
1	3 GOOD HEALTH AND WELL-BEING	**Good health and well-being:** Ensure healthy lives and promote well-being for all at all ages	403-1 to 403-9 413-1
2	11 SUSTAINABLE CITIES AND COMMUNITIES	**Sustainable cities and communities:** Make cities and human settlements inclusive, safe, resilient and sustainable	302-1 303-5 305-1 to 305-3
3	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Industry, innovation and infrastructure:** Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation	302-1 303-5 305-1 to 305-3
4	7 AFFORDABLE AND CLEAN ENERGY	**Affordable and clean energy:** Ensure access to affordable, reliable, sustainable and modern energy for all	302-1
5	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	201-1 404-1

STAKEHOLDER ENGAGEMENT

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

The Manager's stakeholder engagement process is centred around discovering the interests of stakeholders and keeping them at the forefront of business planning and strategy. We cultivate stakeholder relationships through open and transparent two-way communications. We then integrate their feedback into our sustainability strategy, influencing our choice of material ESG topics and disclosure areas. The stakeholders we engage directly with are identified based on importance, representation, responsibility, dependency and proximity to AA REIT's business.

Our stakeholder's views and opinions are of utmost importance to us and therefore we continuously look for ways to enhance our communication channels. The following table details the interactions we currently maintain with our key stakeholders.

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	• 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 ESG-related issues. A comprehensive set of material ESG indicators assessed and disclosed in this report highlights the priorities we have identified concerning specific issues.

We conduct a materiality assessment on a biennial basis and update the material topics regularly. In FY2022, the Manager and its external consultant had conducted a comprehensive stakeholder engagement process involving delivery of a stakeholder engagement survey to over 80 stakeholders. The results were analysed and consolidated by the SC, the Manager and the external consultant to identify and prioritise the management and disclosure of ESG-related issues. We have mapped the selected materiality issues to our top five UN SDGs on page 63 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 and Effluents	303-5 Water consumption	
	Emissions	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions	
Social	Occupational Health and Safety	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-3 Occupational health services 403-4 Worker participation, consultation and communication on occupational health and safety 403-5 Worker training on occupational health and safety 403-9 Work-related injuries	Within organisation and tenants
	Training and Education	404-1 Average hours of training per year per employee	Within organisation
	Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	External stakeholder groups

ECONOMIC

Economic Performance

GRI 201-1

The Manager purposes to deliver sustainable financial returns for stakeholders alongside pursuing sustainability across business operations. This is essential in addressing the needs of stakeholders and is perceived as a sign of true success. For detailed information regarding our economic performance, please view the Financial Statement section of our Annual Report, found on pages 145 to 232.

Anti-corruption

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

The Manager is committed to upholding integrity and ethical standards in the conduct of business, adopting a zero-tolerance policy against bribery, fraud, embezzlement and other forms of corrupt activities. We endeavour to maintain the highest standards of corporate governance and this commitment will go a long way in upholding our reputation and retaining the trust of stakeholders that we have built over the years.

OUR APPROACH

We have established a Code of Conduct that governs business dealings with customers, suppliers and all employees of the Manager. The Code of Conduct sets out guidelines on gifts and entertainment, conflicts of interest, compliance with applicable laws, dealing in securities and misuse of confidential information.

On top of that, we have a whistleblowing policy that provides a safe channel for stakeholders to report alleged corruption, unethical practices, conflicts of interest and other improprieties.

We remain committed to cultivating a culture of strong ethical behaviour, while embodying the core values and foundational principles that govern management of the business. All new employees undergo anti-corruption awareness training and familiarisation with the Code of Conduct as part of the orientation and onboarding process. In-house anti-corruption awareness training is also conducted on a regular basis so employees understand and are reminded of the ethical standards expected of them.

FY2022 PERFORMANCE

We measure the success of our anti-corruption efforts by the number of corruption incidents, with our target always being zero instances. In FY2022, we achieved our goal of zero instances of corrupt activities.

FY2023 TARGET

Ethical business is one of the core values of the Manager. Going forward, the Manager will continue to uphold the highest ethical standards in business dealings and maintain its corruption-free track record, through continuous anti-corruption awareness trainings for employees. We expect all employees to uphold the highest standards of integrity, accountability and corporate governance in the conduct of business.

ENVIRONMENT

In fulfilling our duty as a responsible corporate citizen, the Manager understands that sustainable management of business operations is essential. We believe that organisations especially should take the lead in pursuing sustainable practices, as their influence on the environment and society is much greater than individuals. One such example is where we had obtained approval for electronic communications from our Unitholders to stop sending out hardcopies of our Annual Reports to Unitholders unless requested. This meets their expectations of favouring sustainable practices which reduce consumption. Furthermore, the FY2022 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 2022, more than half of AA REIT's Singapore portfolio by net lettable area is Building and Construction Authority ("BCA") Green Mark compliant and we will continue to strive for formal Green Mark certifications for our relevant existing portfolio assets.

This year, 1A International Business Park was awarded the BCA Green Mark Gold Award for Existing Non-Residential Buildings. This is our third asset that has been awarded the BCA Green Mark Certification, with our other two assets being NorthTech and 3 Tuas Avenue 2. Another property in Australia – Optus Centre in Macquarie Park, New South Wales – also maintained a NABERS Energy Base Building Rating of 5 stars and NABERS Water Rating of 3.5 stars.

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 influence and responsibility to effectively support the Singapore Government's sustainable development framework, and are committed to our own sustainable development journey of creating economic and social value while simultaneously 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 sustainable resource consumption.

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. 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 at our properties. We are exploring other energy-saving technologies and practices such as installing solar panels at selected properties. 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 the annual GRESB assessment, which serves as an independent benchmark to provide a consistent and effective way of communicating the sustainability performance against our peers.

FY2022 PERFORMANCE

The scope of our energy consumption data and performance covers 19 out of 29 properties in our portfolio, over which we have operational control (FY2021: AA REIT had operational control over 20 out of 28 properties in its portfolio).

The total consumption for FY2022 was 9,198,850 kWh for the 19 properties based in Singapore, which represented a 23% increase in consumption from FY2021. 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 FY2022 by month for the common areas (building services, corridors and perimeter lighting) :

Total energy consumption for properties under operational control (kWh)

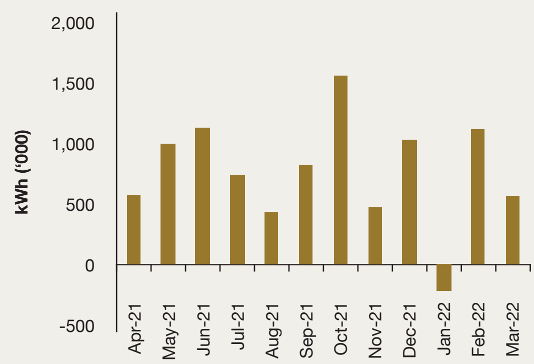


Figure 1: Energy consumption by month.[1]

Total energy consumption by year (kWh)

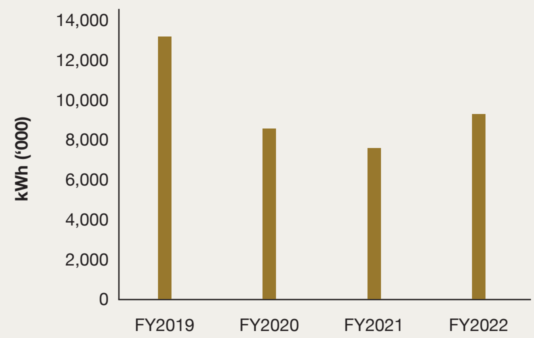


Figure 2: Total energy consumption by year.

The effectiveness of this approach is assessed through measurable year-on-year progress of our energy-efficient practices. The increase in energy consumption compared to the previous year was due to the relaxation of restrictions and resumption of close to pre-pandemic levels of activity during FY2022.

We are committed to reducing energy consumption given our belief in taking less from the environment by providing our customers with efficient facilities; we 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 Gold Plus for 7 Bulim Street, having obtained it for 1A International Business Park in FY2022.

[1] Negative figures represent billing adjustments for over-billings in prior periods

FY2023 TARGET

We are dedicated to investing in our new projects and existing properties to improve their energy efficiency in more sophisticated ways where possible. 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 support Singapore's sustainability agenda.

Water

GRI 103-1 | 103-2 | 103-3 | 303-5

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

Water consumption is poised to be an increasingly material aspect in the property sector due to global and national water resource trends. 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 usage patterns in an effort to identify opportunities to improve water efficiency.

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 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 bill savings for our customers.

FY2022 PERFORMANCE

For the 19 Singapore-based properties over which we have operational control, the total volume consumed in FY2022 was 193,678 cubic metres, which represented a 27% decrease in consumption from FY2021. We measured the total volume of water consumed for our Singapore operations where only municipal water was utilised, and the data was derived from actual billings. The graph below shows the total water consumption in FY2022 by month:

Total water consumption for properties under operational control (m^3)

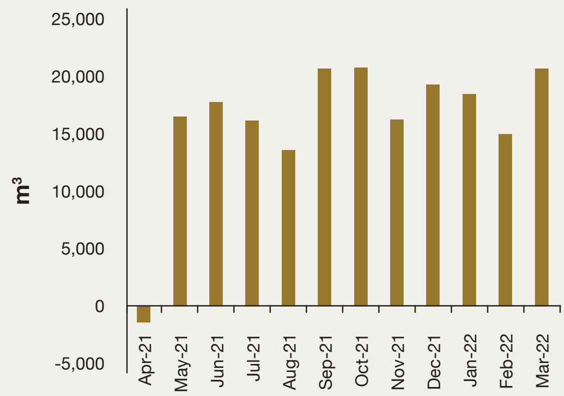


Figure 3: Water consumption by month[2]

Total water consumption by year (m^3)

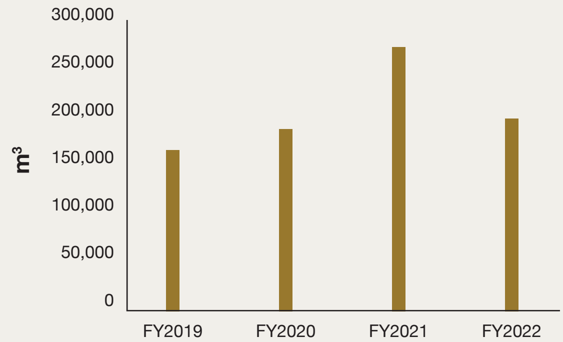


Figure 4: Total water consumption by year

In addition to tracking and monitoring improvements, we are a Public Utilities Board ("PUB") Friends of Water steward. In the near term, we will continue to build on our long-term ambition with a commitment to progressively achieve PUB's Water Efficient Building ("WEB") certification for all eligible buildings in our portfolio.

FY2023 TARGET

We strive to remain an active advocator of water conservation in the Singapore REIT sector. As part of our strategy, we continue to measure and evaluate the long-term sustainability of our water performance data and identify new water-efficiency opportunities within our portfolio and new developments. We will continue to evaluate our property portfolio for potential improvement works that will lead to enhanced water-savings and reduced consumption, for the good of our environment.

[2] Negative figures represent billing adjustments for over-billings in prior periods

Emissions

GRI 103-1 | 103-2 | 103-3 | 305-1 | 305-2 | 305-3

Carbon emissions is a pressing topic in the media and on the minds of corporates in this day and age. The focus on reducing emissions to curb the speed and magnitude of climate change spurs us to be more conscious about cutting such emissions where we can, which must first begin with accurate measurement of emissions present in our value chain.

While we have not measured our emissions in the past, we have recently engaged a sustainability consultant to undertake a carbon emission baseline study and gap analysis with a view to develop our sustainability framework in alignment with Singapore Green Plan 2030. This initiative is currently ongoing and we will make an announcement on its material development.

Subsequently, we target to accurately measure and disclose our Scope 1 and 2 emissions in the medium-term with a view to include Scope 3 emissions once we have the capabilities in place. This will allow us to effectively identify, analyse and curb emissions in our value chain for a healthier environment.

SOCIAL

Our greatest asset is our people, key to our long-term growth and advancement of the business. We have come a long way since the Initial Public Offering in 2007, having undergone expansion made possible by the invaluable contributions of our staff. We are committed to building and maintaining a workplace that is safe, fair and engaging for all our employees.

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 | 403-9

In recognising that our employees are key assets for the continued success of the organisation, we are committed to providing a safe working environment for our employees so that they remain productive and fully engaged. This was especially crucial during the pandemic in FY2022, which had shown us the importance of business continuity and business resilience. Beyond just physical safety, we also look out for overall well-being, implementing various initiatives that focus on enhancing awareness and nurturing well-being. During the pandemic, we also implemented safe workplace arrangements according to the prevailing government COVID-19 regulations.

OUR APPROACH

We strive to ensure the safety and health of employees in the workplace to promote a pleasant workplace environment. The OHS Committee, which was established in FY2017, is responsible for managing and initiating OHS activities including the constant review of occupational health and safety standards, implementing appropriate work practice control measures and keeping staff abreast of regulatory updates.

Our OHS Committee comprises members from all departments within the organisation to ensure an appropriate representation in formulating OHS processes and policies. As of 31 March 2022, our OHS Committee comprised five members and represented approximately 13% of our workforce. It holds regular meetings to review the OHS initiatives of the previous quarter and planning for the subsequent quarter.

We continually instil safety awareness in our employees through education and monitoring to protect employees from potential hazardous situations and promote well-being in the workplace. We also have in place a Business Continuity Plan to maintain and implement business continuity and emergency planning. During the pandemic, such risk assessment initiatives were carried out to implement safe distancing management for our employees.

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 the goal of reducing risks related to occupational safety and health, as well as preventing 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.

FY2022 PERFORMANCE

The effectiveness of our OHS management is measured by the instances of avoidable OHS incidents, with our target always being zero instances. In FY2022, we achieved our goal of zero instances of OHS incidents. 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.

FY2023 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

8 DECENT WORK AND ECONOMIC GROWTH

We believe that our employees are key assets and nurturing their personal and professional development is essential for the continued successful partnerships. With our talent management efforts to develop and cultivate employee engagement, innovation, commitment and alignment with AA REIT's corporate objectives, we remain committed to nurturing our employees by providing equal opportunities for growth and development, so as to enable our employees to thrive in an inclusive workplace.

OUR APPROACH

We strive to create an enriching and engaging work environment that is conducive for talent development. During the pandemic in FY2022, we ensured that all employees are still able to continue to acquire new skills and knowledge through relevant learning and training programmes through digital and virtual methods. We believe that our employees' growth is critical for adapting to new opportunities and building business resilience for the organisation. An engaged and cohesive workforce in an inclusive workplace provides for a conducive environment for a growing partnership.

We believe that developing the skills and competencies of our employees is critical to our success and we are committed to investing in the holistic talent development of our employees. Our training programmes comprise of continuing professional development to keep updated on the REIT industry, regulatory framework as well as skills relevant to their respective areas of responsibilities. Our employees' competencies are further supported by the conduct of regular performance evaluations to identify areas for further coaching and to align their developmental needs.

Onboarding of new employees are also conducted to ensure governance and risk management. Employees are also educated on the importance of ESG and corporate citizenship, promoting a culture where sustainability is an important consideration in the conduct of our business operations.

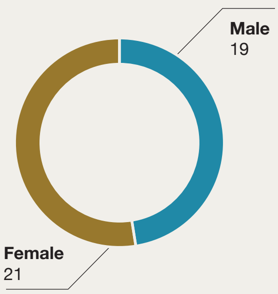
We ensure the principles of decent work and fair employment practices and have a zero tolerance of any workplace discrimination. We have in place a Whistle Blowing Policy to provide a channel through which employees may report in good faith and in confidence any concerns in financial and other matters and arrangements are in place for independent investigation with appropriate follow-up action.

FY2022 PERFORMANCE

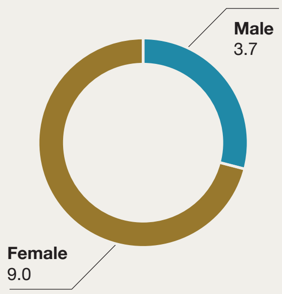
The effectiveness of our training and education programmes is measured in hours of training received by each employee.

During the reporting period of FY2022, we have provided a total of around 259 training hours for all our employees which consisted of the topics stated above, with each employee receiving an average of about 6.5 training hours. The decrease in the average training hours was mainly due to a significant increase in the number of staff in the middle of FY2022. 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.

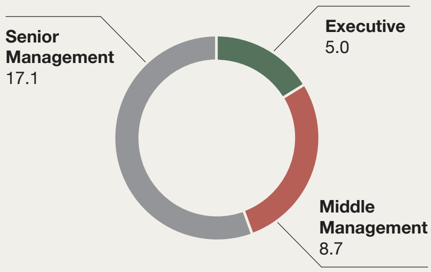
Total employees



Average training hours by gender



Average training hours by category



FY2023 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 interests of the organisation and each individual.

SUSTAINABILITY REPORT

COMMUNITY ENGAGEMENT

GRI 103-1 | 103-2 | 103-3 | 413-1

3 GOOD HEALTH AND WELL-BEING

OUR COMMUNITY

As a socially responsible corporate organisation, we aim to make positive impacts on our local community by committing time and resources towards its prosperity and development. Corporate Social Responsibility ("CSR") is infused in our foundational principles and core values. We encourage our employees to actively take part in our organisation's regular community and volunteering events to nurture the spirit of volunteerism.

In FY2022, The Manager continued its partnership with Engineering Good, a non-profit organisation that empowers inclusivity for disadvantaged and vulnerable communities through sustainable engineering and technology solutions. We donated used laptops which would be refurbished by Engineering Good and distributed to known disadvantaged communities such as Family Service Centres beneficiaries.

Furthermore, we also proudly partnered with The Food Bank Singapore and Thye Hua Kwan Moral Charities (THK Family Service Centre @ Jurong) in FY2022. We donated and packed daily essential bundles which groups of our employees directly delivered to underprivileged households in the vicinity of Jurong. We aim to continue our outreach efforts by partnering with The Food Bank Singapore in FY2023.

With the Singapore government easing island-wide safe management measures, we will continue to encourage all our employees to actively participate in targeted CSR activities for FY2023.

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") 2021
November 2021

AA REIT was ranked joint-16th in the fifth edition of Governance Index for Trusts 2021 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.

BUILDING AND CONSTRUCTION AUTHORITY ("BCA") GREEN MARK
January 2022

1A International Business Park was awarded the Building and Construction Authority's Green Mark Gold Award for Existing Non-Residential Buildings. This is our third asset that has been awarded the BCA Green Mark Certification, with our other two assets being NorthTech and 3 Tuas Avenue 2.

GRI CONTENT INDEX

GRI STANDARD	Disclosures		Chapter / Remarks	Omission
	ORGANISATIONAL PROFILE			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	About this Report	
	102-2	Activities, brands, products, and services	Industrial real estate management	
	102-3	Location of headquarters	Corporate Directory	
	102-4	Location of operations	About AIMS APAC REIT	
	102-5	Ownership and legal form	About AIMS APAC REIT	
	102-6	Markets served	About AIMS APAC REIT	
	102-7	Scale of the organisation	Social – Training and Education	
	102-8	Information on employees and other workers	Social – Training and Education	
	102-9	Supply chain	Sustainability Management at AA REIT – Sustainability across the supply chain	
	102-10	Significant changes to organisation and its supply chain	No changes	
	102-11	Precautionary Principle or approach	Sustainability Management at AA REIT	
	102-12	External initiatives	Sustainability Management at AA REIT	
	102-13	Membership of associations	About AIMS APAC REIT – Memberships and Associations	
	STRATEGY			
	102-14	Statement from senior decision-maker	Sustainability Board Statement	
	ETHICS AND INTEGRITY			
	102-16	Values, principles, standards, and norms of behaviour	Economic – Anti-corruption	
	GOVERNANCE			
	102-18	Governance structure	Sustainability Management at AA REIT – Sustainability governance	
	STAKEHOLDER ENGAGEMENT			
	102-40	List of stakeholder groups	Stakeholder Engagement	
	102-41	Collective bargaining agreements		Not Applicable as we don’t have trade unions.
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement	
	102-43	Approach to stakeholder engagement	Stakeholder Engagement	
	102-44	Key topics and concerns raised	Stakeholder Engagement	

GRI STANDARD	Disclosures		Chapter / Remarks	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. AA REIT (Alexandra) Pte. Ltd. AA REIT Alexandra Trust AIMS APAC REIT (Australia) Trust AA REIT Macquarie Park Investment Trust AA REIT Australia Trust (QLD) Burleigh Heads Trust AA REIT Australia Trust (NSW) Bella Vista Trust **Joint Venture:** Macquarie Park Trust	
	102-46	Defining report content and topic Boundaries	About this Report	
	102-47	List of material topics	Materiality Assessment	
	102-48	Restatements of information	There are no restatements of information	
	102-49	Changes in reporting	There are no reportable changes in FY2022 sustainability report	
	102-50	Reporting period	About this Report	
	102-51	Date of the most recent report	July 2021	
	102-52	Reporting cycle	About this Report	
	102-53	Contact point for questions regarding the report	About this Report	
	102-54	Claims of reporting in accordance with GRI Standards	About this Report	
	102-55	GRI content index	GRI Content Index	
	102-56	External assurance	About this Report	
MATERIAL TOPICS				
CATEGORY: ECONOMIC				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Annual Report – Chairman's Statement	
	103-2	The management approach and its components	Annual Report – Chairman's Statement	
	103-3	Evaluation of the management approach	Annual Report – Chairman's Statement	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Annual Report – Financial Statements	

GRI STANDARD	Disclosures		Chapter / Remarks	Omission
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Economic – Anti-corruption	
	103-2	The management approach and its components	Economic – Anti-corruption	
	103-3	Evaluation of the management approach	Economic – Anti-corruption	
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Economic – Anti-corruption	
CATEGORY: ENVIRONMENT				
SUB-CATEGORY: ENERGY				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environment – Energy	
	103-2	The management approach and its components	Environment – Energy	
	103-3	Evaluation of the management approach	Environment – Energy	
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Environment – Energy	
SUB-CATEGORY: WATER				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environment – Water	
	103-2	The management approach and its components	Environment – Water	
	103-3	Evaluation of the management approach	Environment – Water	
GRI 303: Water and Effluents 2018	303-5	Interactions with water as a shared resource	Environment – Water	
SUB-CATEGORY: EMISSIONS				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Environment – Emissions	
	103-2	The management approach and its components	Environment – Emissions	
	103-3	Evaluation of the management approach	Environment – Emissions	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environment – Emissions	
	305-2	Energy indirect (Scope 2) GHG emissions	Environment – Emissions	
	305-3	Other indirect (Scope 3) GHG emissions	Environment – Emissions	

GRI STANDARD	Disclosures		Chapter / Remarks	Omission
CATEGORY: SOCIAL				
SUB-CATEGORY: OCCUPATIONAL HEALTH AND SAFETY				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Social – Occupational Health and Safety	
	103-2	The management approach and its components	Social – Occupational Health and Safety	
	103-3	Evaluation of the management approach	Social – Occupational Health and Safety	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Social – Occupational Health and Safety	
	403-2	Hazard identification, risk assessment, and incident investigation	Social – Occupational Health and Safety	
	403-3	Occupational health services	Social – Occupational Health and Safety	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Social – Occupational Health and Safety	
	403-5	Worker training on occupational health and safety	Social – Occupational Health and Safety	
	403-9	Work-related injuries	Social – Occupational Health and Safety	
SUB-CATEGORY: TRAINING AND EDUCATION				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Social – Training and Education	
	103-2	The management approach and its components	Social – Training and Education	
	103-3	Evaluation of the management approach	Social – Training and Education	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Social – Training and Education	
SUB-CATEGORY: LOCAL COMMUNITIES				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Community Engagement	
	103-2	The management approach and its components	Community Engagement	
	103-3	Evaluation of the management approach	Community Engagement	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement	

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$'million)	222.30
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	9.81
Capitalisation rate (%)	6.5
Acquisition date	19 April 2007
Purchase price (S$'million)	39.40
Leasehold title expiry date	15 January 2041
Land area (sq m)	76,946.10
Gross floor area (sq m)	153,892.20
Net lettable area (sq m)	148,168.77
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	99.9
Annual gross rental income FY2022 (S$'million)	20.13

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$'million)	160.10
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	7.06
Capitalisation rate (%)	5.50
Acquisition date	15 October 2010
Purchase price (S$'million)	161.00
Leasehold title expiry date	15 October 2049
Land area (sq m)	38,297.00
Gross floor area (sq m)	95,758.40
Net lettable area (sq m)	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 FY2022 (S$'million)	12.07

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$'million)	153.60
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	6.78
Capitalisation rate (%)	5.75
Acquisition date	19 April 2007
Purchase price (S$'million)	115.00
Leasehold title expiry date	31 May 2068
Land area (sq m)	32,376.50
Gross floor area (sq m)	80,940.00
Net lettable area (sq m)	65,831.75
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	98.1
Annual gross rental income FY2022 (S$'million)	10.75

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$'million)	130.50
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	5.76
Capitalisation rate (%)	5.25
Acquisition date	9 October 2020
Purchase price (S$'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
Net lettable 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 FY2022 (S$'million)	10.31

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$'million)	53.40
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	2.36
Capitalisation rate (%)	6.00
Acquisition date	11 January 2010
Purchase price (S$'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
Net lettable 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 FY2022 (S$'million)	3.58

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$'million)	30.70
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	1.35
Capitalisation rate (%)	6.25
Acquisition date	21 January 2008
Purchase price (S$'million)	14.50
Leasehold title expiry date	30 June 2043
Land area (sq m)	7,541.00
Gross floor area (sq m)	18,852.50
Net lettable area (sq m)	17,604.59
Property type	Logistics and Warehouse
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	2.93

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$'million)	20.70
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.91
Capitalisation rate (%)	6.25
Acquisition date	11 January 2010
Purchase price (S$'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
Net lettable area (sq m)	11,518.08
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	83.1
Annual gross rental income FY2022 (S$'million)	1.59

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$'million)	22.30
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.98
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	33.80
Leasehold title expiry date	15 June 2056
Land area (sq m)	9,219.10
Gross floor area (sq m)	14,793.00
Net lettable area (sq m)	12,612.90
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	94.8
Annual gross rental income FY2022 (S$'million)	2.04

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$'million)	21.00
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.93
Capitalisation rate (%)	6.00
Acquisition date	17 December 2007
Purchase price (S$'million)	20.80
Leasehold title expiry date	31 March 2055
Land area (sq m)	8,832.60
Gross floor area (sq m)	14,187.30
Net lettable area (sq m)	11,791.49
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	92.4
Annual gross rental income FY2022 (S$'million)	1.84

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$'million)	18.70
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.83
Capitalisation rate (%)	6.25
Acquisition date	11 January 2010
Purchase price (S$'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
Net lettable area (sq m)	10,087.70
Property type	Logistics and Warehouse
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	2.37

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$'million)	12.00
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.53
Capitalisation rate (%)	6.25
Acquisition date	31 March 2008
Purchase price (S$'million)	18.30
Leasehold title expiry date	15 June 2053
Land area (sq m)	9,998.30
Gross floor area (sq m)	9,081.30
Net lettable area (sq m)	8,099.31
Property type	Logistics and Warehouse
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	80.0
Annual gross rental income FY2022 (S$'million)	0.86

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$'million)	128.00
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	5.65
Capitalisation rate (%)	6.00
Acquisition date	21 February 2011
Purchase price (S$'million)	72.00
Leasehold title expiry date	8 January 2055
Land area (sq m)	17,955.50
Gross floor area (sq m)	45,478.81
Net lettable area (sq m)	36,645.45
Property type	Hi-Tech
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	11.02

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$'million)	75.10
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	3.31
Capitalisation rate (%)	5.75
Acquisition date	30 November 2009
Purchase price (S$'million)	90.20
Leasehold title expiry date	31 May 2059
Land area (sq m)	7,988.40
Gross floor area (sq m)	19,949.60
Net lettable area (sq m)	16,111.98
Property type	Business Park
Town planning	Business Park
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	64.9
Annual gross rental income FY2022 (S$'million)	4.92

15 TAI SENG DRIVE, SINGAPORE

LIGHT INDUSTRIAL

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

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

Property details	
Valuation (S$'million)	33.00
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	1.46
Capitalisation rate (%)	6.00
Acquisition date	17 December 2007
Purchase price (S$'million)	28.90
Leasehold title expiry date	31 March 2051
Land area (sq m)	9,077.90
Gross floor area (sq m)	22,594.00
Net lettable area (sq m)	17,886.46
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	98.5
Annual gross rental income FY2022 (S$'million)	2.10

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$'million)	25.60
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	1.13
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	18.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	6,399.30
Gross floor area (sq m)	15,978.40
Net lettable area (sq m)	13,704.87
Property type	Light Industrial
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	2.25

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$'million)	26.20
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	1.16
Capitalisation rate (%)	6.00
Acquisition date	11 January 2010
Purchase price (S$'million)	17.20
Leasehold title expiry date	31 July 2050
Land area (sq m)	3,813.60
Gross floor area (sq m)	9,493.10
Net lettable area (sq m)	8,456.43
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	2.92

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 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$'million)	20.20
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.89
Capitalisation rate (%)	6.00
Acquisition date	10 March 2008
Purchase price (S$'million)	25.00
Leasehold title expiry date	30 June 2054
Land area (sq m)	5,420.10
Gross floor area (sq m)	12,385.00
Net lettable area (sq m)	9,723.38
Property type	Light Industrial
Town planning	Business 1
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	87.2
Annual gross rental income FY2022 (S$'million)	2.06

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$'million)	11.80
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.52
Capitalisation rate (%)	5.75
Acquisition date	30 January 2008
Purchase price (S$'million)	14.00
Leasehold title expiry date	30 June 2055
Land area (sq m)	3,231.40
Gross floor area (sq m)	8,029.29
Net lettable area (sq m)	6,583.52
Property type	Light Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	1.25

3 TUAS AVENUE 2, SINGAPORE

GENERAL INDUSTRIAL

The property comprises a four-storey ramp-up industrial facility for production and storage. The building is serviced by four passenger lifts and two cargo lifts with loading and unloading bays on the 2nd to 4th storeys.

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

Property details	
Valuation (S$'million)	54.30
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	2.39
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	20.80
Leasehold title expiry date	15 March 2055
Land area (sq m)	17,802.70
Gross floor area (sq m)	24,899.28
Net lettable area (sq m)	24,899.28
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (ResMed Asia Pte. Ltd.)
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	3.86

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, Admiralty, Woodlands, Woodlands North and Woodlands South MRT stations.

Property details	
Valuation (S$'million)	48.90
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	2.16
Capitalisation rate (%)	6.25
Acquisition date	16 November 2016
Development cost[1] (S$'million)	34.9
Leasehold title expiry date	31 July 2044
Land area (sq m)	8,611.60
Gross floor area (sq m)	21,529.00
Net lettable area (sq m)	21,529.00
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master lease (Beyonics International Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	5.12

[1] Including 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$'million)	27.90
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	1.23
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	11.60
Leasehold title expiry date	13 November 2051
Land area (sq m)	10,560.10
Gross floor area (sq m)	14,757.80
Net lettable area (sq m)	13,359.16
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	2.06

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$'million)	19.60
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.86
Capitalisation rate (%)	6.25
Acquisition date	21 January 2008
Purchase price (S$'million)	24.60
Leasehold title expiry date	31 August 2052
Land area (sq m)	5,921.80
Gross floor area (sq m)	14,601.00
Net lettable area (sq m)	11,917.10
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Multi-tenanted
Occupancy of property (%)	77.1
Annual gross rental income FY2022 (S$'million)	1.43

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 areas.

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$'million)	16.10
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.71
Capitalisation rate (%)	6.25
Acquisition date	19 April 2007
Purchase price (S$'million)	15.20
Leasehold title expiry date	31 March 2047
Land area (sq m)	5,610.20
Gross floor area (sq m)	7,325.00
Net lettable area (sq m)	6,255.00
Property type	General Industrial
Town planning	Business 1
Lease terms	
Lease type	Master Lease (CIT Cosmeceutical Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	2.62

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 and 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$'million)	11.90
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.53
Capitalisation rate (%)	6.00
Acquisition date	3 October 2007
Purchase price (S$'million)	16.80
Leasehold title expiry date	30 June 2054
Land area (sq m)	6,851.40
Gross floor area (sq m)	8,770.90
Net lettable area (sq m)	8,770.90
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 FY2022 (S$'million)	1.22

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$'million)	14.10
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.62
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	12.80
Leasehold title expiry date	31 October 2054
Land area (sq m)	7,031.30
Gross floor area (sq m)	9,249.00
Net lettable area (sq m)	7,278.80
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (Sin Hwa Dee Food Stuff Industries Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	1.26

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$'million)	12.20
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	0.54
Capitalisation rate (%)	6.00
Acquisition date	19 April 2007
Purchase price (S$'million)	8.30
Leasehold title expiry date	31 December 2053
Land area (sq m)	5,823.30
Gross floor area (sq m)	6,642.16
Net lettable area (sq m)	5,715.13
Property type	General Industrial
Town planning	Business 2
Lease terms	
Lease type	Master Lease (Aalst Chocolate Pte Ltd)
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	1.40

PROPERTY SHOWCASE

AUSTRALIA

OPTUS CENTRE, 1-5 LYONPARK ROAD, MACQUARIE PARK, NEW SOUTH WALES 2113, 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.

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.

Asset enhancement works for the property, which included new floor tiles, new bathrooms, lift refurbishments, new end of trip facilities as well as interlinked plant rooms, were carried out while the property remained in operation and these works were completed in January 2022.

Property details	
Valuation (S$'million)	369.34[1,2]
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	16.23
Capitalisation rate (%)	4.75
Acquisition date	7 February 2014
Purchase price (S$'million)	205.33[1,3]
Leasehold title expiry date	Freehold
Land area (sq m)	37,171.40[1]
Gross floor area (sq m)	41,255.06[1]
Net lettable area (sq m)	41,255.06[1]
Property type	Business Park
Town planning	Business Park
Lease terms	
Lease type	Master Lease (Optus Administration Pty Limited)
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	18.90[1]

[1] Reflects 49.0% interest in the property.

[2] Based on exchange rate of A$1.00 = S$1.0131. The valuation for the property is A$744.00 million appraised by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2022.

[3] Based on exchange rate of A$1.00 = S$1.113350. The purchase price for the 49.0% interest in the property was A$184.425 million.

PROPERTY SHOWCASE

AUSTRALIA

WOOLWORTHS HQ, 1 WOOLWORTHS WAY,
BELLA VISTA, NEW SOUTH WALES 2153, AUSTRALIA

BUSINESS PARK

The property is a landmark modern freehold A-grade corporate campus style development with three buildings comprising of four and five levels of office accommodation above a multi-deck car park arranged around a covered central atrium building with internal retail, restaurant/café, supermarket, fitness centre facilities as well as data centre operations. The property is currently undergoing façade upgrading works while remaining operational.

It is prominently located within the Norwest Business Park and is approximately 27 km north-west of the Sydney Central Business District (CBD) and approximately 10 km north of Parramatta CBD. The property occupies a gateway site on the western fringe of the business park which has close proximity and access to the M7 Motorway and is well connected between two metro stations (Norwest and Bella Vista).

Property details	
Valuation (S$'million)	474.13[1]
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	20.92
Capitalisation rate (%)	5.13
Acquisition date	15 November 2021
Purchase price (S$'million)	454.00[2]
Leasehold title expiry date	Freehold
Land area (sq m)	90,010
Gross floor area (sq m)	44,971.80
Total lettable area (sq m)	44,971.80
Property type	Business Park
Town planning	Business Park
Lease terms	
Lease type	Master Lease (Woolworths Group Limited)
Occupancy of property (%)	100.0
Annual gross rental income FY2022 (S$'million)	10.03[3]

1 Based on exchange rate of A$1.00 = S$1.0131. The valuation for the property is A$468.00 million appraised by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2022.
2 Based on exchange rate of A$1.00 = S$0.98.
3 Gross rental income from date of completion 15 November 2021.

BOARDRIDERS ASIA PACIFIC HQ, 209-217 BURLEIGH CONNECTION ROAD, BURLEIGH WATERS, QUEENSLAND 4220, 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$'million)	54.20[1]
Valuation date	31 March 2022
Valuation as percentage of total portfolio value (%)	2.39
Capitalisation rate (%)	5.75%
Acquisition date	15 July 2019
Purchase price (S$'million)	36.63[2]
Leasehold title expiry date	Freehold
Land area (sq m)	33,300.00
Gross floor area (sq m)	14,883.00
Net lettable area (sq m)	14,559.00
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 FY2022 (S$'million)	3.54

1 Based on exchange rate of A$1.00 = S$1.0131. The valuation for the property is A$53.50 million appraised by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2022.

2 Based on exchange rate of A$1.00 = S$0.952449. The purchase price of the property was A$38.46 million.

OVERVIEW OF THE SINGAPORE ECONOMY

The following report dated 19 May 2022 was prepared by Knight Frank Pte Ltd for the purpose of inclusion in this Annual Report and incorporates information up to that date, and excludes any information arising or event occurring after that date.

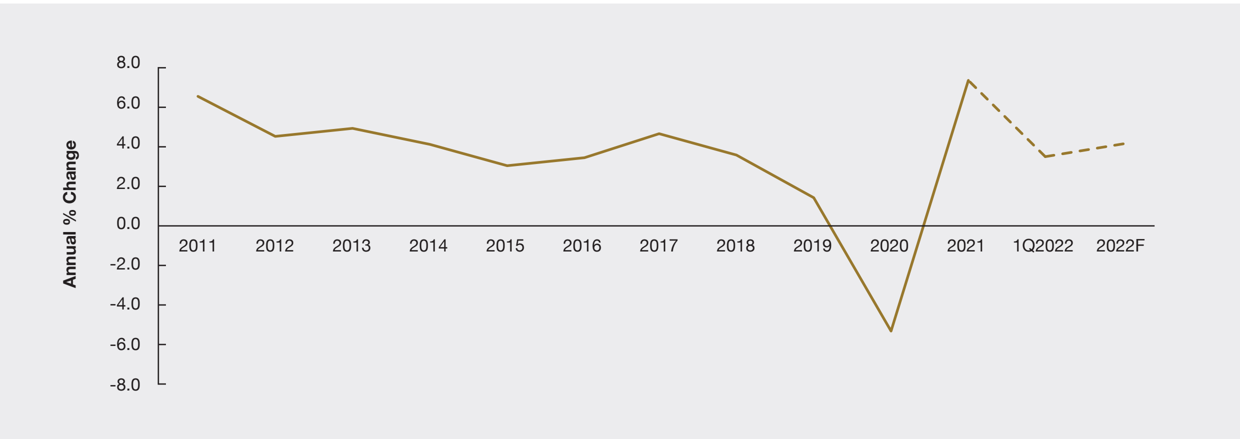
1 OVERVIEW OF THE SINGAPORE ECONOMY

1.1 Singapore's economic performance

According to the Ministry of Trade and Industry (MTI), the Singapore economy expanded by 7.6% year-on-year (y-o-y) for the whole of 2021, a healthy rebound from the 4.1% contraction in 2020. 2021 economic performance was mainly lifted by the manufacturing, finance and insurance, and wholesale trade sectors. The manufacturing sector recorded 13.2% y-o-y growth, accelerating from the 7.5% growth in the previous year. Output expansion was observed across all clusters, with the precision engineering, electronics and transport engineering clusters registering the largest output increase. Supported by both public and private sector construction projects, the construction sector expanded by 20.1% y-o-y, a reversal from the 38.4% contraction in 2020.

Based on advance estimates released on 14 April 2022, Singapore's economic growth moderated to 3.4% y-o-y in 1Q 2022, from 6.1% in the preceding quarter (Exhibit 1-1). The growth performance fell slightly short of the 3.8% forecast by economists in a Bloomberg poll. Growth across all sectors moderated in the first quarter of 2022, with the manufacturing sector having expanded by 6.0% y-o-y, easing from the 15.5% growth in the preceding quarter. The growth was supported by output expansions in most clusters, in particular the electronics and precision engineering clusters, driven by the sustained global demand for semiconductors. Similarly, the construction sector achieved 1.8% y-o-y growth, moderating from the 2.9% growth in the previous quarter.

Exhibit 1-1: Singapore GDP growth rate, 2011 to 2022F



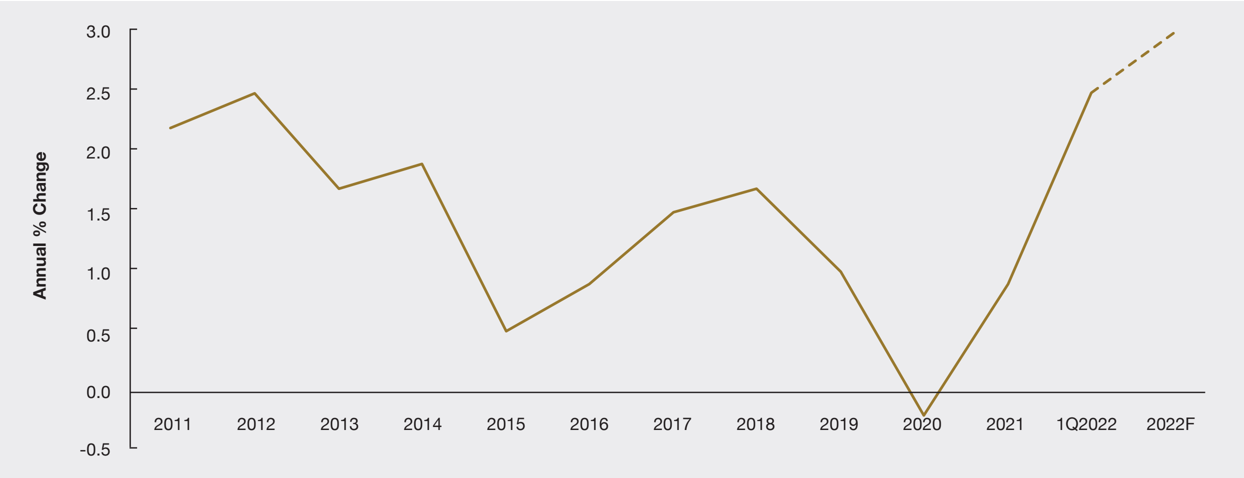
Source: MTI, Knight Frank

1.2 Inflation

According to the Monetary Authority of Singapore (MAS), Singapore's core inflation rose to 2.9% y-o-y in March 2022, up from 2.2% in the previous month. This reflected higher inflation for food and services, attributed to an increase in holiday expenses from the strong pick-up in costs of recreational and cultural goods with the introduction of Vaccination Travel Lanes (VTLs). Amid the Russia-Ukraine war and disruptions in energy and commodities supply, global inflation is expected to stay high before easing in the second half of the year. In the near term, heightened geopolitical risks and tight supply conditions will keep energy prices at elevated levels.

To address accumulating external and domestic cost pressures, MAS has moved to tighten its monetary policy in mid-April 2022 by increasing the slope of the Singapore dollar nominal effective exchange rate (S$NEER) policy band twice in the past six months, with the first tightening in January. This hawkish move undertaken by MAS ensures medium price stability by strengthening the Singapore dollar against foreign currencies of its major trading partners while absorbing inflationary pressures from imported goods. MAS expects core inflation to pick up in the coming months before easing in the second half of the year as external inflation recedes, with overall projection at 2.5% to 3.5% for the whole of 2022 (Exhibit 1-2).

Exhibit 1-2: Singapore MAS core inflation rate, 2011 to 2022F

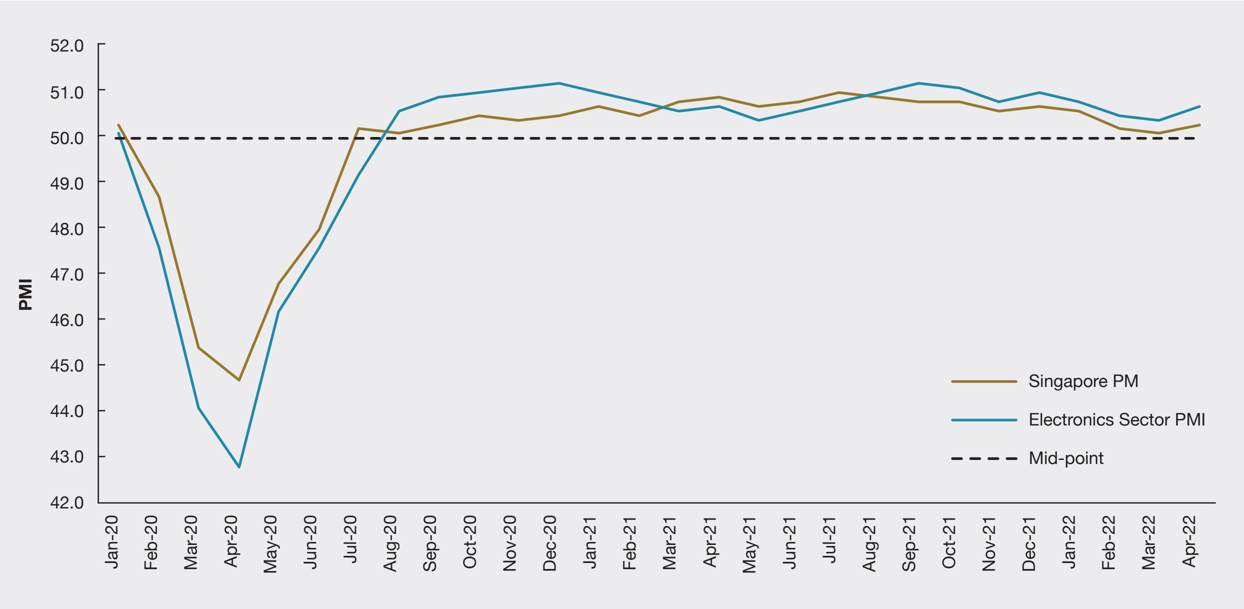


Source: MAS, Singstat, Knight Frank

1.3 Manufacturing Sector

Based on the Singapore Institute of Purchasing and Materials Management (SIPMM) statistics, despite the recessionary pressures amid the COVID-19 pandemic, the Purchasing Managers Index (PMI) pointed towards healthy expansion (PMI > 50) for 21 consecutive months since July 2020 following its trough in April 2020. The PMI reached its peak in September 2021, registering an expansion at 51.2 (Exhibit 1-3).

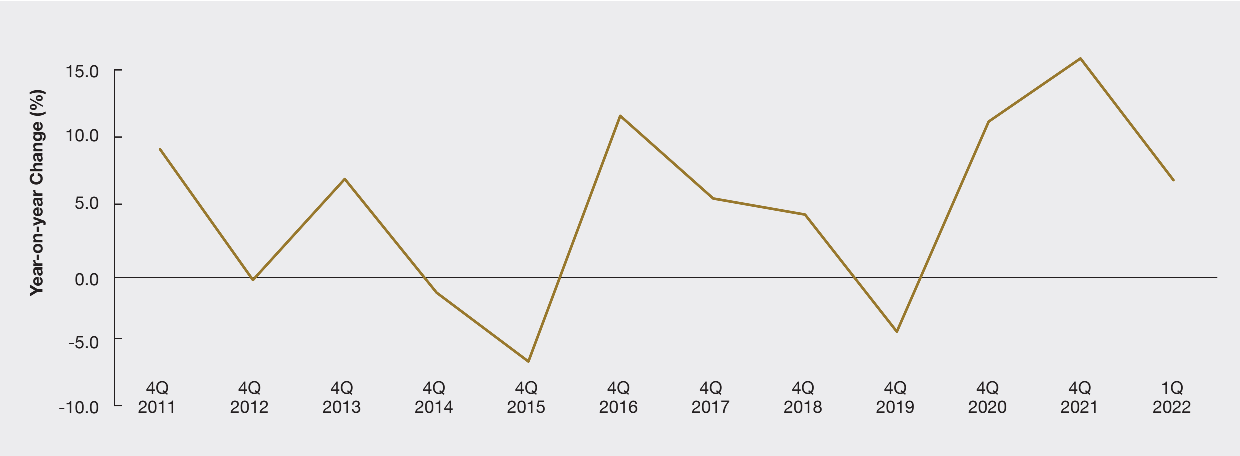
Exhibit 1-3: Purchasing Managers' Index, January 2020 to April 2022



Source: SIPMM, Knight Frank

From the Index of Industrial Production, most industry clusters demonstrated improvements and Singapore's industrial production recorded an expansion of 7.1% y-o-y in 1Q 2022, moderating from the 16.0% y-o-y growth achieved in the previous quarter (Exhibit 1-4). The expansion was mainly driven by the Electronics and Precision Engineering clusters, supported by the strong global demand for semiconductors used in data centres and 5G products. While geopolitical tensions and macroeconomic uncertainties from the COVID-19 pandemic continue to persist, the outlook for Singapore's manufacturing sector is set to look positive and serve as a key growth driver for the Singapore economy going forward. Additionally, Singapore is in the process of forging new trade initiatives in new economy segments such as data and Information Technology (IT). Demand for IT equipment and more electronic components will also arise from the proliferation of advanced technologies such as Artificial Intelligence (AI) and the Internet of Things (IoT).

Exhibit 1-4: Singapore Index of Industrial Production, 4Q 2011 to 1Q 2022



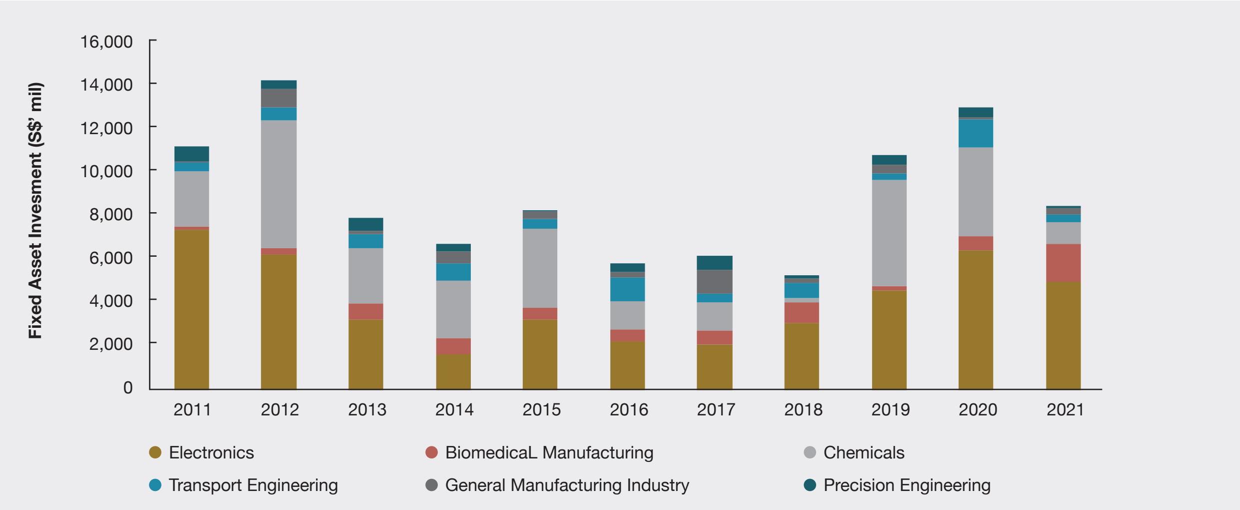
Source: Singstat, Knight Frank

1.4 Fixed Asset Investments

Singapore secured S$11.8 billion in fixed asset investments (FAI) in 2021. Though it was a decline from the previous year's decade-high of S$17.2 billion, it was still above the Singapore Economic Development Board's (EDB) medium- to long-term target range of S$8 billion to S$10 billion. The 2021 investment result was on par with the five-year annual average before 2020.

The manufacturing sector remains a key pillar of Singapore's economy. Like 2020, the electronics segment received the highest proportion of FAI in 2021, accounting for approximately 42.3%. Ranked second, biomedical manufacturing received 15.0% of the total FAI in 2021 (Exhibit 1-5). Large manufacturing projects from semiconductor and biotechnology firms are expected to remain as strong contributors to Singapore's investment commitments in the coming years.

Exhibit 1-5: Total FAI, 2011 to 2021



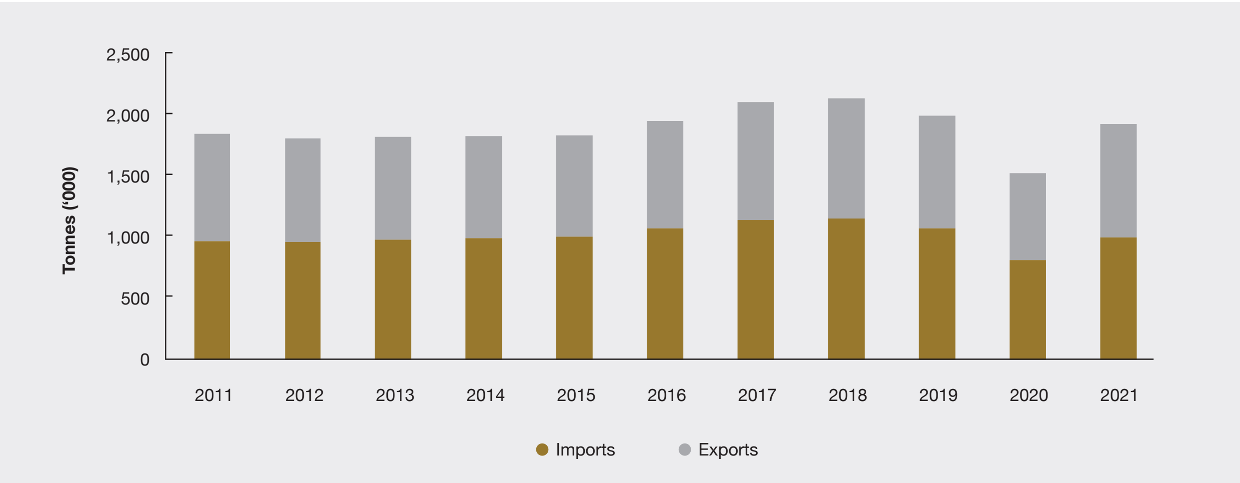
Source: EDB, Singstat, Knight Frank

1.5 Logistics Sector

With the gradual resumption of trade activities, the amount of air and sea cargo handled by Singapore in the past year improved from 2020 figures. In terms of air cargo volume, Singapore handled 1.95 million tonnes of air cargo in 2021, posting 26.1% y-o-y growth compared to 2020 (Exhibit 1-6). The volume of sea cargo handled by Singapore ports grew 1.4% y-o-y to 599 million tonnes (Exhibit 1-7).

Annual growth was observed for both sea and air cargo trade volumes, but the figures still lie below pre-pandemic performance. Notwithstanding, the gradual recovery is likely to continue as more businesses resume activities and step up their capacity to provide more goods and services. Although the pandemic caused disruptions in supply chains which hit some sectors significantly, the Singapore government remains confident in the growth potential of the logistics sector.

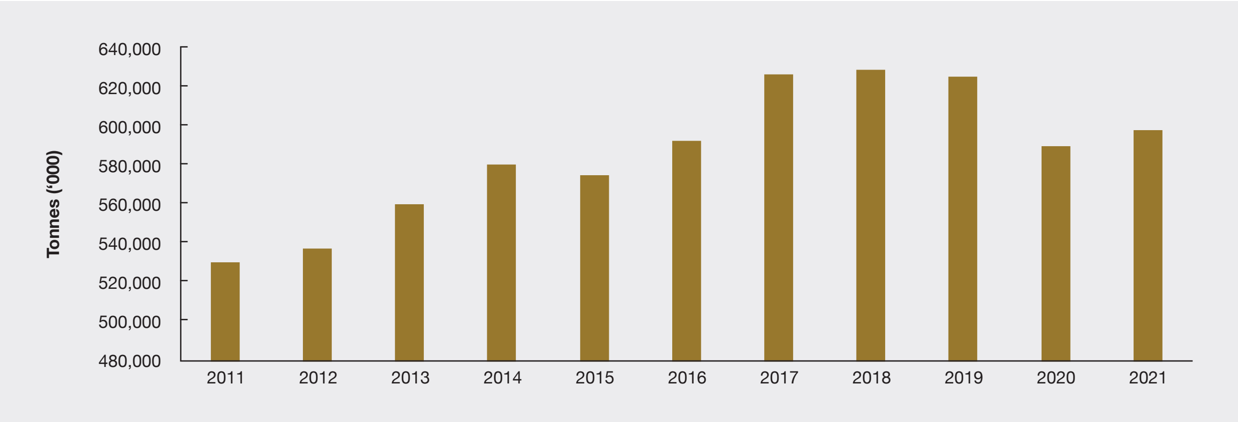
Exhibit 1-6: Air cargo handled in Singapore, 2011 to 2021



Source: Singstat, Knight Frank

OVERVIEW OF THE SINGAPORE ECONOMY

Exhibit 1-7: Total container volume, 2011 to 2021



Source: Singstat, Knight Frank

1.6 Outlook

Following robust demand for manufacturing during the pandemic, the moderation of economic growth in the first quarter this year was largely attributed to the manufacturing sector coming off from a high base in 2021. Despite the Omicron variant and its impact on business activities and workforce productivity, advance GDP estimates indicated Singapore's economic growth remaining well in positive territory at the start of the year. As Singapore eased its COVID-19 safe management measures and lowered its Disease Outbreak Response System Condition (DORSCON) level from orange to yellow since 26 April 2022, the resumption of domestic activities and international travel will support economic growth in the coming quarters. Key concerns, however, loom in the near-term - risks of economic slowdown in the US and mainland China, ramifications from Russia's invasion of Ukraine and heightening inflationary pressures. Authorities have projected Singapore's economic growth of 3% to 5% for 2022.

2 SINGAPORE GOVERNMENT POLICIES AFFECTING INDUSTRIAL PROPERTY MARKET

2.1 Budget 2022

Budget 2022 sets out a S$500 million Jobs and Business Support Package which includes a Small Business Recovery Grant for small-medium enterprises (SMEs) that have been badly affected by COVID-19. The grant offers SMEs S$1,000 per local employee (up to S$10,000 per firm). Workfare Income Supplement will be enhanced, including higher maximum annual payouts. The government will also co-fund wage increase of lower-wage workers between 2022 and 2026 by up to 50% in the first two years for selected workers in all sectors, including the manufacturing and logistics sectors. In addition, Budget 2022 expands the eligibility criteria of the SkillsFuture Enterprise Credit scheme, including a $100 million of support for Company Training Committees, to further encourage a culture of lifelong learning across various industries.

The proposed Goods and Services Tax (GST) increase will be postponed until 2023 – the first stage of increase will see Singapore's GST rise from 7% to 8% with effect from 1 January 2023, and to 9% from 1 January 2024. This GST increment will bring in about 0.7% of GDP in revenue annually when the full hike is in place in 2024. Though the increase of GST will undoubtedly increase cost pressures on all sectors including the industrial sector, the government will assist in the mitigation of GST burden by offsetting a portion of cost increase incurred by businesses. The Progressive Wage Credit Scheme will help to co-fund the wage increases for low-wage workers. Payouts will be handed out to SMEs, especially those actively training their workers to enhance productivity. The Singapore government also aims to monitor inflation trends more closely and implement appropriate measures to alleviate cost pressures for businesses.

2.2 Initiatives to Promote Industry Development

2.2.1 Manufacturing 2030

COVID-19 has underscored the importance of the manufacturing sector in Singapore, as one of the nation's most crucial growth pillars. "Manufacturing 2030" was announced by MTI in January 2021, whereby the government plans to grow Singapore's manufacturing sector by 50% of its current value ($106 billion), while maintaining its current share of circa 20% of the nation's total GDP. The plan involves attracting frontier companies with specialised capabilities which enable Singapore to secure a niche in global value chains. To do so, the government would continue to invest in the manufacturing ecosystem, with the Jurong Innovation District (JID) being one of the key initiatives.

2.2.2 New and Prominent Upcoming Developments

Dyson Singapore

In March 2022, British technology company Dyson officially opened its new global headquarters and advanced manufacturing hub at St James Power Station. Home to over 1,400 staff, Dyson Singapore serves as the global HQ for key functions such as supply chain management and finance. Being extensively involved in R&D and advanced manufacturing, Singapore is the lead manufacturing site for Dyson's Hyperdymium motor, the heart of most Dyson products. Besides the current facility, Dyson announced a further S$1.5 billion investment into its Singapore operations over the next four years, with plans for a new factory in Tuas to manufacture a new battery series, which will create new job opportunities for the nation.

Kajima Global Hub

Upcoming developments in Singapore's advanced manufacturing sector include the Kajima Global Hub at Changi Business Park. Slated for completion in 2023, Kajima Global Hub would span across 140,000 sq ft of R&D labs, construction labs and operations spaces. Serving as Kajima Corporation's Asia Pacific headquarters, this represents an investment of over $100 million.

Partnership between JTC and Hyundai Motor Group

JTC and Hyundai Motor Group (The Group) signed a Memorandum of Understanding (MOU) in early 2022 to jointly develop optimised mobility options for Singapore's next generation industrial and business park spaces. It would potentially contribute to the establishment of urban planning guidelines which strive to improve smart mobility options in JTC's next generation industrial estates.

2.2.3 RIE 2025 Plan

Announced in end-2020, Singapore will commit S$25 billion to investments in research and innovation from 2021 to 2025 under the Research, Innovation and Enterprise (RIE) 2025 Plan. The Plan focuses on four key areas – Human Health, Manufacturing, Sustainability, and Smart Nation & Digital Economy. Investments in Human Health include the development of a national Programme for Research in Epidemic Preparedness and Response (PREPARE), in hope of strengthening essential research capabilities and expertise for epidemic control. The sustained funding for vaccine research encourages the entry of major global pharmaceutical players and in turn solidifies Singapore's position and attractiveness as a regional pharmaceutical hub. French pharmaceutical giant Sanofi announced its S$638 million commitment to create a production facility in Tuas, which held its ground-breaking ceremony at Tuas in April this year. Meanwhile, German firm BioNTech and Hilleman Laboratories have announced their plans to establish their regional HQ and mRNA manufacturing facilities in Singapore.

2.2.4 Lifting of Moratorium on Data Centres

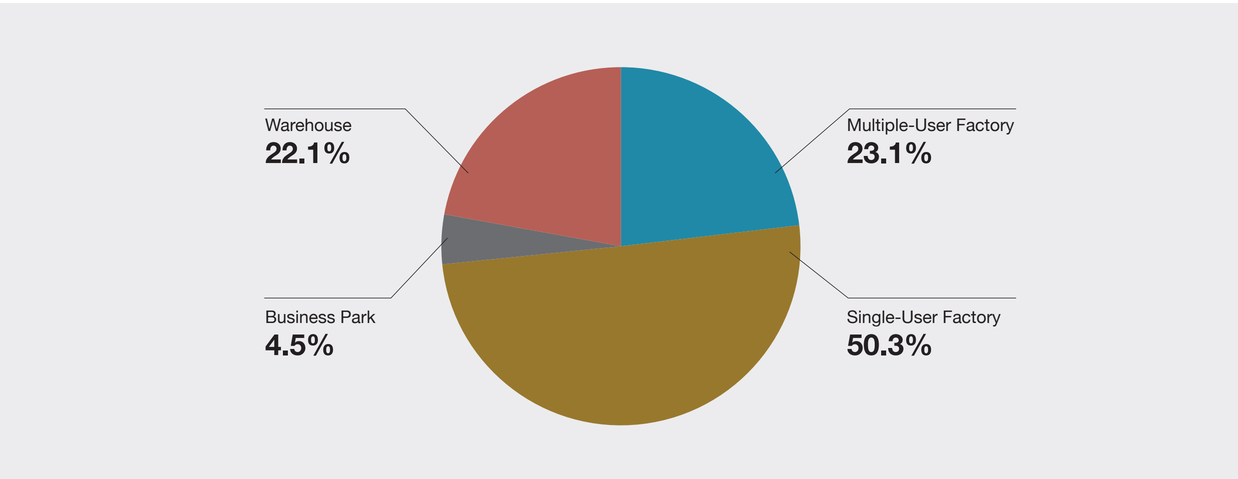
As part of a pilot project, Singapore's moratorium imposed on existing and new releases of state land for data centres since 2019 is set to be lifted with conditions in 2Q 2022. To keep in line with the Singapore government's goal to half the nation's carbon emissions by 2050, only 60MW of new data centre capacity per year is allowed, in tranches of between 10MW and 30MW, limited to a maximum of three approved applications during the pilot phase. New data centres will also be mandated to have a Power Usage Effectiveness (PUE) of 1.3 and below. Such conditions would ensure future data centre developments to have the "best in class" standards, while contributing to Singapore's economic and green plan objectives.

3 OVERVIEW OF SINGAPORE INDUSTRIAL PROPERTY MARKET

3.1 Industrial property stock

Public and private industrial stock in Singapore amounted to almost 548.9 million sq ft as at 1Q 2022. According to JTC's classification of single-user factory spaces, multiple-user factory spaces, business parks and warehouses, single-user factory spaces accounted for 50.3% of total industrial spaces, forming the largest proportion of industrial stock in Singapore. Multiple-user factory, warehouse spaces and business parks contributed 23.1%, 22.1% and 4.5% of the total industrial spaces respectively (Exhibit 3-1).

Exhibit 3-1: Total industrial stock in Singapore as at 1Q 2022, by type of industrial property



Source: JTC, Knight Frank

4 REVIEW OF PRIVATE FACTORY SEGMENT

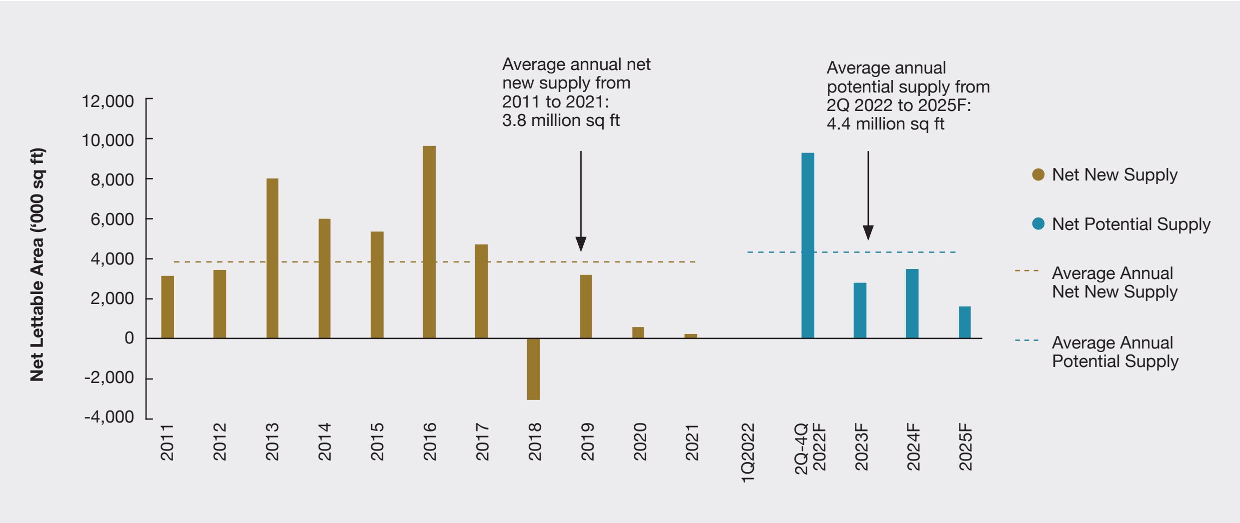
4.1 Single-user factory

4.1.1 Existing and potential supply

As at 1Q 2022, Singapore's private single-user factory spaces stood at 230.1 million sq ft, a marginal 0.2% y-o-y increase (Exhibit 4-1). More than half of the total available stock were located within the West Region (53.3%), followed by the North (19.9%) and East (12.9%) Regions. According to JTC, there were almost 30 new single-user factory completions by the private sector in the past year to 1Q 2022, located mainly in the West and East regions. Notable completions in the past year include a factory development at 94 Tuas South Avenue 3 (523,000 sq ft) by Hydrochem (S) Pte Ltd and One @ Jalan Lam Huat (134,000 sq ft GFA) by BS Kranji Pte Ltd.

The annual net new supply of single-user factory spaces totalled 275,000 sq ft in 2021, the second consecutive year of low annual net new spaces due to COVID-19-induced construction delays in project timelines. 1Q 2022 posted a marginal increase in net new supply of 3,338 sq ft. From Q2 2022 to 2025, the market will be expecting approximately 20.7 million sq ft GFA (estimated 17.6 million sq ft NLA) of private single-user factory spaces, with 2022 being the year with the highest supply pipeline (11.1 million sq ft GFA, estimated 9.4 million sq ft NLA). This translates to an average annual potential supply of circa 4.4 million sq ft. Notable upcoming single-user factory developments in 2022 include expansion of Micron's semiconductor manufacturing facility at North Coast Drive (367,000 sq ft GFA) and a development (703,000 sq ft GFA) along Seletar North Link developed by HL-Sunday JV Pte Ltd.

Exhibit 4-1: Annual net new and potential supply of private single-user factory space, 2011 to 2025F



Source: JTC, Knight Frank

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

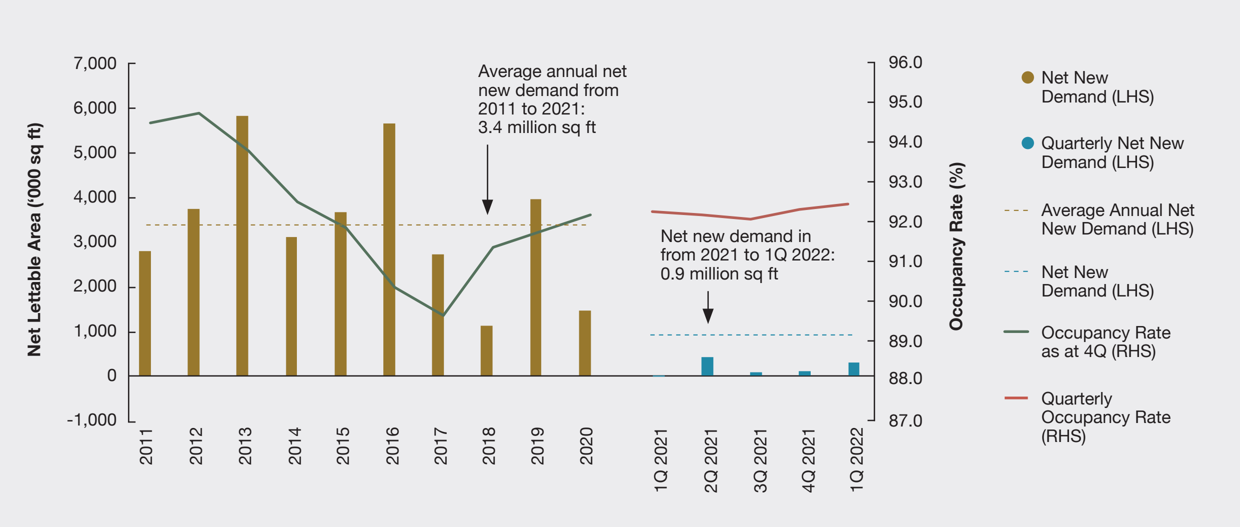
Project	Location	Developer	GFA of Uncompleted Single-user Factory Space (sq ft)	Expected Year of Completion
Single-user Factory @ Pioneer Sector Lane	Pioneer Sector Lane	OKH Holdings Pte Ltd	135,000	2022
Addition/alteration of facility at Micron	1 North Coast Drive	Micron Semiconductor Asia Operations Pte Ltd	367,000	2022
Single-user Factory @ Seletar North Link	Seletar North Link	HL-Sunway JV Pte Ltd	703,000	2022
Single-user Factory @ Woodlands Industrial Park E2	Woodlands Industrial Park E2	Whye Wah Development & Construction Pte Ltd	133,000	2023
Single-user Factory @ Lok Yang Way	Lok Yang Way	Google Asia Pacific Pte Ltd	815,000	2024

Source: JTC, Knight Frank

4.1.2 Demand and occupancy

As at 1Q 2022, a total of 212.7 million sq ft of private single-user factory space was occupied, a slight 0.4% increase from the previous year. With the exception of a marginal reduction in net space take-up in the first quarter this year, positive net new demand was registered in the other quarters of 2021, translating to an overall 584,000 sq ft increase in net new demand. The occupancy rate remained resilient, hovering between 92.1% and 92.4% in the past year. After a slight 1 percentage point (1 pp) decrease registered in 3Q 2021, occupancy improved to 92.3% and 92.4% in 4Q 2021 and 1Q 2022 respectively (Exhibit 4-3).

Exhibit 4-3: Net demand and occupancy of single-user factory space, 2011 to 1Q 2022

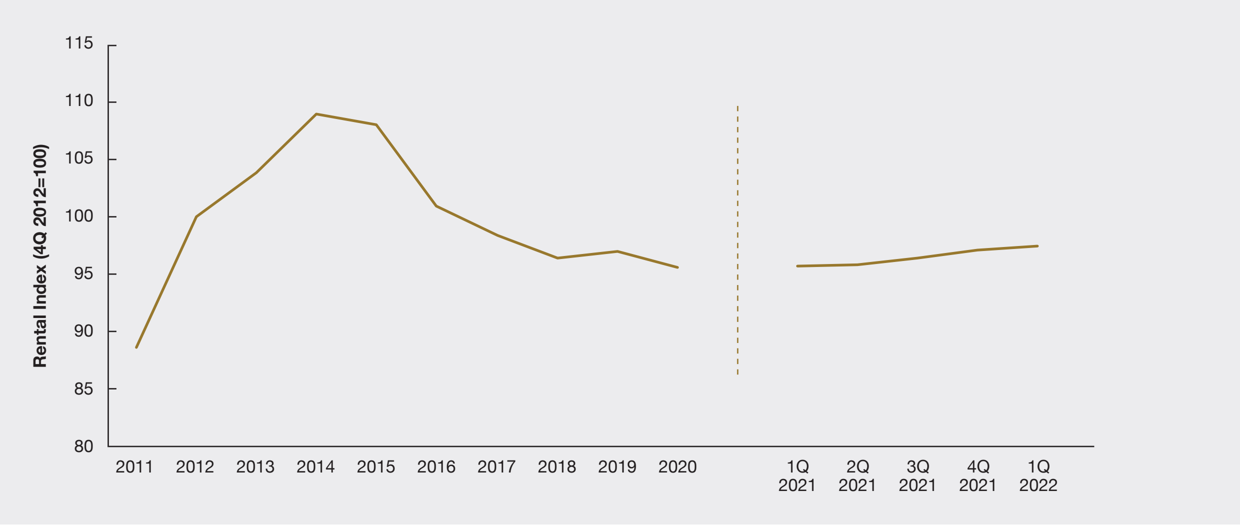


Source: JTC, Knight Frank

4.1.3 Rents

Based on JTC statistics, the rental index of single-user factory spaces improved 1.8% y-o-y in 1Q 2022. Similarly, it achieved mild quarterly growth of 0.3% q-o-q in 1Q 2021, signalling the trend of rental recovery (Exhibit 4-4).

Exhibit 4-4: Rental index of single-user factory space, 2011 to 1Q 2022

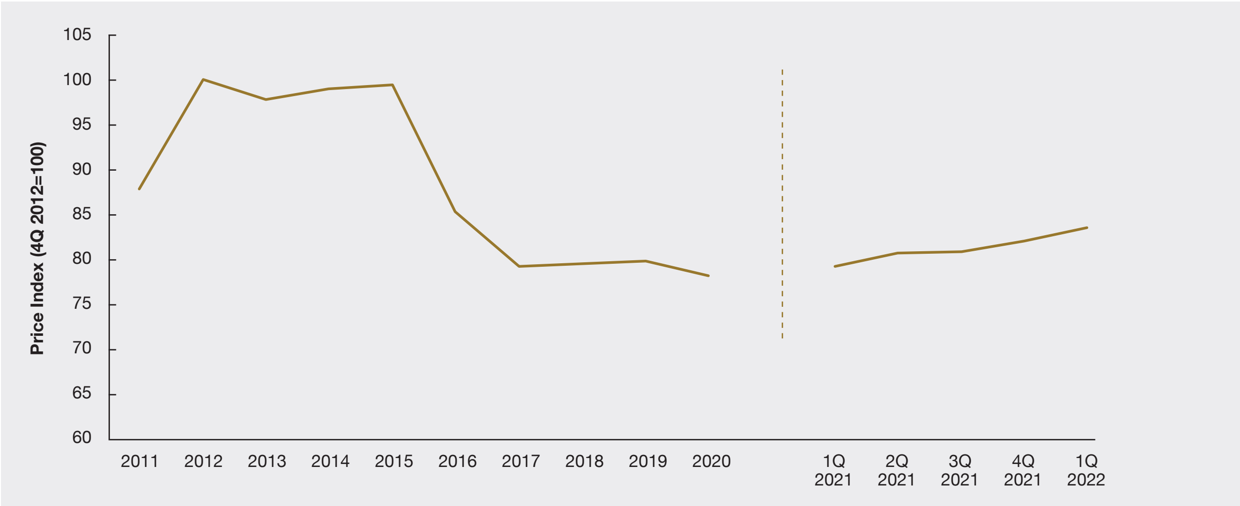


Source: JTC, Knight Frank

4.1.4 Prices

Consistent trend was observed for the JTC price index for single-user factory, where it registered gradual increment over the quarters. The price index improved 5.6% y-o-y in 1Q 2022 (Exhibit 4-5).

Exhibit 4-5: Price index of single-user factory space, 2011 to 1Q 2022



Source: JTC, Knight Frank

4.2 Multiple-user factory

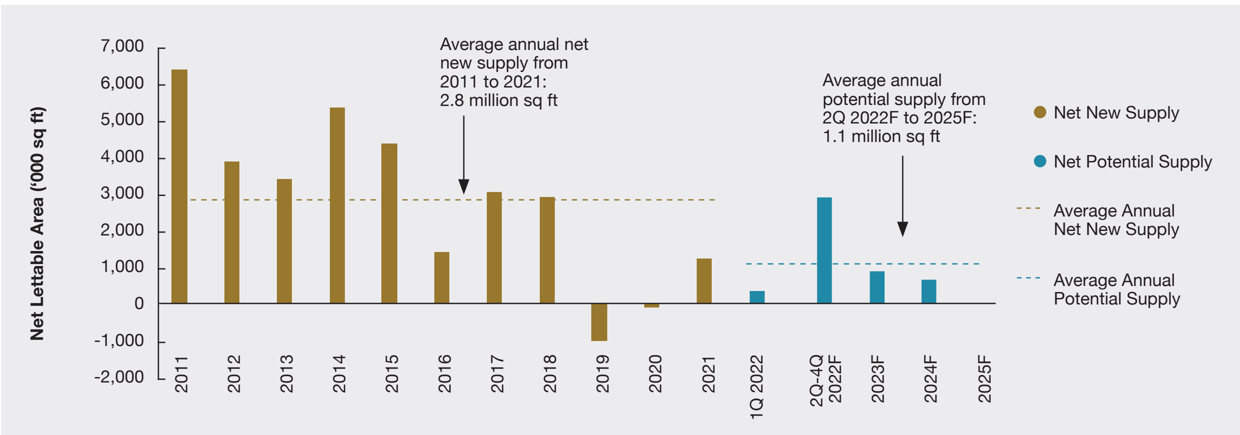
4.2.1 Existing and potential supply

As at 1Q 2022, the total private multiple-user factory space available in Singapore increased 1.2% y-o-y to 103.1 million sq ft. Approximately 40.2% of the stock is located within the Central Region with 41.4 million sq ft of space available. The 2021 annual net new supply of private multiple-user factory space nation-wide amounted to 1.2 million sq ft, a reversion from the net reduction of 79,000 sq ft registered in the previous year (Exhibit 5-1).

According to JTC, eight multiple-user factory developments were granted full Temporary Occupation Permit (TOP) in 2021. Notable completions in 2021 include Tuas South Connection (513,000 sq ft GFA) by Yee Lee Development, Liner at 1 Tuas Bay Close (497,000 sq ft GFA) by SB (Northview) Investment Pte Ltd, and 351 On Braddell at 351 Braddell Road (261,000 sq ft GFA) by BP-Braddell LLP.

From 2Q 2022 to 2025, Singapore will expect over 5.5 million sq ft GFA (estimated 4.4 million sq ft NLA) of multiple-user factory spaces, with several prominent developments in the pipeline including Solaris @ Tai Seng (1.1 million sq ft GFA), and a factory development (866,000 sq ft GFA) developed by Mapletree Industrial Trust located along Kallang Way (Exhibit 5-2).

Exhibit 5-1: Net new and potential supply of multiple-user factory space, 2011 to 2025F



Source: JTC, Knight Frank

OVERVIEW OF THE SINGAPORE ECONOMY

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

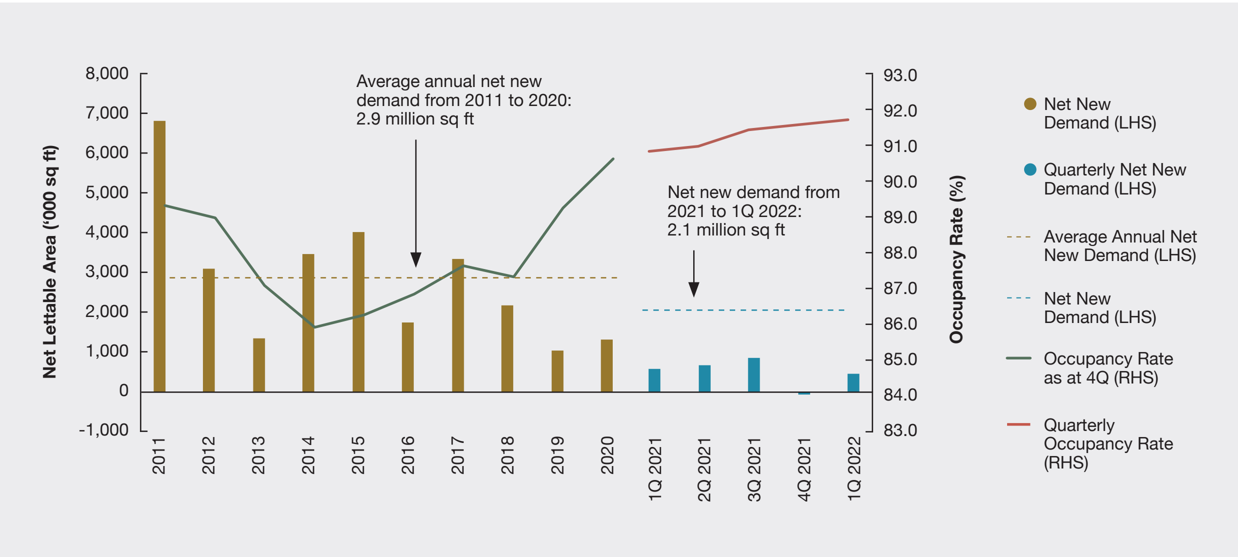
Project	Location	Developer	GFA of Uncompleted Multiple-user Factory Space (sq ft)	Expected Year of Completion
Ubix	Ubi Road 4	Ascendas REIT	184,000	2022
Multiple-user factory	Kallang Way	Mapletree Industrial Trust	866,000	2022
Solaris @Tai Seng	Tai Seng Avenue	SB (Ipark) Investment Pte. Ltd.	1,133,000	2022
Ascent @ Gambas	Gambas Way	SB (Gambas) Investment Pte Ltd	322,000	2023

Source: JTC, Knight Frank

4.2.2 Demand and occupancy

The occupancy rate of private multiple-user factory spaces stood at 91.8% as at 1Q 2022, where 94.7 million sq ft of stock was occupied, translating to a 0.9 pp of occupancy improvement from 1Q 2021. Across the regions, the North and North-east recorded the highest occupancy of 93.9% and 93.2% respectively. The net demand (take-up) in 2021 amounted to 2.1 million sq ft, a healthy 56.3% growth from 1.3 million sq ft in 2020 (Exhibit 5-3).

Exhibit 5-3: Net demand and occupancy of multiple-user factory space, 2011 to 1Q 2022

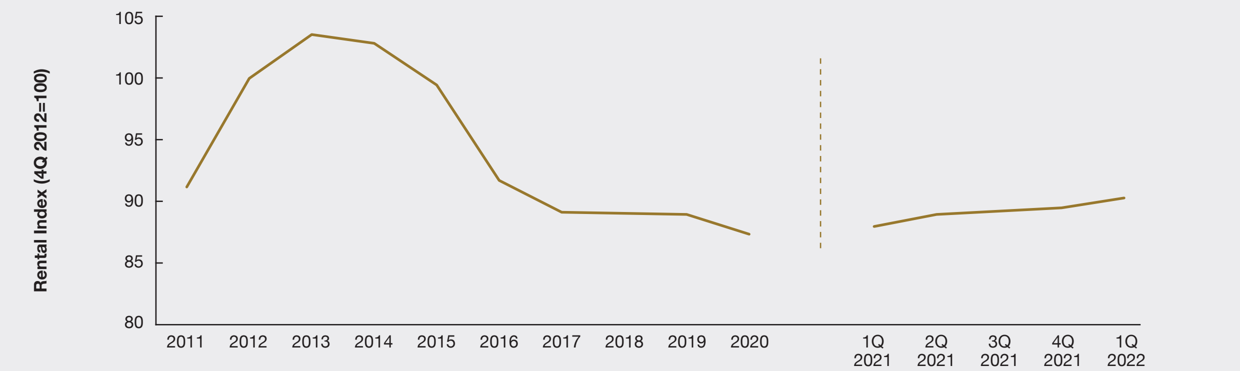


Source: JTC, Knight Frank

4.2.3 Rents

The JTC rental index of multiple-use factories fell by 2.5% y-o-y in 4Q 2021. With five quarters of consecutive growth, the JTC rental index of multiple-user factory spaces improved 2.6% to 90.3 in 1Q 2022, from 87.3 in 1Q 2021 (Exhibit 5-4).

Exhibit 5-4: JTC rental index of multiple-user factory space, 2011 to 1Q 2022

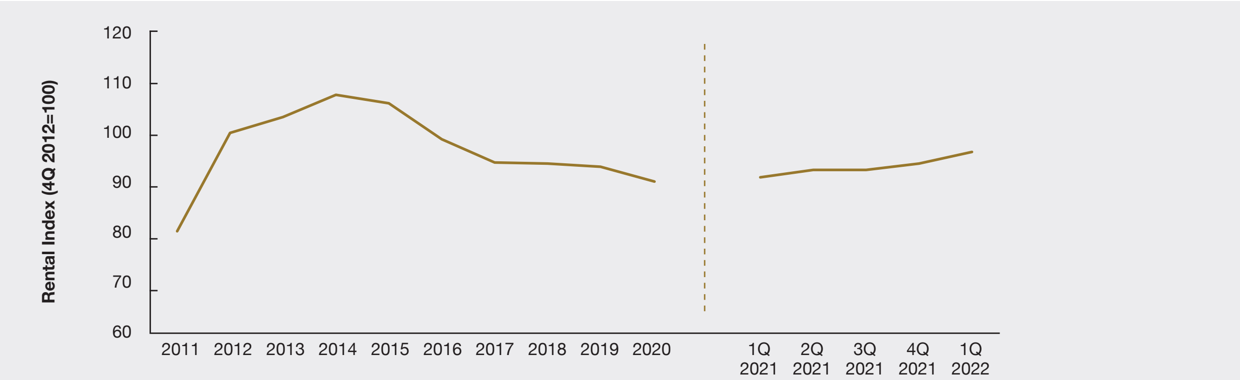


Source: JTC, Knight Frank

4.2.4 Prices

In contrast to the rental market for multiple-user factories, the price index posted healthy growth throughout 2021 and 1Q 2022, where it grew 5.6% y-o-y in 1Q 2021 (Exhibit 5-5).

Exhibit 5-5: Prices of multiple-user factory space, 2011 to 1Q 2022



Source: JTC, Knight Frank

4.3 Outlook of single-user and multiple-user factory spaces

According to EDB, business sentiments in the manufacturing sector is envisaged to be generally positive for the first half of 2022, despite the uncertainties caused by the emergence of COVID-19 variants and continuing pressures on global supply chains. The semiconductor industry cluster led the optimism as the strong global chip demand continues to drive capital investments among the global semiconductor manufacturers. The EDB has been partnering with local and global players to boost the nation's advanced manufacturing sector. For example, EDB worked with Siltronic, one of the leaders in silicon wafer manufacturing for a S$3 billion new manufacturing facility at JTC's Tampines Wafer Fab Park.

Despite the backdrop of economic disruptions and uneven performance across the industrial clusters in 2021, Singapore's industrial properties demonstrated resilience and the key performance indicators held steady. The growth in space occupancy and rents are expected to sustain in the near term this year, where demand is likely to stem from an increase in investments in high-quality industrial developments for the precision engineering sector such as semiconductor, pharmaceutical and biomedical technology industries. With a higher supply pipeline this year, rents of single-user and multiple-user factory spaces are expected to continue its marginal upward trajectory with 1% to 3% annual growth by end-2022.

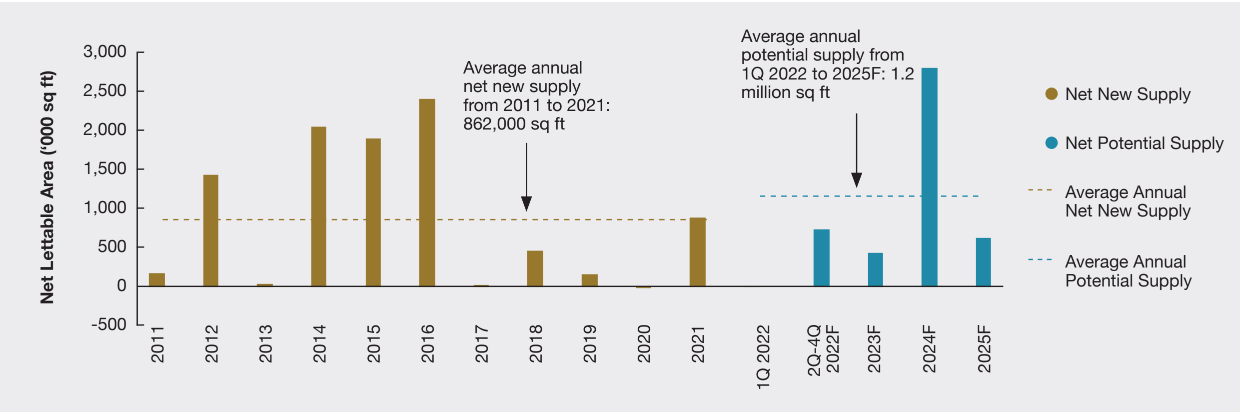
5 REVIEW OF PRIVATE AND PUBLIC BUSINESS PARK SEGMENT

5.1 Existing and potential supply

Singapore's total inventory of business park spaces was registered at 24.5 million sq ft, translating to an increment of 3.3% y-o-y. The annual net supply of business park spaces surged to 885,000 sq ft in 2021, from the 23,000 sq ft reduction in the previous year (Exhibit 6-1). Business parks are located in the Central, East and West Regions of Singapore, with the Central Region making up the largest proportion of business park inventory. As at 1Q 2022, the Central Region comprised 58.3% (14.3 million sq ft) of total available business park spaces nation-wide.

From 2Q 2022 to 2025, Singapore is expected to receive almost 5.4 million sq ft GFA (estimated 4.6 million sq ft NLA) of new business park stock. The Jurong Innovation District (JID) will house two prominent developments in 2022, namely Cleantech Three (278,000 sq ft GFA) and Surbana Jurong Campus (445,000 sq ft GFA) (Exhibit 6-2). Surbana Jurong Campus will serve as the new global headquarters of Surbana Jurong, and it is envisioned to be a vibrant ecosystem of enterprises in advanced manufacturing, urban solutions and smart logistics, contributing to Singapore's evolution in the research and design (R&D) and sustainability fields.

Exhibit 6-1: Net new and potential supply of business park space, 2011 to 2025F



Source: JTC, Knight Frank

Exhibit 6-2: Selected major upcoming business park space

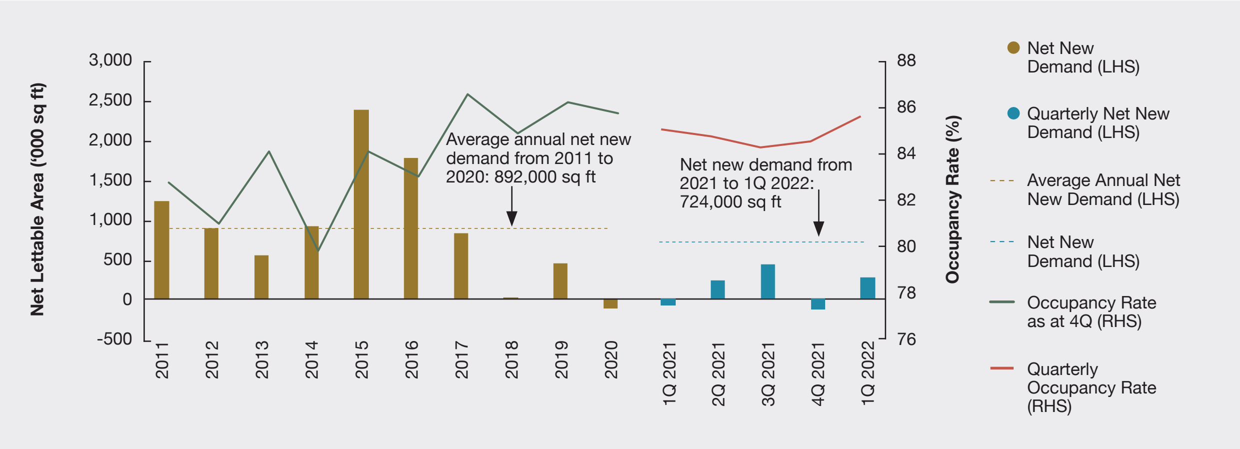
Project	Location	Developer	GFA of Uncompleted Business Park Space (sq ft)	Expected Year of Completion
CleanTech Three	Cleantech Loop	JTC Corporation	278,000	2022
Surbana Jurong Campus	Cleantech Loop	JTC Corporation	445,000	2022
Business Park development	Punggol Way	JTC Corporation	1,779,000	2025

Source: JTC, Knight Frank

5.2 Demand and occupancy

Despite negative net demand of business park spaces being recorded in the first and fourth quarters of 2021, positive net annual demand of 459,000 sq ft was achieved through 2021 (Exhibit 6-3). As at 1Q 2022, a total of 21.0 million sq ft of business park space was occupied. Although the occupancy of business park space fell slightly in 2021, likely attributed to the completion of several projects which expanded the total available stock in the market, it picked up to reach 85.6% in 1Q 2022. At least four new business park developments were completed in 2021, including the Razer SEA headquarter (206,000 sq ft GFA) and Wilmar International headquarters (213,000 sq ft GFA) at the one-north precinct.

Exhibit 6-3: Net demand and occupancy rate of business park space, 2011 to 1Q 2022

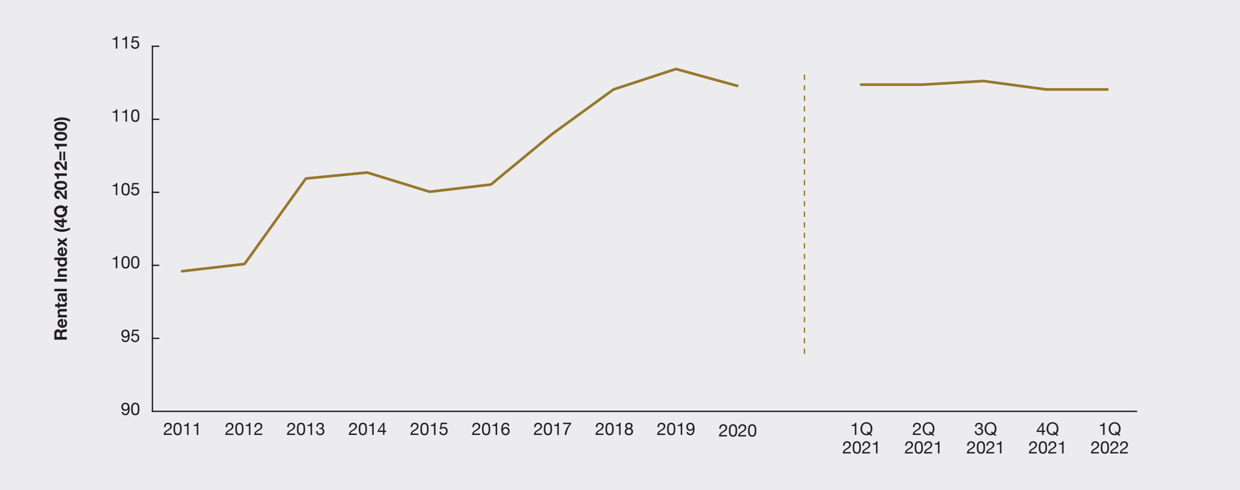


Source: JTC, Knight Frank

5.3 Rents

In line with the general fall in business park occupancy, the JTC rental index for business park contracted by a mild 0.3% y-o-y to 111.9 as at 1Q 2022 (Exhibit 6-4). It remained unchanged from the previous quarter.

Exhibit 6-4: Rental index of business park space, 2011 to 1Q 2022



Source: JTC, Knight Frank

5.4 Outlook of business park

Good quality business parks located at the city fringe is expected to see continued demand as advanced and high-value manufacturing and biomedical technology industries enjoyed growth and expansion in the past year amidst the ongoing pandemic. The bulk of the upcoming supply of business park spaces are high-quality business spaces located in the JID and Punggol Innovation District, which are advanced manufacturing hubs focusing on sustainability, digitalisation, automation and R&D. These two clusters are vital locations of Singapore's efforts in attracting world-renowned players to anchor their operations in Singapore, spurring innovation, collaboration and expansion of new-growth manufacturing segments. In addition, the built-to-suit model typically offered in specialised business parks is a value-added service for clients, by customising the facility to clients' specifications and lowering their upfront capital costs required. This model is becoming increasingly significant for many businesses, especially the data centre and pharmaceutical segments. Coupled with the return of the workforce since the relaxation of COVID-19 safe management measures, we foresee business park rents to exhibit moderate growth of between 2% to 4% annually by end-2022.

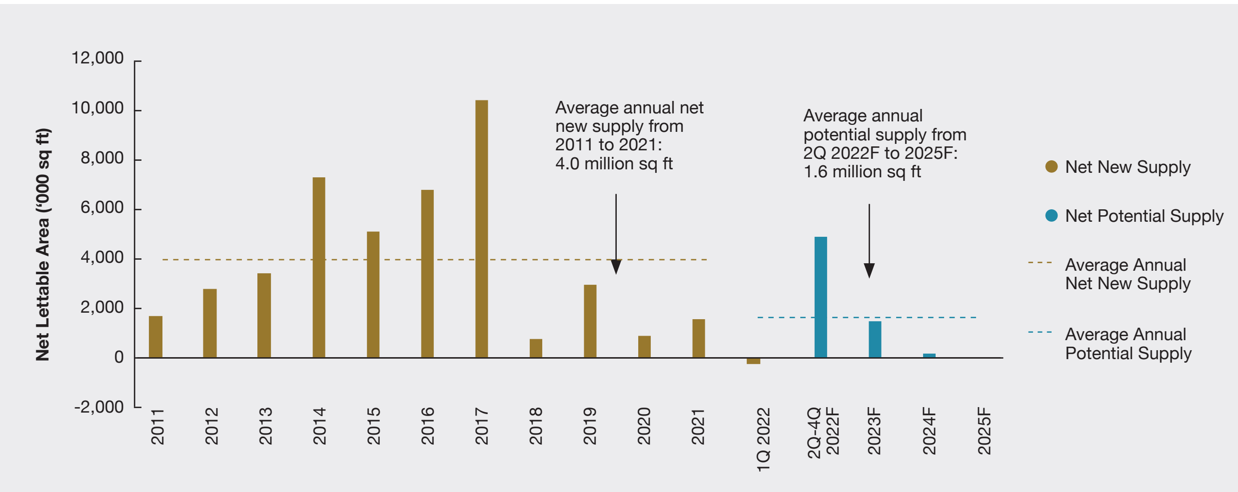
6 REVIEW OF PRIVATE WAREHOUSE SEGMENT

6.1 Existing and potential supply

According to JTC, Singapore's private warehouse stock amounted to 117.6 million sq ft as at 1Q 2022, exhibiting 0.5% y-o-y growth from 1Q 2021. With the West Region being home to a substantial proportion of industrial space in Singapore, over 64.1% (75.4 million sq ft) of private warehouse stock is in the western end. Comparing 2020 and 2021 net annual supply of private warehouse inventory, though 2021 saw net supply almost doubled to reach 1.5 million sq ft, it still falls short of the annual average of 4.0 million sq ft from 2011 to 2021 (Exhibit 7-1). A handful of new warehouses were completed in 2021, with the most prominent being Cogent Jurong Island Logistics Hub (942,000 sq ft GFA) on Jurong Island.

Over the next four years (2Q 2022 to 2025), circa 7.7 million sq ft GFA (estimated 6.5 million sq ft NLA) of warehouse space is slated for completion. Good quality upcoming developments include 2PS1 (757,000 sq ft GFA) and LOGOS Tuas Logistics Hub (840,000 sq ft GFA) (Exhibit 7-2). Most of the large-scale warehouse spaces are scheduled to be completed by end-2022, barring any unforeseen construction delays.

Exhibit 7-1: Net new and potential supply of warehouse space, 2011 to 2025F



Source: JTC, Knight Frank

Exhibit 7-2: Notable upcoming completions of warehouse space, 2Q 2022 to 2025

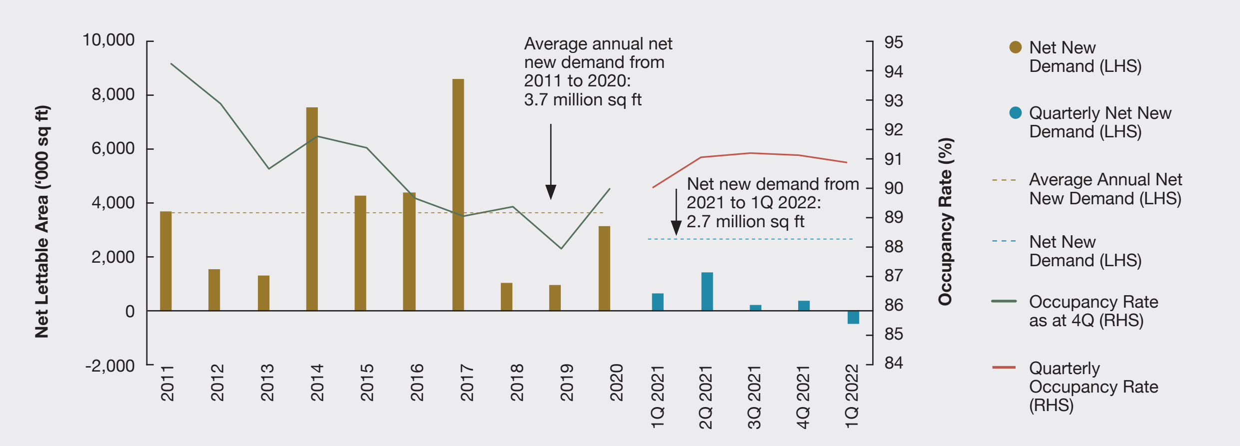
Project	Location	Developer	GFA of Uncompleted Warehouse Space (sq ft)	Expected Year of Completion
Warehouse development	Penjuru Lane	Soon Bee Huat Trading Pte Ltd	262,000	2022
Warehouse development	Senoko Loop	Tiong Nam Logistics (S) Pte Ltd	268,000	2022
2PS1	Pioneer Sector 1	Soilbuild Business Park REIT	757,000	2022
LOGOS Tuas Logistics Hub	Tuas South Avenue 14	Tuas South Avenue Pte Ltd	840,000	2022

Source: JTC, Knight Frank

6.2 Demand and occupancy

Annual net take-up of private warehouse stock totalled around 2.7 million sq ft, below the 2020 level of 3.2 million sq ft. As at 1Q 2022, over 106.9 million sq ft of private warehouse space was occupied, an increment of 1.5% y-o-y compared to the previous year. The nation-wide occupancy rate increased to 90.9%, 0.9 pp higher than 90.0% in 1Q 2022 (Exhibit 7-3). The rise in occupancy could be attributed to the heightened demand for logistics and warehousing facilities spurred by the pandemic.

Exhibit 7-3: Net demand and occupancy of warehouse space, 2011 to 1Q 2022

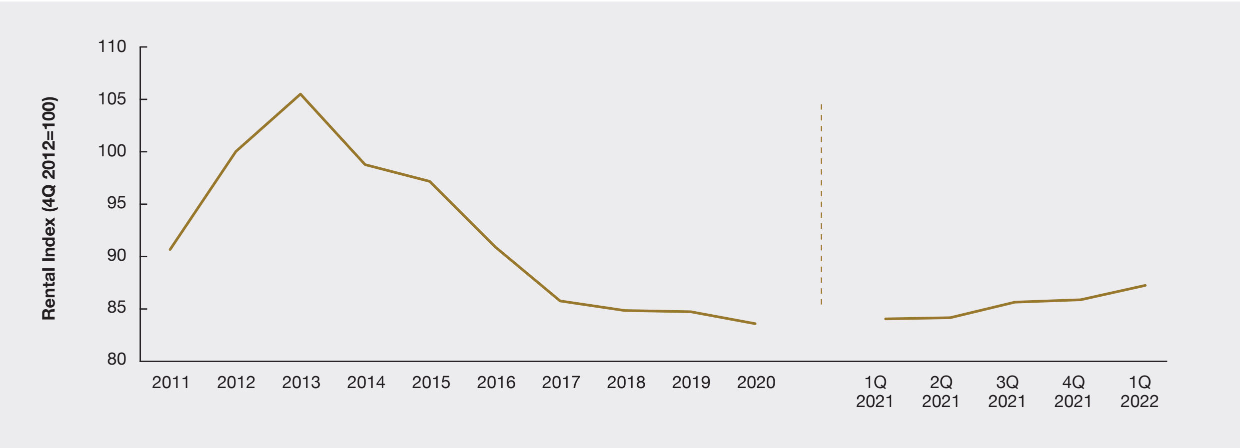


Source: JTC, Knight Frank

6.3 Rents

Despite the onslaught of COVID-19 and the ensuing global supply disruptions impacting the movement of goods and trade, the rental movement of warehouse spaces in Singapore exhibited an upward trend, with the JTC warehouse rental index showing a healthy 3.8% y-o-y increase in 1Q 2022, the fifth consecutive quarter of rental growth (Exhibit 7-4).

Exhibit 7-4: Rental index of warehouse space, 2011 to 1Q 2022



Source: JTC, Knight Frank

6.4 Outlook of warehouse segment

The COVID-19 pandemic has been a catalyst for digital users to adopt new online services and increased their frequency of use and spend in these services, resulting in stable demand for warehouse and logistics spaces as global and domestic economies steadily progress towards accelerated digitalisation. This has led to a ramp up in demand in the logistics sector and warehousing spaces. The World Bank has ranked Singapore as Asia's top logistics hub for ten years in a row. Industry players regard Singapore as a preferred local and regional entry point to the Southeast Asia market due to the nation's highly reliable payment gateway and logistics services.

Industrial investment activities in 2022 are likely to be driven by end-users sourcing for manufacturing facilities and good quality warehouses, including cold chain to facilitate the growing supply chain demand. This sets the ground to provide for even greater growth opportunities for Singapore's logistics sector and consequently warehouse property. Knight Frank envisages continuing robust demand and business expansions in the warehouse property segment to support rent and price increases of between 3% and 5% annually for the whole of 2022.

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OVERVIEW OF THE AUSTRALIA ECONOMY

The following report dated 16 May 2022 was prepared by Knight Frank Australia Pty Ltd 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.

1.0 Economic Overview

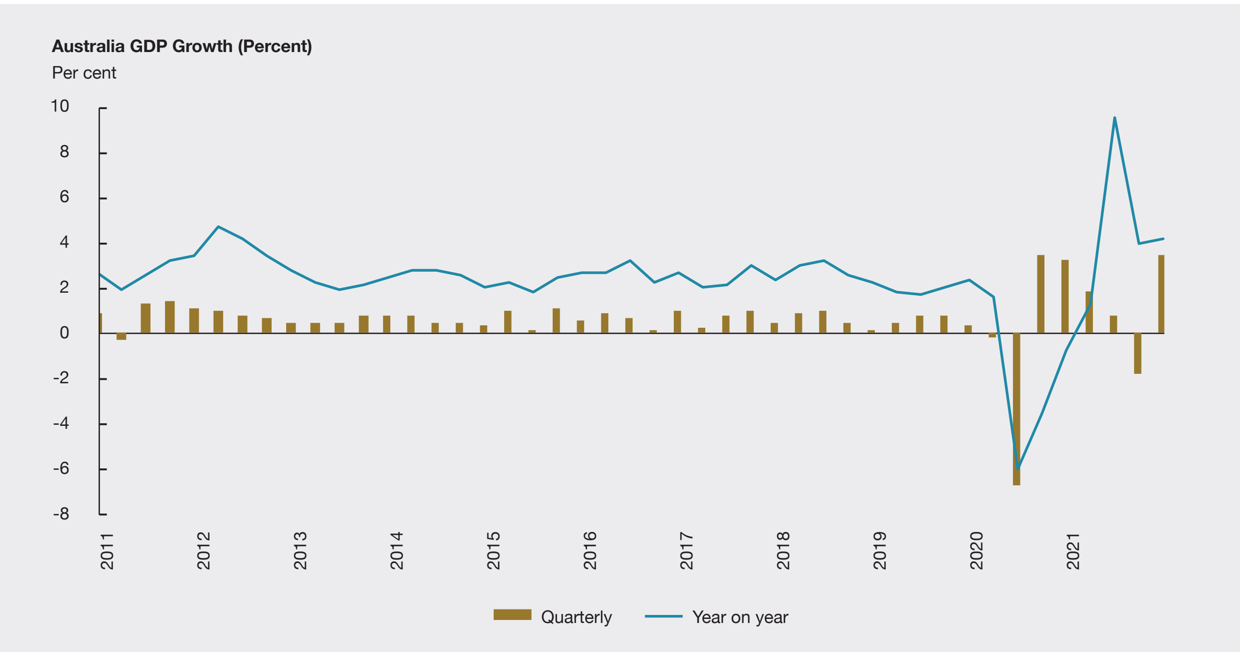
The Australian economy expanded at a well above trend pace of 4.2% in 2021, with consumer spending rising strongly towards the end of the year. Largely reflecting global factors such as higher energy prices and supply chain disruption, growth in headline inflation picked up to 5.1% over the year to March 2022. Australia's economy is expected to record another strong year of growth in 2022. National Australia Bank expects to see above-trend GDP grow of 3.4% this year, followed by close to trend growth of 2.1% in 2023.

Pent up consumer demand, underpinned by relatively high household savings, continues to drive the recovery. Retail sales rose by 1.6% month-on-month in March 2022, 9.4% higher over the year and 21% above pre-pandemic levels. Strong labour market conditions are supporting consumer spending. The unemployment rate is currently at 4.0%, its equal lowest level since 1974. High job vacancies point to ongoing strength in the labour market – job vacancies are now 74% higher than pre-pandemic levels, and there are 57% fewer applications per job advertisement than prior to the pandemic.

While economic activity in Australia is strong, the global outlook has become more uncertain. Inflation globally has increased significantly over the past year. Higher inflation and interest rates are weighing on consumer sentiment and have the potential to materially dampen consumer spending in the future. Russia's invasion of Ukraine and sanctions on Russia, have led to further sharp rises in energy and commodity prices, which will exacerbate inflationary pressures and weigh on global growth.

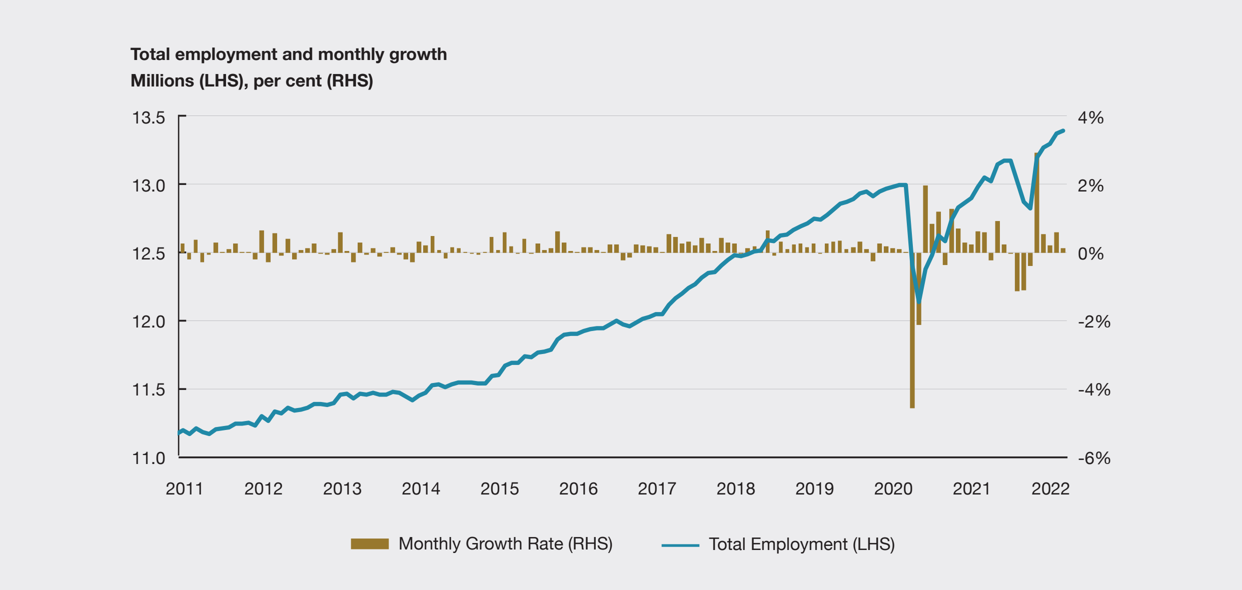
In response to higher inflation, major central banks have begun tightening monetary policy. The Federal Reserve raised interest rates by 25 basis points in March and 50 basis points in May and has signalled it will likely increase the federal funds rate by another 50 basis points at the Federal Open Market Committee's next meeting in June. The Reserve Bank of Australia (RBA) has also begun to tighten monetary policy, raising the cash rate by 25 basis points to 0.35 per cent in May and indicating that further tightening will be necessary.

Exhibit 1 – Australia's GDP growth



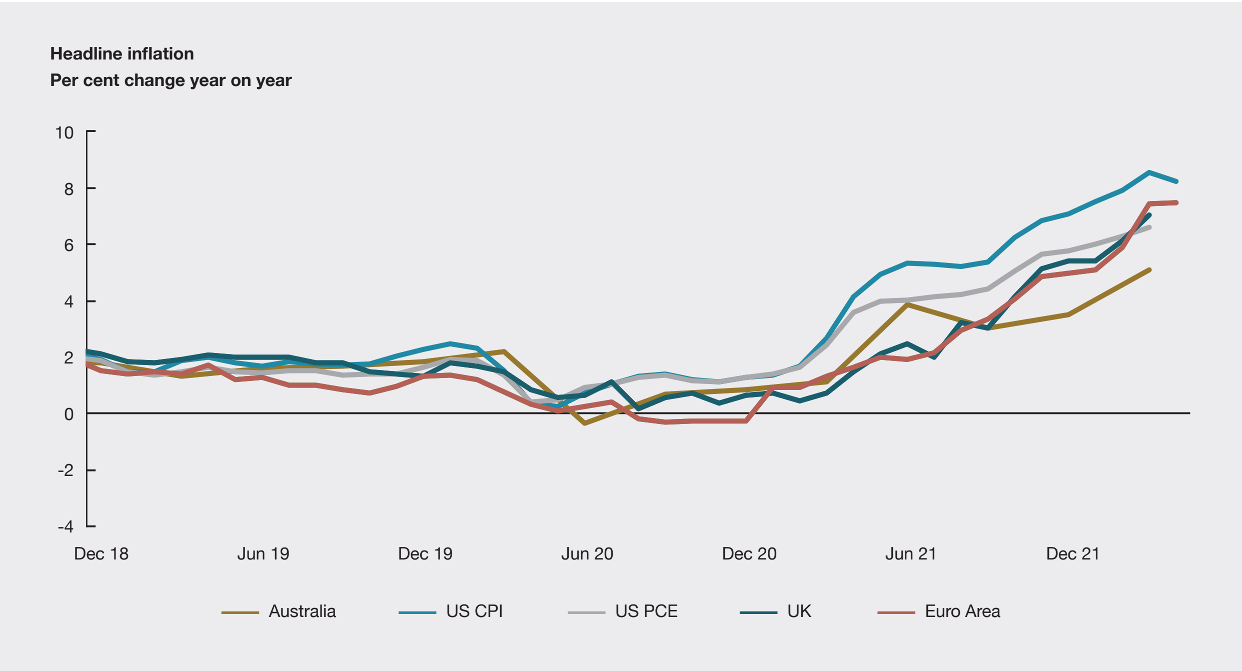
Source: Knight Frank, Macrobond, Oxford Economics

Exhibit 2 – Nationwide employment



Source: Knight Frank, Macrobond

Exhibit 3 – Inflation, Australia versus selected advanced economies



Source: Knight Frank, Macrobond

OVERVIEW OF THE AUSTRALIA ECONOMY

2.0 Macquarie Park

2.1 Introduction

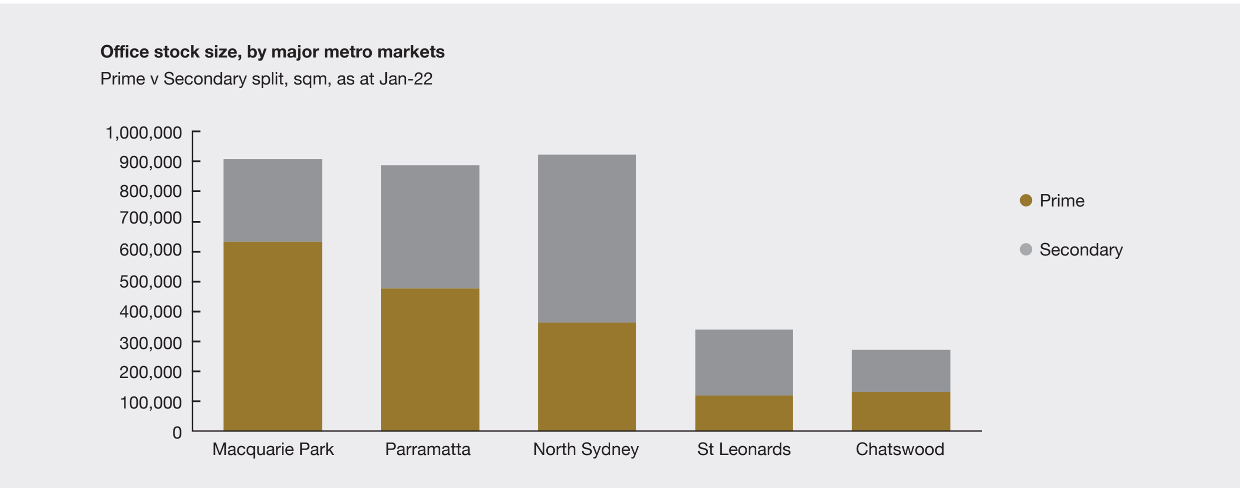
Macquarie Park is located 15 kilometres northwest of the Sydney Central Business District (CBD) and is accessed by major roadways including the M1 Motorway with direct access from North Sydney and the CBD, and the M2 Motorway with direct access from Parramatta and Western Sydney.

The Macquarie Park/North Ryde office and business space market is one of Australia's largest non-CBD markets, and Sydney's second largest non-CBD market. It has proven defensive through the COVID-19 period, demonstrating steady face rents and capital values, which is reflective of its links to larger healthcare, pharmaceutical and educational associated users. It is also home to major institutional owners and global brand tenancies, including Johnson & Johnson, Fujitsu and Kia.

The New South Wales (NSW) Government has designated Macquarie Park as an important strategic centre. Macquarie Park is a health and education precinct and an important economic and employment powerhouse in Sydney's North District (comprising North Shore markets). A Draft Macquarie Park Place Strategy was released in August 2021, which outlines a 20-year strategy to help Macquarie Park reach its full potential as a place of innovation that encourages creativity and collaboration. Macquarie Park is home to many renowned institutions - Macquarie University, Macquarie University Hospital, Macquarie University Incubator, and leading global companies. It is ideally placed to become a centre for innovation, creating new jobs and investment opportunities.

Additionally, the Northwest metro line which opened in 2019 has enhanced connectivity to industry talent and other key markets across Sydney.

Exhibit 4 – Office stock size, by market (locality) in Sydney, as at January 2022



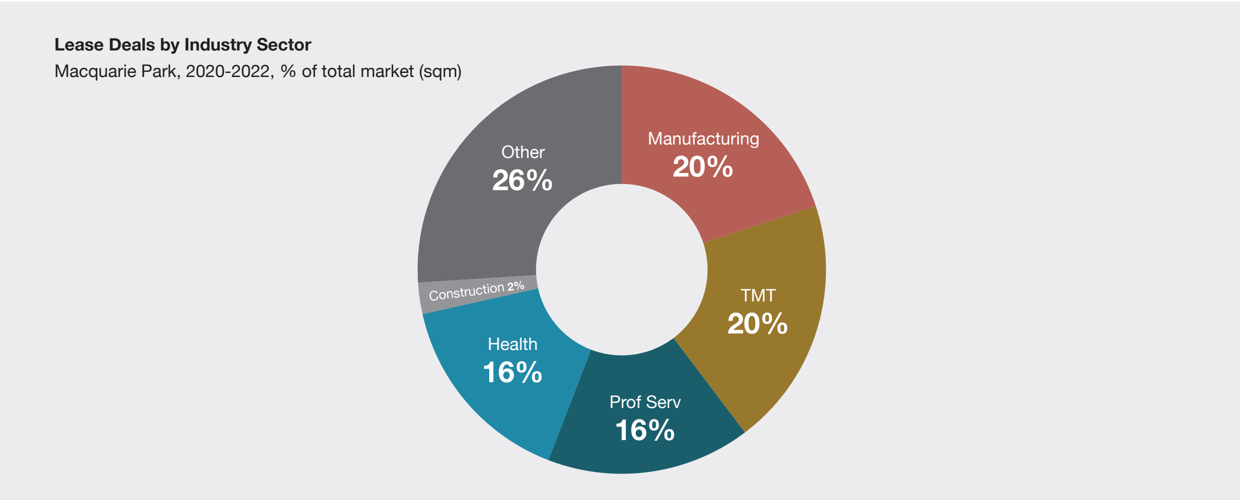
Source: Knight Frank, PCA

2.2 Demand

Macquarie Park is supported by well-established industry clusters including government, tech pharma and biotech occupiers which has made it one of the most resilient office markets since the onset of the COVID-19 pandemic. In the 12 months to January 2022, Macquarie Park recorded positive absorption levels of 3,266 sqm, the only market on the North shore to record positive absorption.

In terms of lease deal activity, there was a strong improvement throughout 2021 with a number of new deals being signed, surpassing the levels recorded in 2020, highlighting a return to confidence in the market. Activity over the last two years has been diverse with activity coming from occupiers in the health sector, manufacturing, tech sector and professional services. The mix of occupiers highlights the diverse talent pool located within Macquarie Park.

Exhibit 5 - Lease deals by industry sector



Source: Knight Frank / TMT= Technology, Media, Telecoms
Other = Finance, Government, Wholesale Trade

Exhibit 6 – Recent lease deal evidence

Address	Tenant	Area (sqm)	Lease Type	Term (Years)	Net Face Rent[1] (A$/sqm)	Incentive (%)	Period Reported
78 Waterloo Road	Till Payments	1,800	Existing	7+3	440	30%	Q4-21
13-15 Lyon Park Road	Karp Oneil Lawyers	400	Existing	5	440	U/D	Q4-21
11 Talavera Road	Wise McGrath	468	Existing	5	460	20%	Q3-21
35 Waterloo Road	Good Housing Pty Ltd	106	Existing	3	345	25%	Q3-21
2 Banfield Street	Damstrata Technology	288	Existing	5	288	25%	Q3-21
39 Delhi Road	Cincom	286	Existing	3	410	28%	Q3-21
16 Giffnock Avenue	Rockwell Automation	557	Sublease	4	380	24%	Q2-21
2 Banfield Street	KBR	650	New	5	475	30%	Q2-21
123 Epping Road	ASUS	884	New	3	350	38%	Q2-21
78 Waterloo Road	Microbiogen	1,217	New	5	450	28%	Q2-21

[1] Net face rent refers to the contractual rent less outgoings such as property rates, insurance, repairs and maintenance, and management fees.

OVERVIEW OF THE AUSTRALIA ECONOMY

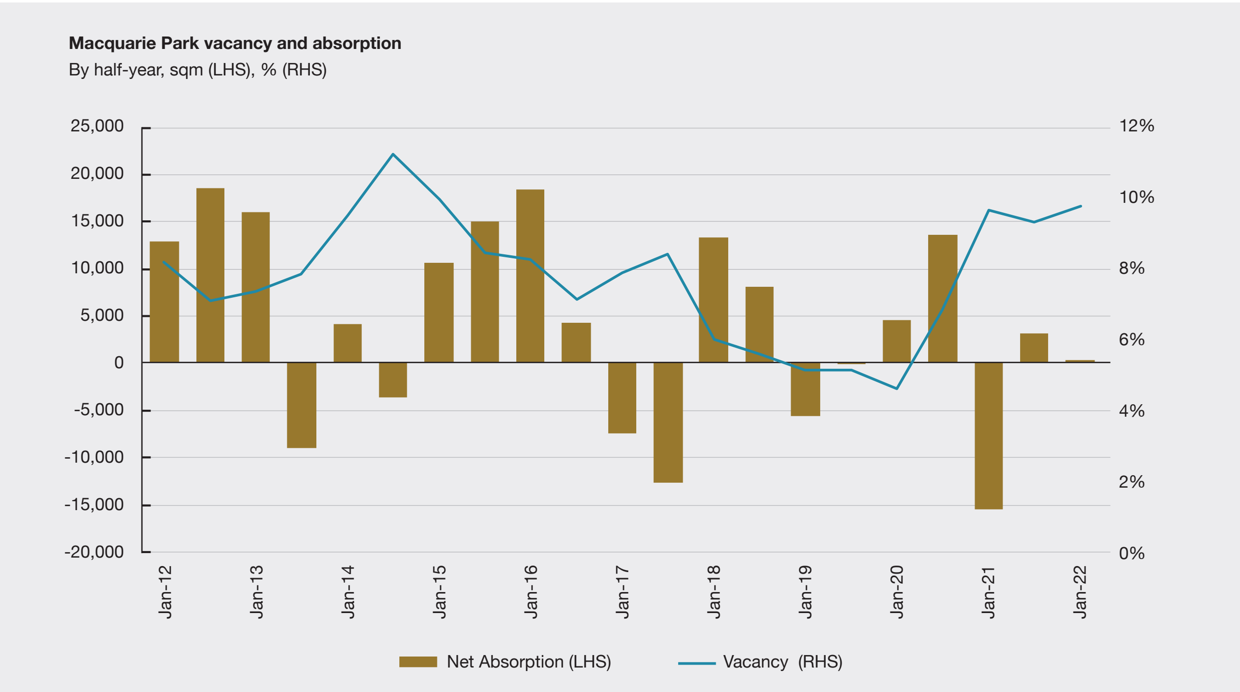
2.3 Vacancy

Overall vacancy in Macquarie Park increased to 9.8% as at January 2022, up from 9.3% in July 2021 and up from 9.6% at the same time last year, with a contraction in secondary grade office space demand offsetting any positive absorption indicators in prime space.

By building grade, prime space vacancy tightened to 8.2% in January 2022, down from 10.1% in January 2021 with 12,107 sqm of positive net absorption recorded in this period. Secondary space vacancy increased from 8.6% in January 2021 to 13.3% in January 2022 and negative net absorption of 8,841 sqm.

The flight to quality trend has been a contributing factor to a decline in secondary grade occupancy, with the pandemic increasing demand for prime grade buildings with higher ranked indoor environmental qualities, such as air handling systems and improved office layouts.

Exhibit 7 – Overall vacancy and Net absorption



Source: Knight Frank, PCA

2.4 Future Supply

Macquarie Park is poised to remain as the second largest metropolitan market in NSW, just behind North Sydney with 909,469 sqm of office stock, with prime stock accounting for 70% of the total stock base in Macquarie Park, a higher proportion than both the Sydney CBD and North Sydney. With a healthy development pipeline, this will continue to grow.

The last two major office developments completed included the Glasshouse building (Building C), at 45-61 Waterloo Road in April 2020 and Macquarie Corporate Centre at 2 Banfield Road, developed by Goodman in late 2020.

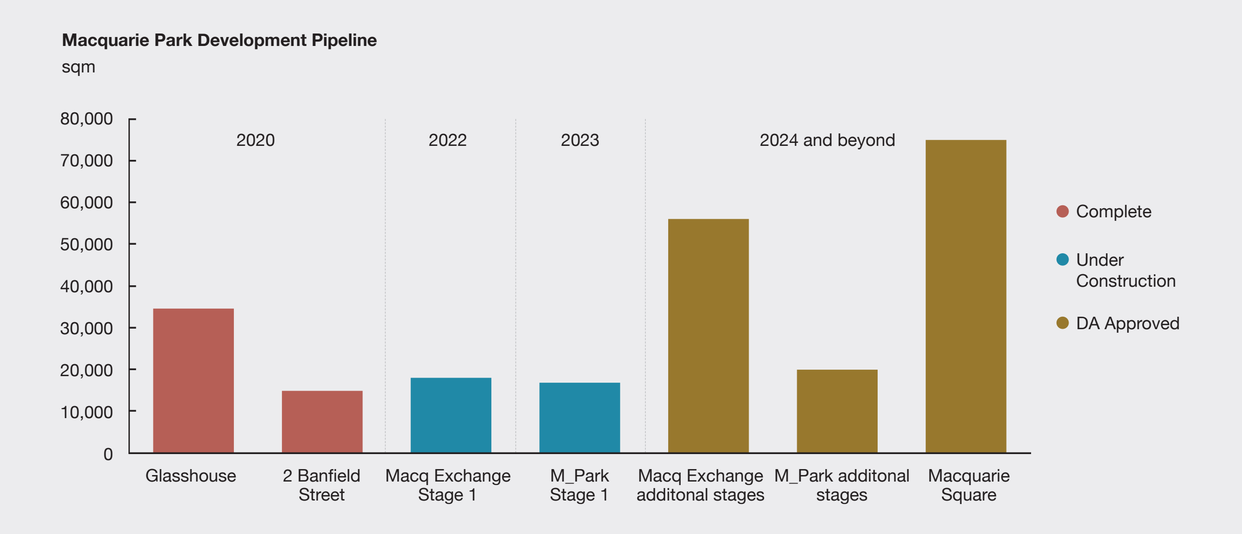
With a land site spanning over 3 hectares, Stockland has commenced construction at its project M_Park at 11-17 Khartoum Road and will become a vibrant commercial and retail precinct. Stage 1 will deliver 16,920sqm of prime office space with a typical floor plate size of 1,800 sqm. This building will become the new consolidated Australian Headquarters for Johnson & Johnson with completion scheduled in 2023.

Additionally, construction is well underway at the Macquarie Exchange development at 396 Lane Cove Road. Stage 1 works, due for completion this year, will deliver a circa 18,000 sqm prime office building. Frasers and Winten Property Group sold the building to Ascendas REIT in September 2020 for A$167.2 million, agreeing to provide a three-year rental guarantee from completion of the property for any vacant spaces.

John Holland has development approval for a further four buildings at its Macquarie Square development, which can accommodate up to a further 75,000 sqm of prime of space. These buildings remain mooted pending pre-commitments.

With new development stock in the pipeline, Macquarie Park will be an attraction to occupiers seeking new prime grade stock at a significant discount to competing markets.

Exhibit 8 - Development Pipeline



Source: Knight Frank

2.5 Rental Performance

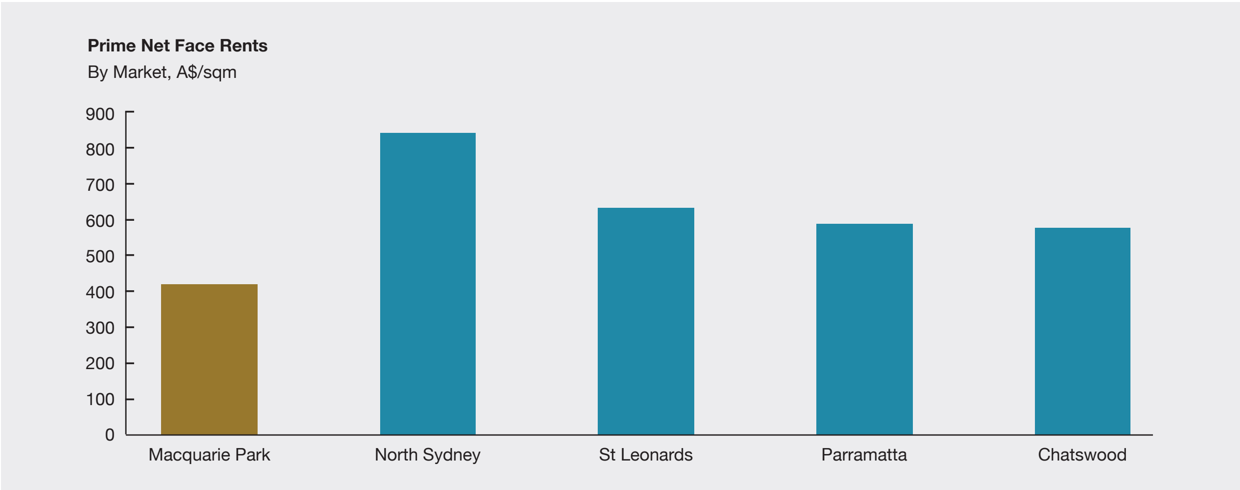
On a 12-month basis (to January 2022), average prime net face rents are unchanged at A$420/sqm per year (A$530/sqm gross face rent[2]). Similarly, secondary rents remained steady in the 12 months to January 2022 to A$358/sqm (A$468/sqm gross face). On a net effective basis, prime rents remained unchanged over the last year to measure A$298/sqm with average prime incentives[3] averaging 29%.

Macquarie Park currently runs at a 50% discount on a prime net face basis to North Sydney and offers the most competitive rent of all North Shore markets. There is scope for more rental growth in the future given its competitive discount and alternatives for occupiers to relocate to Macquarie Park into prime grade office space at a significant discount.

[2] Gross face rent refers to the contractual rent including outgoings such as property and land taxes, insurance, repairs and maintenance, and management fees.

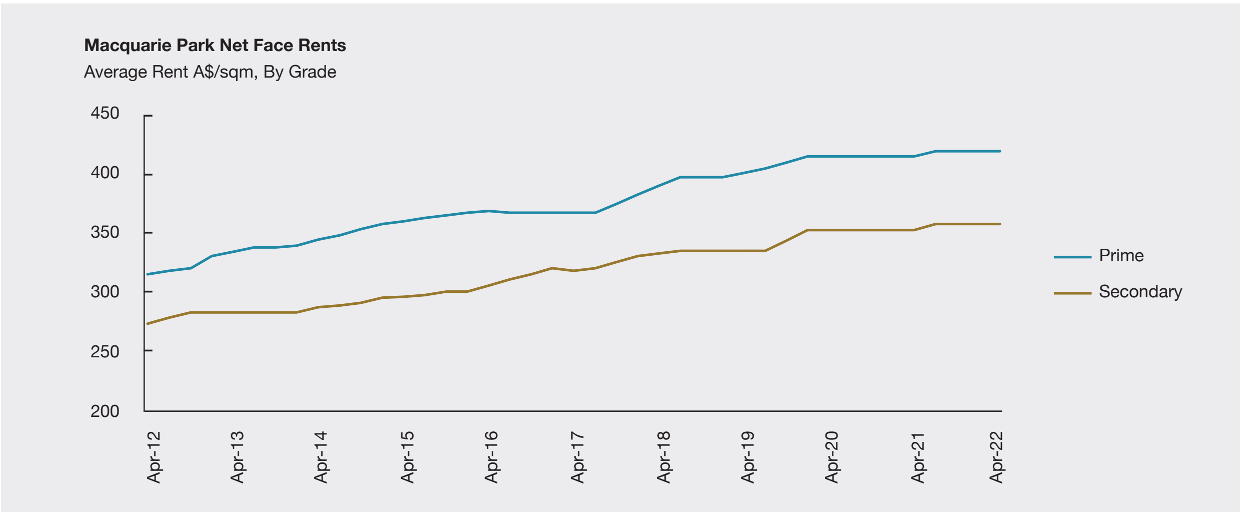
[3] Prime incentives refer to any incentives offered by the landlord such rent-free periods or contributions to new fit-out costs. Incentives are expressed as a percentage of gross face rent.

Exhibit 9 – Average rents, Macquarie Park and competing markets, as at April 2022



Source: Knight Frank

Exhibit 10 – Macquarie Park average rents



Source: Knight Frank Research

3.0 Bella Vista

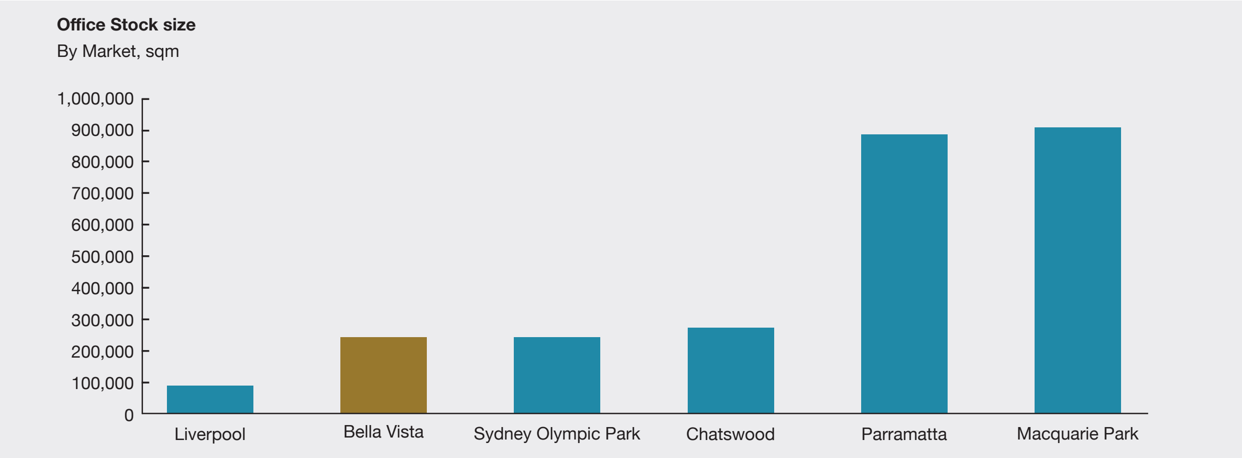
3.1 Introduction

Bella Vista lies 35 kilometres northwest of the Sydney CBD. The wider Bella Vista and Norwest area has seen rapid growth over the past two decades due to the scale of commercial and employment space that the area offers. Accessibility has also been an influential and contributing factor in the area's rapid growth. Supported by Norwest's close proximity to the M2, M4 and M7 motorways, drive times to Parramatta, Macquarie Park and the Sydney CBD, are all accessible within 20 or 30 minutes respectively.

The Greater Sydney Commission's A Metropolis of Three Cities Report includes the Bella Vista and Norwest precinct within its defined Central City District. Growing investment, business opportunities and jobs in strategic centres is a key planning priority of the Central City District Plan. The Plan builds on the existing strengths of each centre and emphasises the desirability of Norwest and Bella Vista as a commercial centre.

To facilitate this growth the Norwest-Bella Vista corridor will be transformed into a transit-oriented, more vibrant and diversified centre with higher employment densities and a mix of residential uses and supporting services. The opening of the Sydney Metro Northwest rail line has already strengthened the growth prospects and connectivity of the precinct.

Exhibit 11 – Office stock size, Bella Vista and competing markets, as at January 2022



Source: Knight Frank, PCA, Arealytics

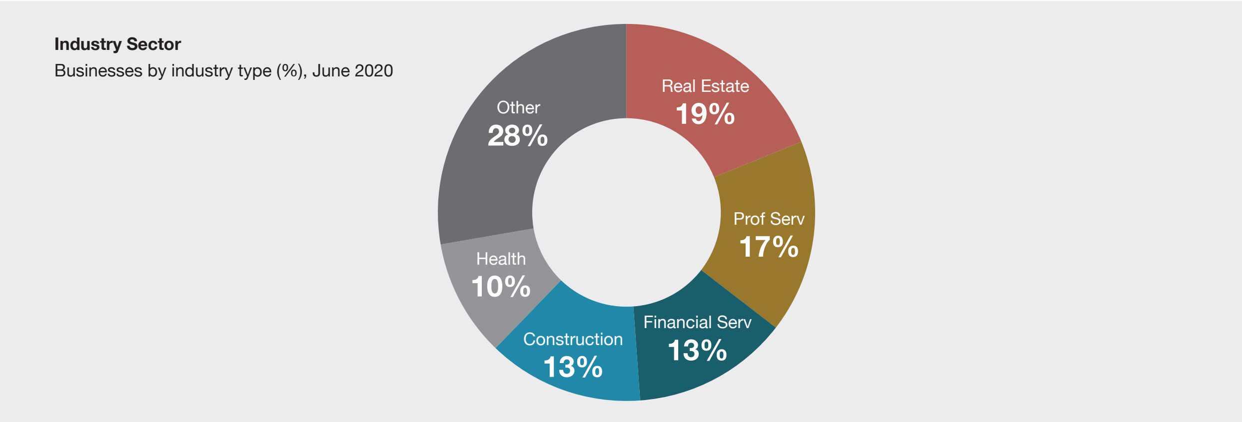
3.2 Demand

The local employment market of the precinct has experienced significant growth over the past two decades, transforming from a farming and industrial precinct into a diverse employment centre. The precinct is characterised by a diverse range of business types, and it is estimated that there are 54,230 businesses currently operating within the precinct (Australian Bureau Statistics, June 2020).

Notably, the area caters to smaller businesses, with 85% of businesses being either sole traders or having one to four employees. However, in terms of larger tenants the area does act as the national headquarters for the ASX listed Woolworths Group. Other major tenants located in the precinct include ResMed, Subaru, AAMI Insurance and HWL Ebsworth Lawyers.

By industry sector (ABS, June 2020) Real Estate Services accounts for the largest proportion of businesses by employee count at 18%, followed by Professional Services 16% and Financial Services 14%. This highlights the highly skilled talent pool within the precinct and the strong presence of highly educated white-collar employees.

Exhibit 12 – Businesses by Industry Type (%)



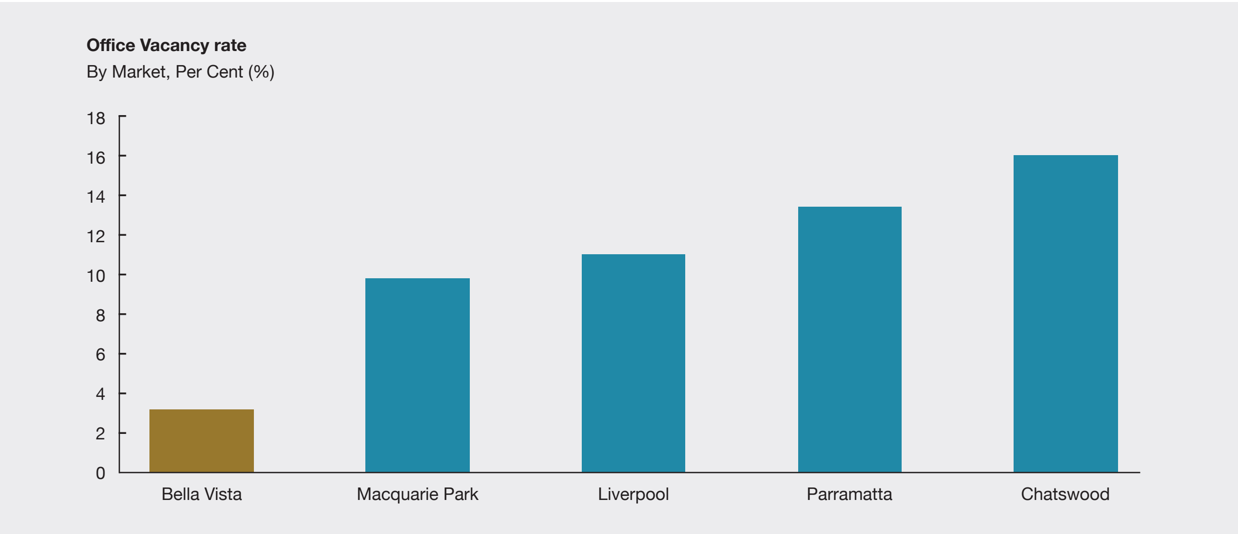
Source: Knight Frank, ABS

OVERVIEW OF THE AUSTRALIA ECONOMY

3.3 Vacancy

Historically, the Bella Vista market has seen significant preference for strata buildings, with the majority of office space accounting for this type of ownership. The Bella Vista commercial market is driven by demand for smaller suites. Given the office stock base in Bella Vista is 243,000 sqm and with no new major developments over the last few years, vacancy has remained tight to currently measure 3.3%, one of the lowest vacancy rates across all major and metro markets in NSW. With a strong talent pool of white-collar workers and improved connectivity with Greater Sydney, vacancy is likely to remain tight in the precinct unless there are any new major developments.

Exhibit 13 – Office Vacancy, Bella Vista versus other markets, as at January 2022



Source: Knight Frank, PCA, Arealytics

3.4 Future Supply

New supply in Bella Vista remains constrained with no new major office developments completed over the last few years. New developments in the precinct have been concentrated on residential housing and apartments which bodes well for its population growth and thus an increase in available workers for the office market.

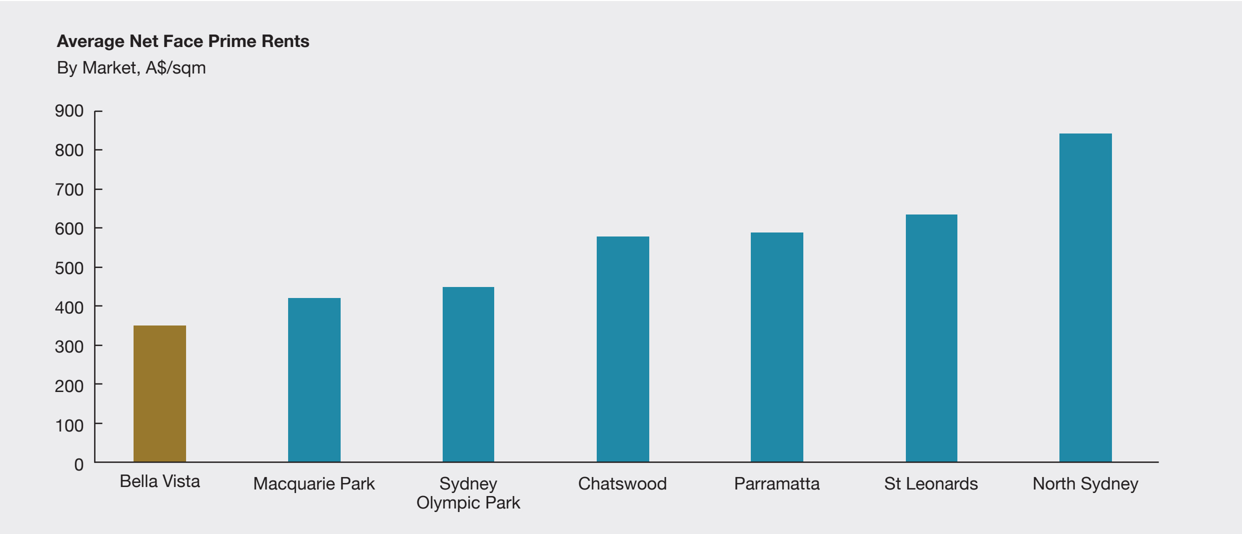
The only scheme currently under construction is 8 Elizabeth Macarthur Drive, being developed by Mulpha. Known as “The Bond”, the building will offer 7 storeys of commercial and retail strata suites. Already over 40% of the building is either leased or sold with completion expected over the next 12 to 18 months.

Another project that is in the pipeline is Capital Corporation’s site at 21-23 Lexington Drive. Capital Corporation is seeking approval for a mixed-use development which would encompass 16,500 sqm of office space.

3.5 Rental Performance

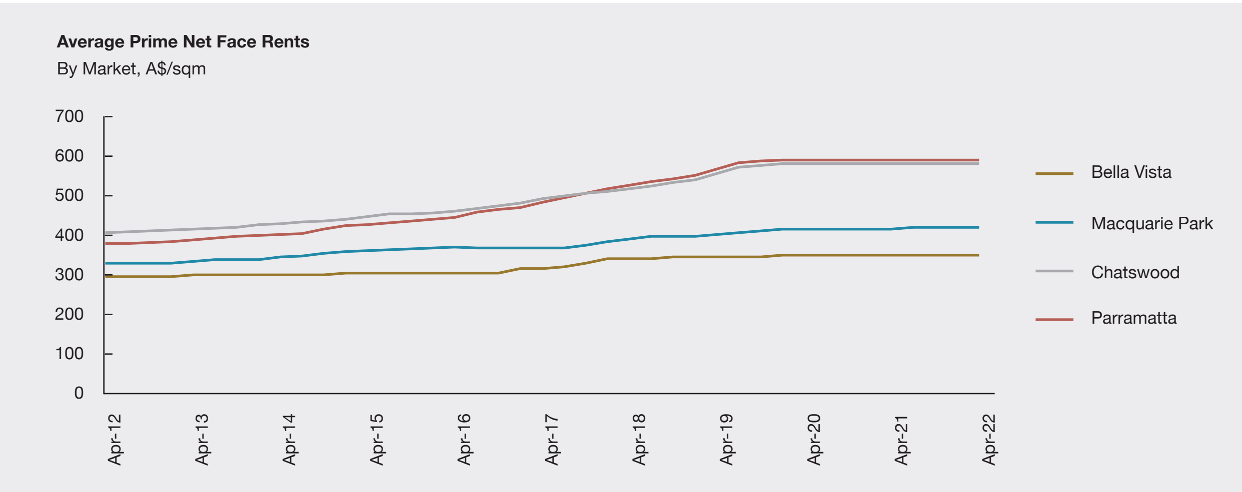
A lack of available leasing options, in conjunction with consistent tenant demand, has highlighted the resilience of face rents in Bella Vista over the last two years. Similar to competing markets, prime net face rents have held firm to average A$350/sqm (ranging from A$325-A$375 per sqm), with some top end office space able to achieve A$400/sqm. Although being asset and owner specific, incentive levels can average between 25% to 35%. Bella Vista currently runs at a 41% discount on a prime net face basis to Parramatta.

Exhibit 14 – Average rents, Bella Vista versus other markets, as at April 2022



Source: Knight Frank

Exhibit 15 – Average rents, Bella Vista versus other markets



Source: Knight Frank

4.0 Investment

A$1.1 billion worth in property investment value was recorded in 2021 across the North Shore markets, 44% below volumes recorded in 2020 and 48% below the five-year annual average of A$2.2 billion. The decrease in activity mostly reflects the shortage of sellers and tightly held nature of the North Shore assets, particularly in Chatswood and St Leonards, where no assets have been traded since December 2020.

Of the North Shore markets, North Sydney and Macquarie Park remain the most active, accounting for 69% and 31% of investment volumes in 2021.

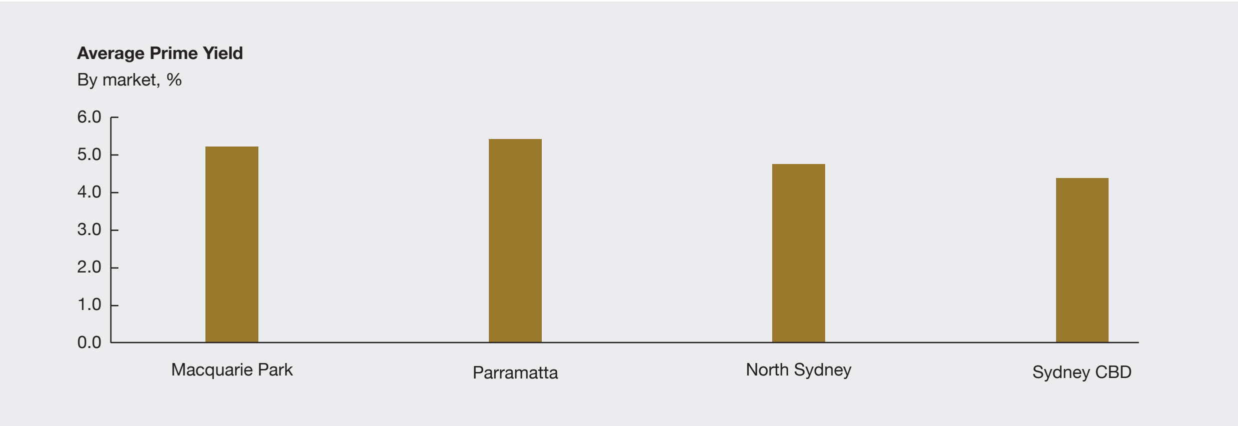
Focusing on Macquarie Park, which is the third largest metropolitan office market nationally, pricing has been resilient with strong income returns attracting both domestic and offshore capital. While assets with strong lease covenants are attracting attention, there has been a shift in demand to acquire assets on an opportunistic basis, with investor appetite being fuelled by the government's investment in the Sydney Metro project.

OVERVIEW OF THE AUSTRALIA ECONOMY

Prime yields continue to remain stable. Buyer appetite to allocate capital to the North Shore has been demonstrated by the run of deals through the last two quarters, with the yield resilience reflecting the relative value proposition in these markets. In line with the trends across the wider office sector, yields are expected to remain stable in the short term.

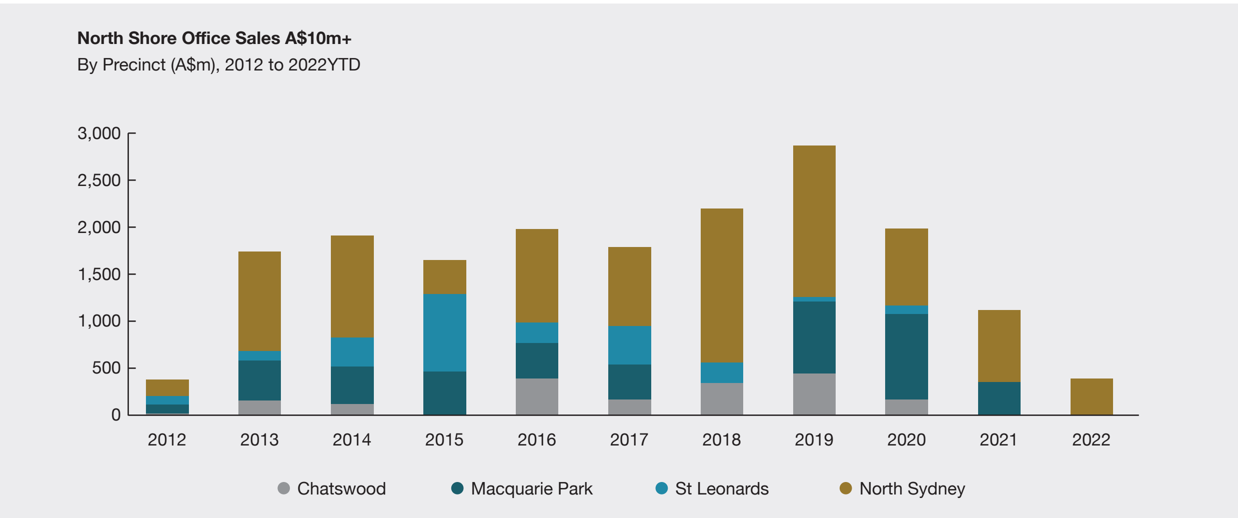
Specifically, in Bella Vista transaction volumes for A$10 million and above ticket price is constrained given it is a strata office dominant market. The only significant sale in the last five years remains with AIMS APAC REIT acquiring the Woolworths national headquarters at 1 Woolworths Way for A$463 million in late 2021.

Exhibit 16 – Average yields, by markets, as at April 2022



Source: Knight Frank

Exhibit 17 – Investment transaction values, by markets



Source: Knight Frank

Exhibit 18 - Sales Transactions

Property	Price (A$m)	Core Market Yield (%)	NLA SQM	A$/ sqm NLA	WALE	Purchaser	Vendor	Sale Date
101 Miller Street, North Sydney (50%)	330#	5.16	37,473	17,613	3.6	CapitaLand Integrated Commercial Trust	Nuveen Real Estate	Jan-22
201 Miller Street, North Sydney	152.4	5.89	14,602	20,874	1.9	LaSalle Investment Management	Dexus Office Partnership	Dec-21
10 Barrack Street	199	4.9	9,627	20,671	3.7	Shayher Group	AEW Capital	Nov-21
2-4 Blue Street, North Sydney	327.7	4.5^	14,000	23,407	N/A	Keppel REIT Jv Lendlease	Thirdi Group Jv Phoenix Property	Nov-21
383 Kent Street	385	5.1*	17,928	21,475	2	Charter Hall Prime Office Fund	Dexus	Nov-21
Locomotive Workshop (50%)	231	4.7	31,000	15,207	U/D	SunSuper	Mirvac	Aug-21
200 George Street (50%)	578.5	4.4	38,937	29,715	5.3	Mirvac JV M&G Real Estate	AMP Capital	Aug-21
17 O'Riordan Street, Alexandria	159.0	4.5	12,701	12,519	9.8	Charter Hall	AIP Asset Management	Aug-21
37 Epping Road, Macquarie Park	55	5.49	8,067	6,818	3.2	Charter Hall	CorVal	Jun-21
1 Bligh Street (33%)	375	4.50	42,800	26,388	5.4	Dexus & Mercatus JV	CBUS	Mar-21
400 George Street (25%)	290	4.95	51,057	22,720	5.8	M&G real Estate	Investa Commercial Property Fund	Feb21
60 Carrington Street	140.2	4.90	14,610	19,203	4.5	Marprop	Brookfield	Jan-21
76-78 Pitt Street	281.5	4.53	23,473	11,993	10	Charter Hall long WALE REIT	Telstra	Dec-20
1-5 Thomas Holt Drive, Macq Park	288.9	5.68	39,370	7,338	4.5	Ascendas REIT	AMP	Dec-20
53 Berry Street, North Sydney	54	5.0	3,442	15,690	2.3	Lederer Group	Property Bank Aust	Oct-20
60 Miller Street, North Sydney	275	5.0*	19,350	14,212	U/D	Huge Linkage	Dexus	Nov-20
2 Banfield Street, Macq Park	144	5.1	14,645	9,833	7.3	AEW Capital	Dexus	Aug-20

Source: Knight Frank

WALE – Weighted Average Lease Expiry
*Passing yield
^ Lendlease will develop the new office building, which will then be acquired by Keppel REIT. A three-year rental guarantee from Lendlease. This has allowed the Singaporean property trust to forecast an initial yield of 4.5% on its investment.
# Price excludes Greenwood Plaza retail component

OVERVIEW OF THE AUSTRALIA ECONOMY

5.0 Gold Coast

5.1 Introduction

City Economy & Population

Population Growth underpinning the maturation of the Gold Coast commercial market

The Gold Coast is Australia's sixth largest city with an estimated population of 643,461 as at June 2021, reflecting annual growth of 1.3% (ABS), higher than the Queensland growth of 0.9%. The strong lifestyle draw of the Gold Coast is underlined by the fact that 61% of the population increase in 2020-21 was due to migration. Internal migration (relocation within Australia) accounted for 80% of population growth with 6,745 people relocating to the area from within Australia. Due to COVID-19 there was negative net overseas migration of 1,619 people, whereas usually given the beach location and strong education offering overseas migration is generally high.

Population projections (QLD Govt 2018) indicate average annual population growth of 2.0% for the 25 years to 2041 in the Gold Coast Region. Net interstate migration is forecast to remain a cornerstone of this population growth with estimates of a total net inflow between 2016 and 2041 of 129,000 persons. This is expected to equate to 28% of Queensland's total net interstate migrants.

Solid base of white-collar workers in the region

Analysis of Census 2016 data indicates that 44% of workers that reside in the Gold Coast local government area are in roles which are typically defined as white collar (managers, professionals, clerical & admin). While 80% of these residents identify as also working within the Gold Coast, 20% do not work within the region. The leakage of workers is strongest to the Greater Brisbane region with 13% or 15,330 white collar workers living in the Gold Coast but travelling into the Greater Brisbane region to work.

Infrastructure investment remains high

Outside of the recent improvements and expansion to existing sporting & local road infrastructure required to host the Commonwealth Games in 2018, the Gold Coast has attracted high levels of investment in both private and public sector projects to facilitate the growth of the city and additional population base.

Major future infrastructure projects or underway include:
- Cultural Precinct Bundall - 16.9ha site. Stage 1 - A$38 million
- Light Rail Stage 3—A$1.04 billion to extend the line from Broadbeach to Burleigh Heads, a 6.7km stretch with eight new stations. Construction commenced early 2022 with a three-year timeline.
- Light Rail Stage 4 – Final stage to connect the Gold Coast Airport with the light rail system. To be completed prior to 2032.
- Health & Knowledge Precinct – 200ha innovation hub - A$5 billion total investment with a scheduled completion of 2030.
- Southport CBD Rejuvenation
- Cruise Ship Terminal—Ocean side terminal A$463 million
- Brisbane-Gold Coast faster rail upgrade - A$1.1 billion
- M1 Pacific Motorway – Varsity Lakes -Tugun - A$680 million

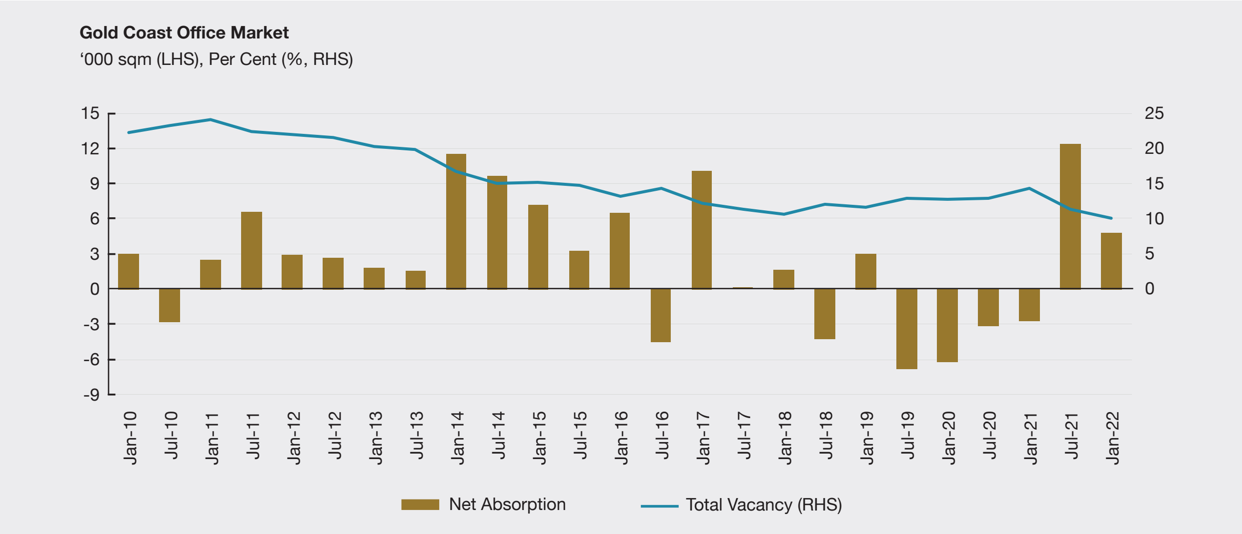
5.2 Demand and Occupancy

The Gold Coast office market saw accelerated demand through 2020 and 2021. Largely unimpacted by COVID-19 lockdowns and dominated by small-medium enterprise (SME) tenants who largely traded as normal, the Gold Coast office market did not see the pause that many Australian CBD office markets did. Additionally, the Gold Coast region benefitted from many interstate migrants (both permanent and temporary) from the major southern cities of Sydney and Melbourne which boosted demand.

Net absorption for CY2021 was 17,216 sqm (PCA), the highest annual result since 2014, as there was steady take-up amongst medium sized tenants. Large corporate activity was limited for the Gold Coast over the past year, in line with head office mandates, however there was take-up from State and Federal government entities to boost tenant activity.

Steady take-up, combined with the low new supply additions caused the vacancy rate to fall from 14.3% in January 2021 to 10.1% at the start of 2022 (PCA). Prime vacancy is currently siting at 11.5% with secondary at 9.8% - the first time that secondary vacancy has been under double figure mark since 2008 as demand has been expressed across both the prime and secondary markets.

Exhibit 19 – Gold Coast office vacancy and net absorption



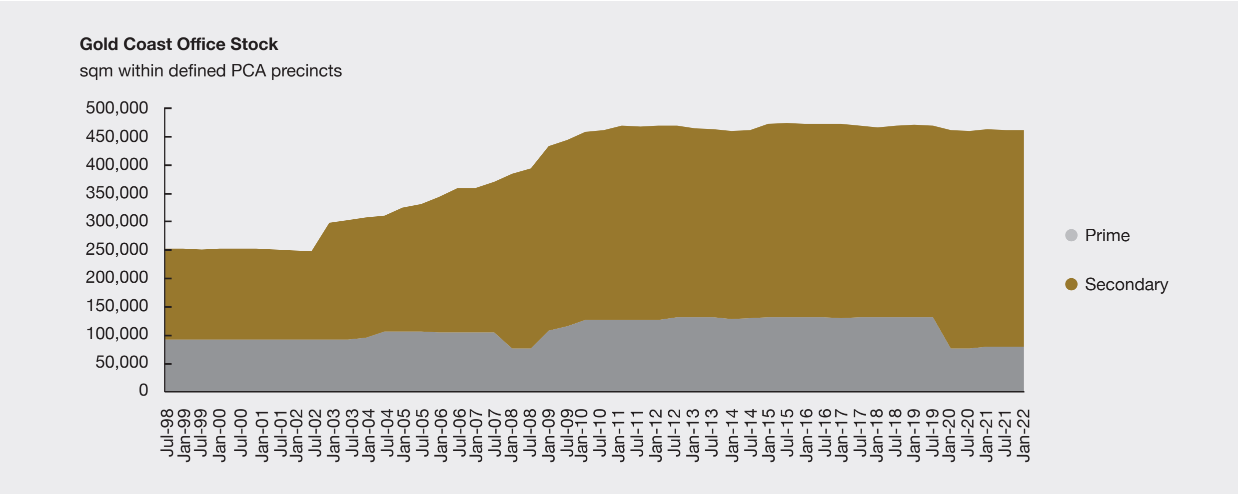
Source: Knight Frank, PCA

5.3 Existing and potential Supply

The Gold Coast office market covers 460,781 sqm of office space across four office precincts as defined by the Property Council of Australia (PCA), plus additional office stock at a lesser density along the north-south transport corridors outside of the recognised key office precincts. The supply of new office stock on the Gold Coast has been low over the past 10+ years with new constructions balanced by withdrawals and total stock largely unchanged since 2010. Particularly for the beachside precincts or those in close proximity to the beach, the underlying land value and competition from high density residential development has made development metrics for office development unviable for some time.

OVERVIEW OF THE AUSTRALIA ECONOMY

Exhibit 20 – Gold Coast office stock

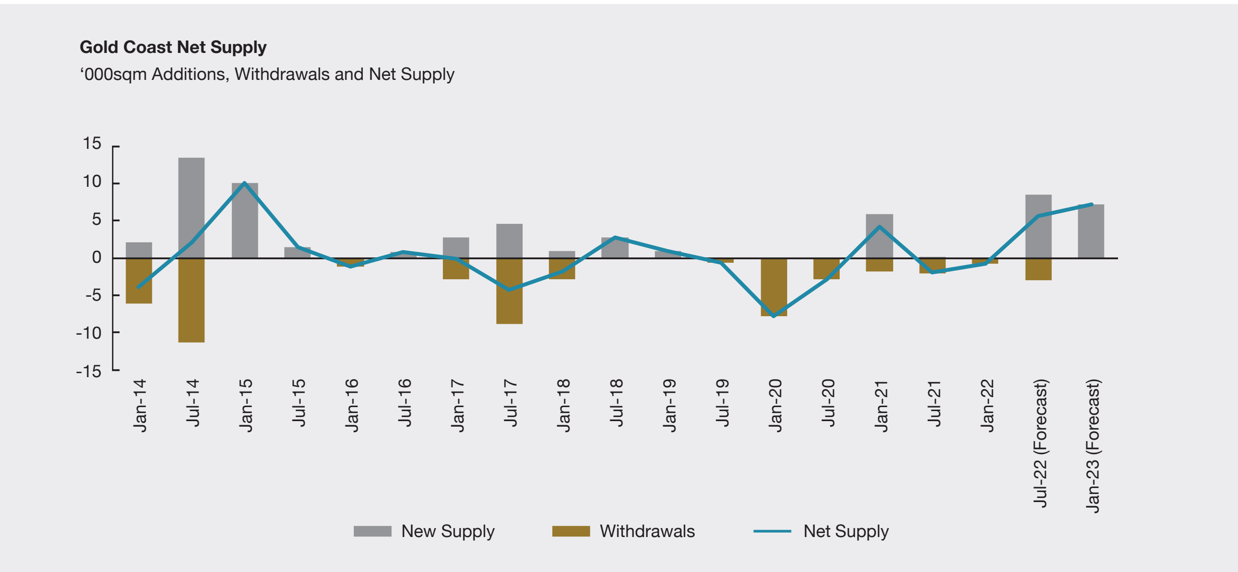


Source: Knight Frank, PCA

Prime office space is relatively limited, particularly since a re-grade of the stock was undertaken in 2020, with only 80,833 sqm or 18% of total office stock being currently defined as prime space. Despite this relatively low level of prime stock there remains limited immediate development of scale proposed for the market, with all active schemes under 7,500 sqm.

Nevertheless, the next 12 months will see the highest amount of new supply that has been seen since 2014 with two projects to be completed in the Robina Lakes/Varsity precinct. A further project of 5,500 sqm is under construction in Helensvale on a speculative basis with completion expected mid-2022. Beyond these projects further development starts will be triggered by tenant pre-commitment however there are limited pre-commitment style private sector tenants in the market. State, Federal and local government requirements may still trigger new development (i.e., the Gold Coast City Council is supportive of a combined government building to kick off Southport CBD rejuvenation) however the timing is not determined. Developer feedback is that given the strong residential and medical demand for development sites further away from the beach zone, plus accelerating construction costs and timeframes, developments will currently struggle for feasibility across all precincts unless there is significant rental growth.

Exhibit 21 – Gold Coast office supply



Source: Knight Frank, PCA

Exhibit 22 - Major Gold Coast office Projects (3,000 sqm)

Project	Precinct	NLA SQM	% Leased	Major Tenant/s	Developer	Status	Date
Acuity Business Park Stage 1, Robina	Robina/ Varsity	5,937	100%	Metricon	Alceon	Complete	Aug-20
Acuity Business Park Stage 2, Robina	Robina/ Varsity	6,700	100%	TAFE	Alecon	Construction	Jul-22
120 Siganto Dr, Helensvale	Non-PCA	5,500	-	-	Alder Development	Construction	Jul-22
Edgewater Ct, Robina	Robina/ Varsity	7,138	100%	Services Australia	QIC	Construction	Jan-23
26 Lawson St, Southport	Southport	3,000	23%	OMB Lawyers	OMB	Approved	STP
21 Town Centre Drive, Helensvale	Non-PCA	8,157	-	-	SCentre/QIC	Approved	STP
Acuity Business Park Stage 3, Robina	Robina/ Varsity	7,000	-	-	Alecon	Mooted	STP
197 Robina Town Centre Dr, Robina	Robina/ Varsity	4,000	-	-	Robina Land Corporation	Mooted	STP

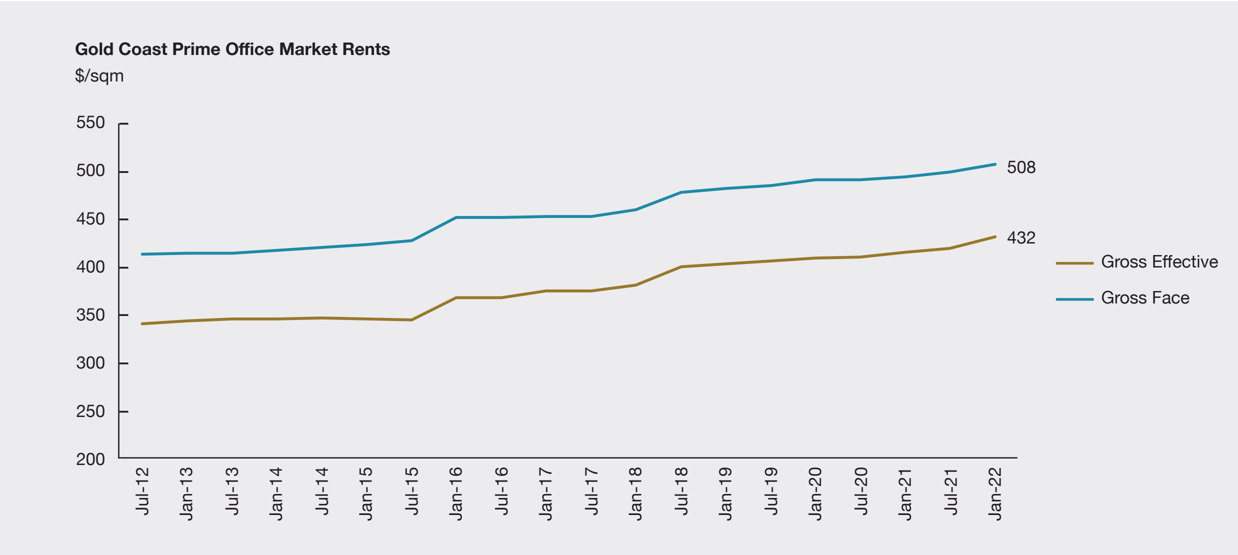
Source: Knight Frank, PCA
STP = subject to pre-commitment

5.4 Rents

Despite the quick improvement in vacancy levels across the Gold Coast market rents have not yet significantly responded to the increased competition in the market. There has been modest improvement in both face rents and incentives with yoy gross face rental growth of 2.6% and effective yoy growth of 3.8%. Rather than push rents at this time many building owners are placing a higher priority on achieving full occupancy for their assets with significant rental growth remaining a secondary goal.

The market is turning towards favouring landlords and rental appreciation is expected to flow through more strongly throughout 2022 as competition between tenants accelerates over limited opportunities. Particularly for tenants of scale contiguous vacancies 1,000 sqm+ are increasingly scarce and the market may not be able to accommodate all requirements – particularly for tenants across the education and call centre sector which are also highly price sensitive.

Exhibit 23 – Average rents in Gold Coast



Source: Knight Frank

5.5 Investment

As a regional market with generally asset sizes in the main of a smaller scale than that sought by major institutional investors the market remains dominated by smaller trust, syndicate and private investors. Nevertheless, the recent and anticipated growth of the Gold Coast precinct has seen stronger investor interest as the global demand for assets remains high. Yields have contracted with the acceleration of demand for investment assets even as transactions remain low in the market which is generally tightly held. As demand for high density residential development continues to build in beachside suburbs more older office assets are being acquired for redevelopment.

Exhibit 24 – Sale transactions in Gold Coast

Property	Price (A$m)	Core Market Yield (%)	NLA SQM	A$/ sqm NLA	WALE	Purchaser	Vendor	Sale Date
2 Boston Ct, Varsity Lakes	15.0	6.7^	3,106	4,829	U/D	Private Melb Group	Private	Feb-22
16-18 Queensland Ave, Broadbeach#	22.5	n/a	2,550	8,823	N/A	Polycell broadbeach	Private	Jan-22
130 Bundall Road, Bundall	13.1	6.0^	3,720	3,565	1.9	Private	Private	Aug-21
50 Cavill Ave, Surfers Paradise	113.5	6.8	16,685	6,803	3.1	Elanor Commercial Property Fund	GDI Property Group	Aug-21

Source: Knight Frank /RCA

Purchased for demolition and residential redevelopment
^ Passing Yield

5.6 Outlook

The Gold Coast region remains one of the fastest growing areas in Australia with further population growth contributing to the maturation of the Gold Coast office market. The commercial vacancy rate is expected to continue to decrease in the short term despite new supply entering the market. The major risk for the office market is that the stock is not available to meet the needs to corporate tenants seeking to establish a presence in the market, particularly national companies which are seeking to provide a regional touchpoint for remote workers which means that demand will remain unexpressed or transfer to different locations.

Development in the core office market precincts, particularly in the beachside locations will remain constrained to lower floor and mezzanine floors of larger residential buildings as the feasibility does not exist for office only product given underlying land value and construction costs. Additional small scale office development is expected along the M1 corridor and along the light rail corridor, which will further fragment the Gold Coast office product. Rental growth is expected to continue across both the prime and secondary grades in the short term, however, will still struggle to reach the levels to trigger large-scale office development unless subsidised to trigger development in specific locations of rejuvenation such as Southport.

MANAGER'S REPORT

OPERATION REVIEW

AT A GLANCE AS AT 31 MARCH 2022

26

PROPERTIES IN SINGAPORE

3

PROPERTIES IN AUSTRALIA

WEIGHTED AVERAGE LEASE EXPIRY ("WALE")

5.05 years

5.02 years (by 4Q FY2022 GRI without forward leases)

NET LETTABLE AREA ("NLA")

785,426 square metres

TOTAL NUMBER OF TENANTS

199

OCCUPANCY

97.6 %

PORTFOLIO VALUE

S$2.27 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.

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**

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**

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**

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**

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**

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**

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

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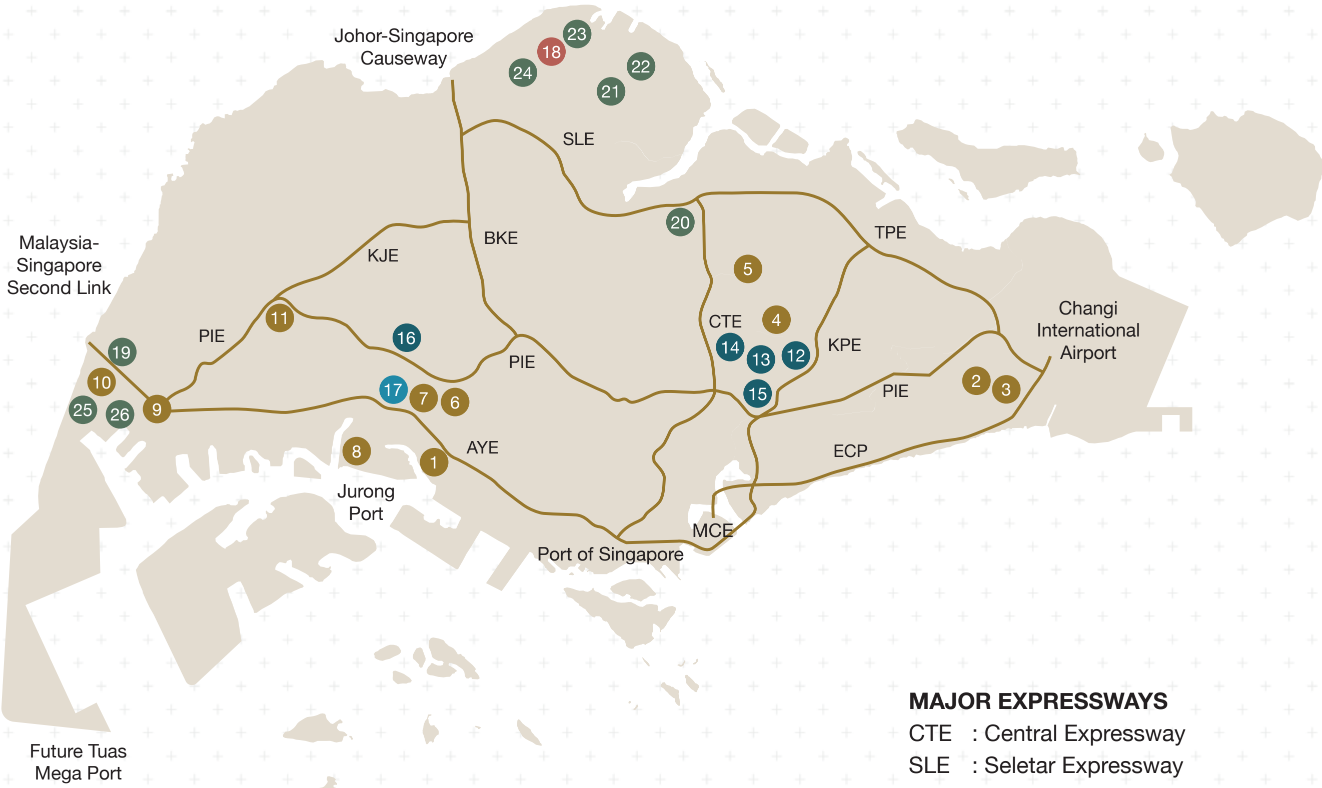
SINGAPORE PROPERTY PORTFOLIO AS AT 31 MARCH 2022



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 2022

BUSINESS PARK

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

BUSINESS PARK

B. Woolworths HQ, 1 Woolworths Way, Bella Vista, New South Wales, Australia

LIGHT INDUSTRIAL

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

MANAGER'S REPORT

OPERATION REVIEW

PORTFOLIO PERFORMANCE IN FY2022

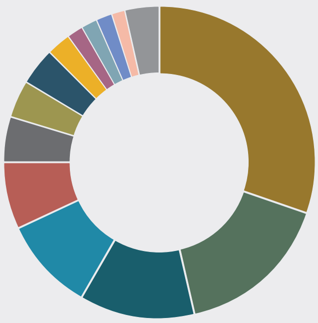
The Manager continued its strategy of proactive management of AA REIT's portfolio and by focusing on the continued execution and evaluation of yield accretive investment opportunities in Singapore and Australia.

Despite the ongoing COVID-19 environment, AA REIT continued to experience strong leasing demand from its existing and new tenants on the back of the gradual global economic recovery from COVID-19 and the resilient industrial market.

With more than 2.0 million sq ft of under-utilised plot ratios across Singapore and Australia portfolio, the Manager will continue to explore organic growth opportunities and rejuvenate older assets to further strengthen and optimise its portfolio.

The Manager remained firmly focused on proactive asset and lease management during FY2022. AA REIT's portfolio remained resilient, with 29 strategically located industrial properties and a diversified tenant base consisting of 199 tenants across 14 industries.

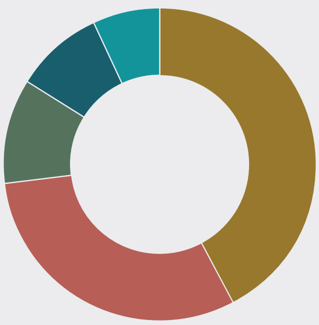
Tenants' Industry Sector (by 4Q FY2022 GRI)



Logistics	30.3%	Fashion and Apparels	3.7%
Supermarket/Retail	16.1%	Furniture	2.6%
Telecommunication	12.2%	FMCG	1.8%
Engineering	9.6%	Self-storage	1.6%
Biotech/Life Sciences	6.8%	Data Centre	1.6%
Consumer products	4.9%	IT & Electronics	1.5%
Pharmaceutical/Healthcare/Cosmetic	3.9%	Others	3.4%

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.

Industrial Sub-clusters (by 4Q FY2022 GRI)



Logistics and Warehouse	42.3%
Business Park	31.0%
General Industrial	10.7%
Light Industrial	9.1%
Hi-Tech Space	6.9%

In Singapore, the Urban Redevelopment Authority classifies industrial property into three groups - B1 Light Industry; B2 General Industry; and Business Park.

AA REIT's three properties in Australia are anchored by two business parks in New South Wales and a light industrial property in Queensland with high-quality master tenants in resilient industries on long lease terms with rental escalations.

On 15 November 2021, AA REIT completed the acquisition of a freehold property located at 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia ("Woolworths HQ"), a modern corporate campus style business park, for approximately A$463.25 million. This accretive and transformational acquisition ties in with AA REIT's strategy of investing in quality assets that provide long-term stable and growing income yield and capital growth potential. The property was acquired from Inmark Asset Management Pty Ltd and is fully leased to Woolworths Limited, a highly reputable tenant listed on the Australian Securities Exchange. In addition, this property has the strategic potential for long-term redevelopment in terms of future site expansion. The existing lease commenced on 1 November 2005, for a term of 26 years, with four options to renew for a further period of five years pursuant to each option. The purchase consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the independent valuation by Knight Frank NSW Valuations And Advisory Pty Ltd commissioned by the Manager. The methods used by the valuer were the Income Capitalisation Method and Discounted Cash Flow Analysis methodologies.

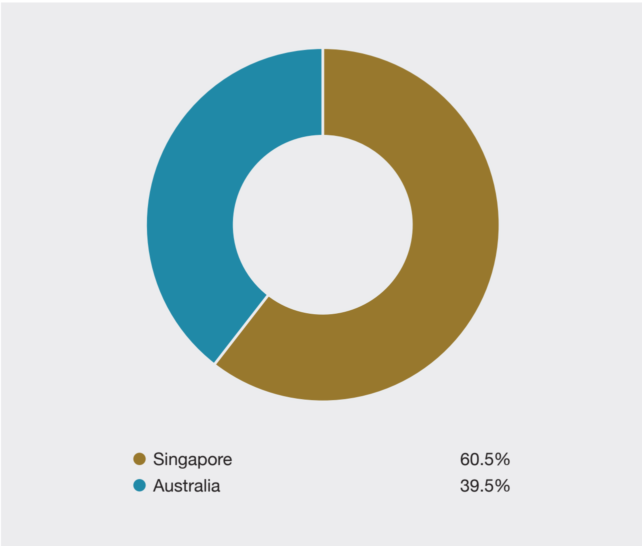
The light industrial property is located in Burleigh Heads, an established industrial, commercial, retail and residential suburb. It is 100% leased to GSM (Operations) Pty Ltd and operates as Boardriders' Asia Pacific Headquarters.

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 has a 49.0% interest in the property.

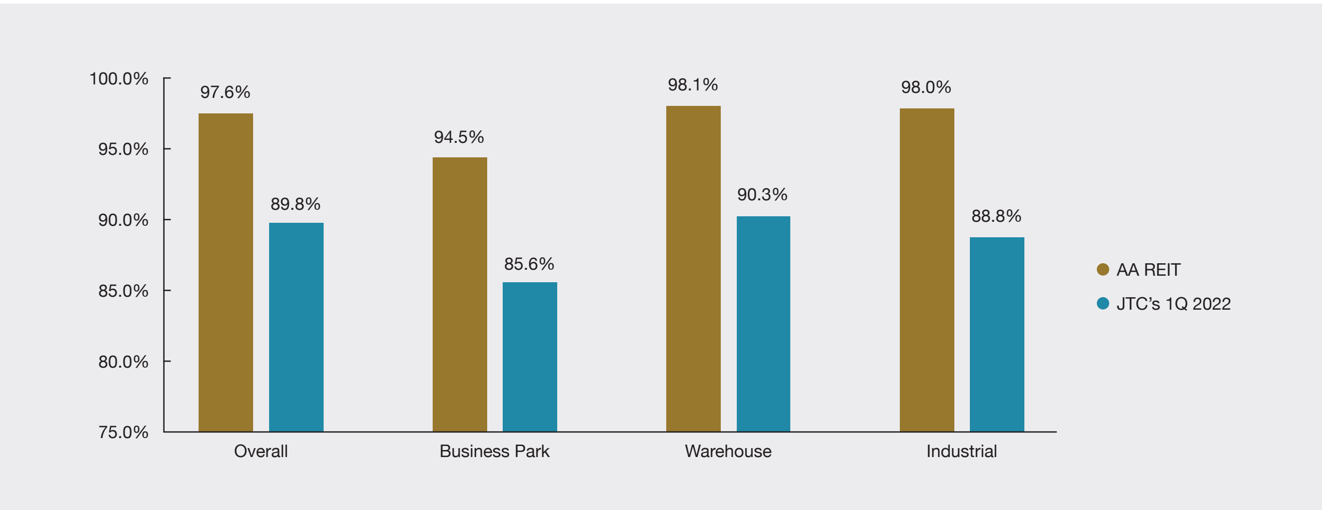
AA REIT continues to seek to expand its presence in the region and further strengthen and diversify the portfolio through strategic acquisitions and partnership opportunities.

The overall occupancy rate of AA REIT's portfolio stood at 97.6% as at 31 March 2022. The various occupancy rates of the industry sub-clusters also exceeded the respective Singapore's industrial average levels.

Geographical Location (by FY2022 Valuation)



Occupancy Rate (by Sub-clusters)

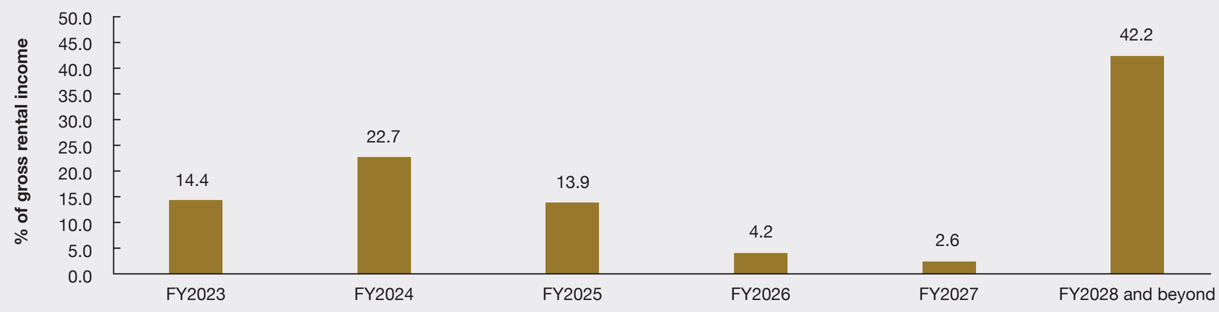


OPERATION REVIEW

During FY2022, AA REIT successfully secured 107 new and renewed leases (representing 213,130 sq m, or approximately 27.1% AA REIT's respective total NLA), at a weighted average rental rate increase of 7.42% on the renewed leases in FY2022. Out of these, 44 new leases were secured and the WALE (by GRI) stood at 2.48 years and contributed to 3.2% of the portfolio's FY2022 GRI.

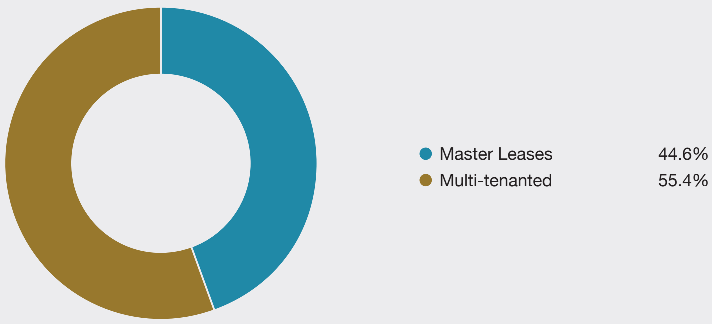
With a well-staggered lease expiry profile, AA REIT's portfolio enjoys stability of income as approximately 39.9% of the total portfolio leases (by GRI) are committed until FY2028 and beyond, which reduces AA REIT's exposure to near term expiries. As at 31 March 2022, AA REIT's WALE (by 4Q FY2022 GRI) stood at 5.05 years.

Lease Expiry Profile (by 4Q FY2022 GRI)



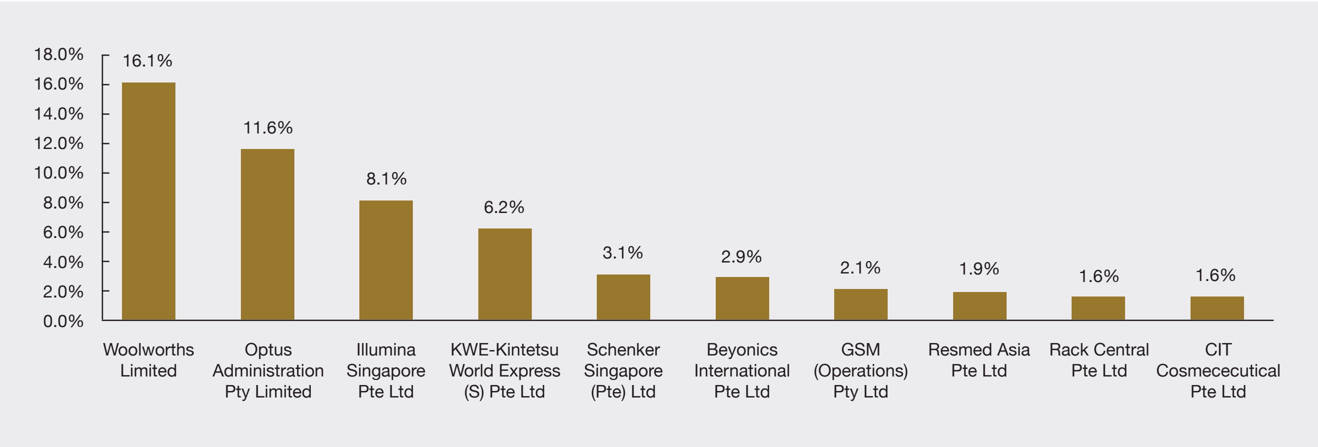
Underpinning the stable income, AA REIT has 10 properties under master leases as at 31 March 2022, including the newly acquired Woolworths HQ that provide stability of income growth as a result of longer lease duration and built-in rental escalations. The remaining multi-tenancy properties, with shorter leases with an average of approximately three years, provide flexibility and potential for AA REIT to reposition the portfolio according to the market conditions and benefit from rental reversions.

Master and Multi-tenanted Leases (by 4Q FY2022 GRI)



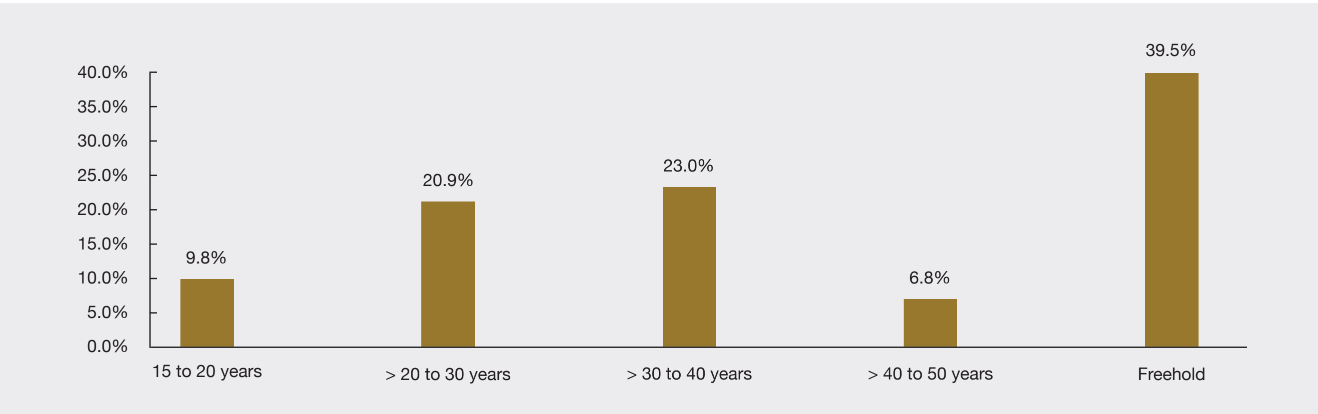
AA REIT's portfolio consists of a high-quality and diversified tenant base, which includes large multinational companies, publicly listed companies and small and medium sized enterprises. The top 10 tenants accounted for approximately 55.2% of GRI for 4Q FY2022. Although the top two tenants accounted for approximately 16.1% and 11.6% of AA REIT's 4Q FY2022 GRI respectively, the remaining eight tenants each do not exceed 10%.

Top 10 Tenants (by 4Q FY2022 GRI)



Properties located on freehold land accounted for 39.5% of the portfolio's valuation as at 31 March 2022. The portfolio enjoys well-distributed, long underlying land leases, with a weighted average land lease to expiry for the portfolio of 57.0* years, weighted by valuation. Excluding freehold land, the weighted average land lease to expiry for leasehold land in the portfolio would be 29.6 years.

Land Lease Expiry Profile (by Valuation)



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

The well diversified portfolio and tenants continued to provide a resilient performance in FY2022 despite the ongoing COVID-19 during FY2022. The portfolio, coupled with contribution from the new Woolworths HQ acquisition, will provide AA REIT with resilient long-term income. With the broad recovery in the Singapore and Australia economies providing support for the industrial and business park sectors, the Manager will continue to proactively manage its portfolio of 29 properties across Singapore and Australia to deliver sustainable distributions and create long-term value for Unitholders.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Statement of total return and distribution	FY2022 S$'000	FY2021 S$'000	Change %
Gross revenue	**142,390**	**122,633**	16.1
Property operating expenses	**(39,205)**	**(35,101)**	11.7
Net property income	**103,185**	**87,532**	17.9
Net foreign exchange (loss)/gain	**(86)**	**296**	>(100.0)
Interest income	**719**	**631**	13.9
Borrowing costs	**(22,828)**	**(22,127)**	3.2
Manager's management fees	**(10,012)**	**(8,411)**	19.0
Manager's performance fees	**(4,619)**	**–**	NM
Other trust expenses	**(4,595)**	**(3,579)**	28.4
Non-property expenses	**(42,054)**	**(34,117)**	23.3
Net income before joint venture's profits	**61,764**	**54,342**	13.7
Share of profits of joint venture (net of tax)	**48,140**	**35,354**	36.2
Net income	**109,904**	**89,696**	22.5
Net change in fair value of investment properties	**(5,828)**	**(31,806)**	(81.7)
Net change in fair value of derivative financial instruments	**8,219**	**2,178**	>100.0
Total return before income tax	**112,295**	**60,068**	86.9
Income tax expense	**(8,187)**	**(8,047)**	1.7
Total return after income tax	**104,108**	**52,021**	>100.0
Attributable to:			
Unitholders	**89,241**	**47,571**	87.6
Perpetual Securities holders	**14,867**	**4,450**	>100.0
	104,108	**52,021**	>100.0
Distributions to Unitholders	**67,247**	**63,247**	6.3
Distribution per Unit ("DPU") (Singapore cents)	**9.46**	**8.95**	5.7

NM: not meaningful.

Gross revenue and net property income

Gross revenue for FY2022 of S$142.4 million was S$19.8 million higher as compared to FY2021. The increase in gross revenue was mainly contributed by the recent acquisition of Woolworths HQ in November 2021 amounting to approximately S$10.0 million, full year contribution from 7 Bulim Street acquired in October 2020, higher rental and recoveries for the properties at 20 Gul Way, 8 & 10 Pandan Crescent, 29 Woodlands Industrial Park and 541 Yishun Industrial Park A (rental contribution from the new master tenant commenced in January 2021). In addition, the lower gross revenue for FY2021 was due to an estimated provision for waiver of rent for eligible tenants under the Singapore rental relief framework from SMEs of approximately S$1.7 million.

Property operating expenses for FY2022 of S$39.2 million was S$4.1 million higher as compared to FY2021. The increase was largely due to the higher electricity cost during the fourth quarter of FY2022 and higher repair and maintenance expenses.

Net property income for FY2022 of S$103.2 million was S$15.7 million higher than FY2021 mainly due to higher gross revenue.

Borrowing costs

Borrowing costs for FY2022 of S$22.8 million was S$0.7 million higher compared to FY2021 mainly due to the additional interest expense from the new onshore term loan facility for acquisition of Woolworths HQ of approximately A$277.95 million. This is partially offset by the loan repayments during the year.

Manager's management fees and performance fees

Manager's management fees for FY2022 of S$10.0 million was S$1.6 million higher compared to FY2021. The increase was mainly due to higher value of the Deposited Property from the acquisition of Woolworths HQ in November 2021 and the higher valuation of Optus Centre.

Performance fee is computed at 0.2% per annum of the value of the Deposited Property, provided that the annual growth in distribution per unit ("DPU") in a given financial year exceeded 5.0%. Based on AA REIT's distribution for FY2022, the Manager is entitled to receive S$4.6 million of performance fee.

Other trust expenses

Other trust expenses for FY2022 of S$4.6 million was S$1.0 million higher compared to FY2021 mainly due to higher trustee fees and Australian investment management fees as a result of the higher value of the Deposited Property from the acquisition of Woolworths HQ, and higher valuation of Optus Centre.

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 49.0% interest in Optus Centre. The increase in the share of profits of joint venture in FY2022 was mainly due to higher share of revaluation surplus recognised from the valuation of Optus Centre of S$10.7 million.

Net change in fair value of investment properties

The net change in fair value of investment properties for FY2022 was largely due to revaluation loss from the Woolworths HQ of S$26.3 million mainly arising from transaction cost capitalised and S$5.2 million fair value adjustments of ROU assets included in investment properties in accordance with FRS 116 Leases ("FRS 116"). This is partially offset by the net revaluation gain of the Group's remaining 27 properties of S$25.7 million.

As at 31 March 2022, the independent valuations of the Trust's 26 investment properties in Singapore were carried out by Savills Valuation and Professional Services (S) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd while the valuation of 2 investment properties in Australia were carried out by Jones Lang LaSalle Advisory Services Pty Ltd or Knight Frank NSW Valuations & Advisory Pty Ltd.

The net change in fair value of investment properties 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 changes in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts, cross-currency interest rate swap contracts and foreign currency forward 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.

MANAGER'S REPORT

FINANCIAL REVIEW

Amount reserved for distribution to Perpetual Securities holders

On 14 August 2020, the Trust issued S$125.0 million of 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.

On 1 September 2021, the Trust issued S$250.0 million Perpetual Securities. The Perpetual Securities confer a right to its holders to receive distribution payments at a rate of 5.375% per annum, with the first distribution rate reset falling on 1 September 2026 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 FY2022, AA REIT continued to pay out 100% of the Singapore taxable income available for distribution. Distributions to Unitholders for FY2022 stood at S$67.2 million, which was S$4.0 million or 6.3% higher than FY2021 mainly due to higher net property income (net of amount reserved for distribution to Perpetual Securities holders).

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

	FY2022 S$'000	FY2021 S$'000
Total assets	2,403,661	1,846,581
Total liabilities	1,029,919	759,210
Perpetual Securities holders' funds	373,546	124,613
Net assets attributable to Unitholders	**1,000,196**	**962,758**
NAV per Unit (S$)	**1.40**	**1.36**

As at 31 March 2022, total assets stood at S$2,403.7 million, or S$557.1 million higher compared to total assets of S$1,846.6 million as at 31 March 2021. The increase in total assets was largely due to acquisition of a property at 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia ("Woolworths HQ") in November 2021 and the share of revaluation surplus recognised from the valuation of Optus Centre.

As at 31 March 2022, total liabilities stood at S$1,029.9 million, or S$270.7 million higher compared to S$759.2 million as at 31 March 2021. The increase in total liabilities was mainly due to the increase in net borrowings from additional loan drawn down for the acquisition of Woolworths HQ, higher accrued property operating expenses and interest payable arising from the acquisition of Woolworths HQ.

As a result, the NAV per Unit increased by 2.9% to S$1.40 from S$1.36 a year ago.

CASH FLOWS

Cash and cash equivalents increased by S$10.2 million from 31 March 2021 to S$21.4 million as at 31 March 2022. The increase was mainly contributed by the acquisition of Woolworths HQ, funded by interest-bearing borrowings and Perpetual Securities.

Please refer to the consolidated statement of cash flows in pages 165 to 166.

CAPITAL MANAGEMENT

The Manager adopts a financially prudent and disciplined approach to 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.

Debt headroom

While AA REIT's aggregate leverage as at 31 March 2022 of 37.5% is above prior year's 33.9%, there is no material impact to AA REIT's risk profile and it is well within the aggregate leverage limit of 45% and 50%[1] set by the Monetary Authority of Singapore with debt headroom of approximately S$310.0 million and S$570.0 million before its aggregate leverage reaches 45% and 50%[1] respectively.

Strong financial flexibility

As at 31 March 2022, AA REIT had approximately S$160.4 million of undrawn committed debt facilities and an untapped balance of S$275.0 million from the S$750.0 million Multicurrency Debt Issuance Programme established in November 2018. AA REIT also had 10 unencumbered Singapore properties with a total value of S$430.6 million or 19.0% of its property portfolio of S$2,267.9 million[2] as at 31 March 2022.

This will provide AA REIT with the financial flexibility to manage its capital structure, fund future redevelopments, asset enhancement initiaives and capture any acquisition growth opportunities.

Perpetual Securities

As at 31 March 2022, S$375.0 million Perpetual Securities under the S$750 million Multicurrency Debt Issuance Programme, has been issued comprising:

(i) S$125.0 million of Perpetual Securities issued on 14 August 2020. 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; and

(ii) S$250.0 million of Perpetual Securities issued on 1 September 2021. The Perpetual Securities will confer a right to receive distribution payments at a rate of 5.375% per annum with the first distribution rate reset falling on 1 September 2026 and subsequent resets occurring every five years thereafter.

1 The Monetary Authority of Singapore ("MAS") allows the aggregate leverage limit for S-REITs be raised from 45% to 50% if the minimum adjusted interest coverage ratio is 2.5 times.

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

MANAGER'S REPORT

FINANCIAL REVIEW

Borrowings

Total gross borrowings[1] as at 31 March 2022 stood at S$858.9 million, or S$265.1 million higher compared to total gross borrowings [1] as at 31 March 2021 of S$593.8 million mainly due to additional loan drawn down for the acquisition of Woolworths HQ offset by net loan repayments during the year.

AA REIT's overall blended funding cost of 2.7% for FY2022 was lower than the 3.0% for FY2021 mainly due to lower overall cost of funding.

Key borrowing metrics (in S$'000 unless otherwise indicated)	FY2022	FY2021
Total borrowings[1]	858,922	593,784
Undrawn available bank facilities	160,431	135,216
Aggregate leverage (%)[2]	37.5	33.9
All-in-cost of financing (%)	2.7	3.0
Interest coverage ratio (times)[3]	5.1	4.0
Adjusted interest coverage ratio (times) [3, 4]	2.9	3.4
Weighted average term to maturity (years)	3.3	2.3
Fixed rate borrowings as a percentage of total borrowings (%)	62.2[5]	78.3

1 Total borrowings exclude unamortised loan transaction costs.
2 Aggregate leverage ratio is computed as total borrowings as a percentage of total assets and includes lease liabilities that are entered into in the ordinary course of AA REIT's business on or after 1 April 2019 in accordance with MAS guidelines. The total borrowings excluded Perpetual Securities holders' funds.
3 Based on the interest coverage ratio definition in Appendix 6 of the Code on Collective Investment Schemes (last revised on 3 March 2022). The adjusted ICR includes the amount reserved for distribution to Perpetual Securities holders in the interest expense. The ICR and adjusted ICR excluded interest expense on lease liabilities.
4 The Monetary Authority of Singapore ("MAS") allows the aggregate leverage limit for S-REITs to be raised from 45% to 50% if the new minimum adjusted interest coverage ratio of 2.5 times.
5 91.6% of fixed rate borrowings including forward starting interest rate swaps.

Proactive refinancing activities

The Manager continues to proactively manage the refinancing of AA REIT's debt portfolio. Approximately 4.0% (or S$35.0 million) of the total gross borrowings as at 31 March 2022 will be due in FY2023.

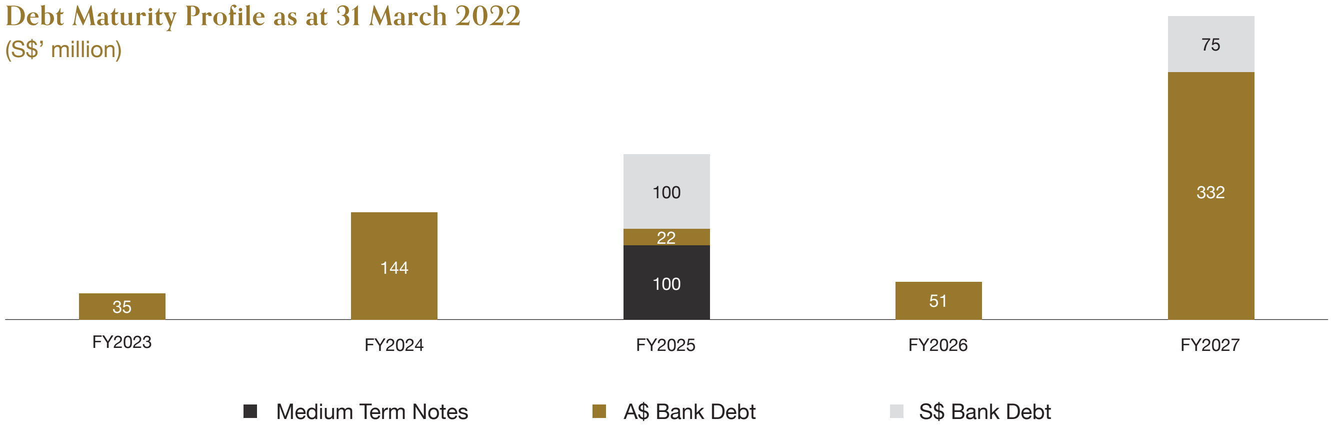
On 20 October 2021, AA REIT and its wholly-owned subsidiary of the Trust, AA REIT Macquarie Park Investment Trust entered into a facility agreement with various institutional banks to secure new term loans and revolving facilities of S$220.0 million and A$100.0 million which was partially used to refinance existing loan facilities and acquisition financing. In addition, S$50.0 million of fixed rate notes due on 22 March 2022 were redeemed in full.

On 30 May 2022, a secured five year term loan facility of approximately A$212.3 million was entered into by a wholly-owned subsidiary of the Trust, AA REIT Macquarie Park Investment Trust to refinance existing loan facility, real estate related activities and/or its general corporate funding purposes.

Debt maturity profile

The debt maturity profile of AA REIT as at 31 March 2022 is set out below:

Debt Maturity Profile as at 31 March 2022
(S$' million)



Prudent financial risk management

AA REIT continues to maintain appropriate hedging ratios to mitigate interest rate volatility. As at 31 March 2022, 62.2%[1] of AA REIT's borrowings were on fixed interest rates with a combination of fixed rate medium term notes and interest rate swaps to hedge its exposure from floating rate borrowings. The fair value of derivative financial instruments included in the financial statements as derivative financial instruments in total assets and total liabilities were approximately S$10.0 million and S$2.0 million, respectively. The net derivative financial assets of S$8.0 million represents 0.3% of the total assets as at 31 March 2022. To mitigate the foreign exchange risk arising from its Australian investments in Optus Centre, Boardriders Asia Pacific HQ and Woolworths HQ, AA REIT had substantially funded these investments through the use of Australian dollar denominated borrowings, which form a natural hedge for the capital invested. In addition, foreign currency forward contracts were also used to hedge the Australian dollar distribution income from AA REIT's investments in Australia. As at 31 March 2022, about 65.0% of the Australian investment properties are funded by Australian dollar denominated debt.

[1] 91.6% of fixed rate borrowings including forward starting interest rate swaps.

FINANCIAL STATEMENTS

REPORT OF THE TRUSTEE

Year ended 31 March 2022

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 2001 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, the fifth supplemental deed dated 13 July 2020 and the sixth supplemental deed dated 31 January 2022 (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 151 to 232, 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
15 June 2022

STATEMENT BY THE MANAGER

Year ended 31 March 2022

In the opinion of the Directors of AIMS APAC REIT Management Limited (the "Manager"), the accompanying financial statements set out on pages 151 to 232, 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 2022, 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 Investment Funds*" 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

____
GEORGE WANG
DIRECTOR

____
CHONG TECK SIN
DIRECTOR

Singapore
15 June 2022

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 2022, 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 151 to 232.

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 2022 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 Investment Funds* ("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 2022, the Group owns a portfolio of investment properties comprising twenty-six properties which are located in Singapore, two properties which are located in Australia and a 49% interest in an investment property located in Australia held through a joint venture.

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.

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.

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 2022. 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.

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.

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
15 June 2022

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2022

		Group		Trust	
	Note	2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Non-current assets					
Investment properties	4	1,992,582	1,489,030	1,464,250	1,443,489
Subsidiaries	5	–	–	328,681	108,764
Joint venture	6	367,763	335,704	–	–
Trade and other receivables	7	3,086	3,041	3,086	3,041
Derivative financial instruments	11	9,989	1,126	7,216	1,126
		2,373,420	1,828,901	1,803,233	1,556,420
Current assets					
Trade and other receivables	7	8,846	6,521	9,802	6,255
Cash and cash equivalents	8	21,395	11,159	11,599	8,884
		30,241	17,680	21,401	15,139
Total assets		2,403,661	1,846,581	1,824,634	1,571,559
Non-current liabilities					
Trade and other payables	9	13,135	10,780	13,135	10,780
Interest-bearing borrowings	10	817,782	510,740	405,184	347,146
Derivative financial instruments	11	1,495	6,770	1,495	6,642
Deferred tax liabilities	12	27,944	21,419	–	–
Lease liabilities	13	88,621	89,974	88,621	89,974
		948,977	639,683	508,435	454,542
Current liabilities					
Trade and other payables	9	39,767	32,052	33,832	31,293
Interest-bearing borrowings	10	35,206	80,716	–	80,716
Derivative financial instruments	11	540	1,444	540	1,444
Lease liabilities	13	5,429	5,315	5,429	5,315
		80,942	119,527	39,801	118,768
Total liabilities		1,029,919	759,210	548,236	573,310
Net assets		1,373,742	1,087,371	1,276,398	998,249
Represented by:					
Unitholders' funds	14	1,000,196	962,758	902,852	873,636
Perpetual Securities holders' funds	15	373,546	124,613	373,546	124,613
		1,373,742	1,087,371	1,276,398	998,249
Units in issue and to be issued ('000)	16	716,583	706,663	716,583	706,663
Net asset value per Unit attributable to Unitholders ($)		1.40	1.36	1.26	1.24

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

STATEMENTS OF TOTAL RETURN

Year ended 31 March 2022

		Group		Trust	
	Note	2022	2021	2022	2021
		$'000	$'000	$'000	$'000
Gross revenue	17	142,390	122,633	128,819	119,112
Property operating expenses	18	(39,205)	(35,101)	(39,200)	(35,060)
Net property income		103,185	87,532	89,619	84,052
Net foreign exchange (loss)/gain		(86)	296	(565)	(10,199)
Interest income	19	719	631	63	129
Distribution income from a subsidiary		–	–	23,983	14,388
Borrowing costs	20	(22,828)	(22,127)	(18,248)	(19,159)
Manager's management fees	21	(10,012)	(8,411)	(10,012)	(8,411)
Manager's performance fees	21	(4,619)	–	(4,619)	–
Other trust expenses	22	(4,595)	(3,579)	(1,582)	(1,434)
Non-property expenses		(42,054)	(34,117)	(34,461)	(29,004)
Net income before joint venture's profits		61,764	54,342	78,639	59,366
Share of profits of joint venture (net of tax)	6	48,140	35,354	–	–
Net income		109,904	89,696	78,639	59,366
Net change in fair value of investment properties		(5,828)	(31,806)	11,878	(36,886)
Net change in fair value of derivative financial instruments		8,219	2,178	9,178	776
Total return before income tax		112,295	60,068	99,695	23,256
Income tax expense	23	(8,187)	(8,047)	(1,662)	(744)
Total return after income tax		104,108	52,021	98,033	22,512
Attributable to:					
Unitholders		89,241	47,571	83,166	18,062
Perpetual Securities holders		14,867	4,450	14,867	4,450
		104,108	52,021	98,033	22,512
Earnings per Unit (Singapore cents)					
Basic and diluted	24	12.59	6.73		

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

DISTRIBUTION STATEMENTS

Year ended 31 March 2022

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Amount available for distribution to Unitholders at beginning of the year		20,493	14,134	20,493	14,134
Total return before income tax		112,295	60,068	99,695	23,256
Less: Amount reserved for distribution to Perpetual Securities holders		(14,867)	(4,450)	(14,867)	(4,450)
Net effect of tax adjustments	A	(8,516)	37,249	(33,411)	34,739
Other adjustments	B	(37,495)	(39,322)	–	–
		51,417	53,545	51,417	53,545
Amount available for distribution to Unitholders from taxable income		71,910	67,679	71,910	67,679
Distribution from tax-exempt income		2,242	2,473	2,242	2,473
Capital distribution		13,588	7,229	13,588	7,229
Amount available for distribution to Unitholders		87,740	77,381	87,740	77,381
Distributions to Unitholders during the year:					
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)
2.90 cents per Unit for the period from 1 January 2021 – 31 March 2021		(20,493)	–	(20,493)	–
2.25 cents per Unit for the period from 1 April 2021 – 30 June 2021		(15,917)	–	(15,917)	–
2.50 cents per Unit for the period from 1 July 2021 – 30 September 2021		(17,686)	–	(17,686)	–
2.35 cents per Unit for the period from 1 October 2021 – 31 December 2021		(16,733)	–	(16,733)	–
		(70,829)	(56,888)	(70,829)	(56,888)
Amount available for distribution to Unitholders at end of the year		16,911	20,493	16,911	20,493
Number of Units entitled to distributions at end of the year ('000)		716,583	706,663	716,583	706,663
Distribution per Unit (Singapore cents)		9.46	8.95	9.46	8.95

Please refer to note 3.14 for the Trust's distribution policy.

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

DISTRIBUTION STATEMENTS

Year ended 31 March 2022

Note A - Net effect of tax adjustments

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Amortisation and write-off of borrowing transaction costs	1,224	871	1,224	871
Net foreign exchange loss/(gain)	162	(177)	641	10,318
Manager's management fees paid/payable in units	4,731	–	4,731	–
Manager's performance fees payable in units	4,619	–	4,619	–
Land rent paid on investment properties	(8,726)	(8,669)	(8,726)	(8,669)
Interest expense on lease liabilities	3,488	3,535	3,488	3,535
Net change in fair value of investment properties	(11,878)	36,886	(11,878)	36,886
Net change in fair value of derivative financial instruments	(7,793)	(2,160)	(9,178)	(776)
Net tax adjustment on foreign sourced income	4,270	4,556	(19,719)	(9,832)
Temporary differences and other tax adjustments	1,387	2,407	1,387	2,406
Net effect of tax adjustments	(8,516)	37,249	(33,411)	34,739

Note B – Other adjustments

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

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 March 2022

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Unitholders' Funds					
Balance at beginning of the year		962,758	954,955	873,636	911,844
Operations					
Total return after income tax, attributable to Unitholders and Perpetual Securities holders		104,108	52,021	98,033	22,512
Less: Amount reserved for distribution to Perpetual Securities holders		(14,867)	(4,450)	(14,867)	(4,450)
Net increase in net assets from operations		89,241	47,571	83,166	18,062
Foreign currency translation reserve					
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	14	(284)	16,502	–	–
Hedging reserve					
Effective portion of changes in fair value of cash flow hedges	14	5,393	618	2,962	618
Unitholders' contributions					
Issuance of Units (including Units to be issued):					
Manager's management fees		4,731	–	4,731	–
Manager's performance fees		4,619	–	4,619	–
Manager's acquisition fees		4,597	–	4,597	–
Issuance costs for new units	14	(30)	–	(30)	–
Distributions to Unitholders		(70,829)	(56,888)	(70,829)	(56,888)
Change in Unitholders' funds resulting from Unitholders' transactions		(56,912)	(56,888)	(56,912)	(56,888)
Total increase/(decrease) in Unitholders' funds		37,438	7,803	29,216	(38,208)
Balance at end of the year		1,000,196	962,758	902,852	873,636
Perpetual Securities holders' funds					
Balance at beginning of the year		124,613	–	124,613	–
Issuance of Perpetual Securities		250,000	125,000	250,000	125,000
Issuance cost		(2,208)	(1,277)	(2,208)	(1,277)
Amount reserved for distribution to Perpetual Securities holders		14,867	4,450	14,867	4,450
Distribution to Perpetual Securities holders		(13,726)	(3,560)	(13,726)	(3,560)
Balance at end of the year	15	373,546	124,613	373,546	124,613

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

PORTFOLIO STATEMENTS

As at 31 March 2022

	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	18.8
2	27 Penjuru Lane	27 Penjuru Lane	45 years	27.5
3	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	46.2
4	7 Bulim Street	7 Bulim Street	30 years	20.4
5	NorthTech	29 Woodlands Industrial Park E1	60 years	32.8
6	1A International Business Park	1A International Business Park	52 years	37.2
7	3 Tuas Avenue 2	3 Tuas Avenue 2	73 years	33.0
8	30 Tuas West Road	30 Tuas West Road	60 years	33.8
9	51 Marsiling Road	51 Marsiling Road	70 years and 5 months	22.3
10	15 Tai Seng Drive	15 Tai Seng Drive	60 years	29.0
11	103 Defu Lane 10	103 Defu Lane 10	60 years	21.2
12	8 Tuas Avenue 20	8 Tuas Avenue 20	59 years and 1.5 months	29.6
13	23 Tai Seng Drive	23 Tai Seng Drive	60 years	28.3
14	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	33.2

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 based on independent full valuation.

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

Existing use	Occupancy rate[2] 2022 %	Occupancy rate[2] 2021 %	Carrying value[3] 2022 $'000	Carrying value[3] 2021 $'000	Group percentage of total Unitholders' funds 2022 %	Group percentage of total Unitholders' funds 2021 %	Trust percentage of total Unitholders' funds 2022 %	Trust percentage of total Unitholders' funds 2021 %
Logistics and Warehouse	100	100	222,300	219,300	22.2	22.8	24.6	25.1
Logistics and Warehouse	97	97	160,100	160,400	16.0	16.7	17.7	18.4
Logistics and Warehouse	98	96	153,600	148,000	15.4	15.4	17.0	16.9
Logistics and Warehouse	100	100	130,500	130,000	13.0	13.5	14.5	14.9
Hi-Tech	100	100	128,000	120,000	12.8	12.5	14.2	13.7
Business Park	65	61	75,100	75,100	7.5	7.8	8.3	8.6
General Industrial	100	100	54,300	54,000	5.4	5.6	6.0	6.2
Logistics and Warehouse	100	100	53,400	53,000	5.3	5.5	5.9	6.1
General Industrial	100	100	48,900	47,600	4.9	4.9	5.4	5.4
Light Industrial	99	38	33,000	32,400	3.3	3.4	3.7	3.7
Logistics and Warehouse	100	100	30,700	30,200	3.1	3.1	3.4	3.5
General Industrial	100	100	27,900	28,200	2.8	2.9	3.1	3.2
Light Industrial	100	100	26,200	24,200	2.6	2.5	2.9	2.8
Light Industrial	100	89	25,600	25,200	2.6	2.6	2.8	2.9

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

PORTFOLIO STATEMENTS

As at 31 March 2022

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)
	Group and the Trust			
	Investment properties in Singapore			
15	10 Changi South Lane	10 Changi South Lane	60 years	34.2
16	11 Changi South Street 3	11 Changi South Street 3	60 years	33.0
17	3 Toh Tuck Link	3 Toh Tuck Link	60 years	34.6
18	135 Joo Seng Road	135 Joo Seng Road	60 years	32.2
19	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	30.4
20	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	33.1
21	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	25.0
22	8 Senoko South Road	8 Senoko South Road	60 years	32.6
23	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	31.8
24	7 Clementi Loop	7 Clementi Loop	60 years	31.2
25	541 Yishun Industrial Park A	541 Yishun Industrial Park A	60 years	32.2
26	1 Kallang Way 2A	1 Kallang Way 2A	60 years	33.2

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 based on independent full valuation.

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

Existing use	Occupancy rate[2] 2022 %	Occupancy rate[2] 2021 %	Carrying value[3] 2022 $'000	Carrying value[3] 2021 $'000	Group percentage of total Unitholders' funds 2022 %	Group percentage of total Unitholders' funds 2021 %	Trust percentage of total Unitholders' funds 2022 %	Trust percentage of total Unitholders' funds 2021 %
Logistics and Warehouse	95	95	22,300	22,100	2.2	2.3	2.5	2.5
Logistics and Warehouse	92	71	21,000	21,000	2.1	2.2	2.3	2.4
Logistics and Warehouse	83	100	20,700	21,200	2.1	2.2	2.3	2.4
Light Industrial	88	82	20,200	20,200	2.0	2.1	2.2	2.3
General Industrial	77	66	19,600	19,000	2.0	2.0	2.2	2.2
Logistics and Warehouse	100	98	18,700	19,100	1.9	2.0	2.1	2.2
General Industrial	100	100	16,100	16,100	1.6	1.7	1.8	1.8
General Industrial	100	100	14,100	14,200	1.4	1.5	1.6	1.6
General Industrial	100	100	12,200	11,900	1.2	1.2	1.4	1.4
Logistics and Warehouse	80	94	12,000	11,800	1.2	1.2	1.3	1.4
General Industrial	100	100	11,900	12,000	1.2	1.2	1.3	1.4
Light Industrial	100	100	11,800	12,000	1.2	1.2	1.3	1.4
			1,370,200	1,348,200	137.0	140.0	151.8	154.4

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

PORTFOLIO STATEMENTS

As at 31 March 2022

	Description of property	Location	Term of land lease[1]	Remaining term of land lease[1] (years)
	Group			
	Investment properties in Australia			
27	Woolworths HQ[4]	1 Woolworths Way, Bella Vista, New South Wales 2153, Australia	Freehold	N.A.
28	Boardriders Asia Pacific HQ	209-217 Burleigh Connection Road, Burleigh Waters, Queensland 4220, Australia	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 based on independent full valuation.
4 On 15 November 2021, the Group completed the acquisition of Woolworths HQ in 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia for approximately AUD463.3 million. As at 31 March 2022, the property was valued at AUD468.0 million (equivalent to approximately $474.1 million).

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

Existing use	Occupancy rate[2] 2022 %	2021 %	Carrying value[3] 2022 $'000	2021 $'000	Group percentage of total Unitholders' funds 2022 %	2021 %	Trust percentage of total Unitholders' funds 2022 %	2021 %
Business Park	100	N.A.	474,131	–	47.4	–	–	–
Light Industrial	100	100	54,201	45,541	5.4	4.7	–	–
			1,898,532	1,393,741	189.8	144.7	151.8	154.4

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

PORTFOLIO STATEMENTS

As at 31 March 2022

	Description of property	Location	Term of land lease[1]
	Group		
1-28	**Investment properties – fair value (pages 156 to 161)**		
	Investment properties – right-of-use assets		
	Total investment properties		
	Joint venture (note 6)		
	Investment property in Australia held by a joint venture		
29	Optus Centre[4]	1-5 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia	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 based on independent full valuation.
4 The Group has a 49.0% (2021: 49.0%) interest in Optus Centre. As at 31 March 2022, the property was valued at AUD744.0 million (equivalent to approximately $753.7 million) (31 March 2021: AUD660.0 million (equivalent to approximately $675.4 million)).

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

Remaining term of land lease[1] (years)	Existing use	Occupancy rate[2] 2022 %	Occupancy rate[2] 2021 %	Carrying value[3] 2022 $'000	Carrying value[3] 2021 $'000	Group percentage of total Unitholders' funds 2022 %	Group percentage of total Unitholders' funds 2021 %
				1,898,532	1,393,741	189.8	144.7
				94,050	95,289	9.4	9.9
				1,992,582	1,489,030	199.2	154.6
				367,763	335,704	36.8	34.9
N.A.	Business Park	100	100				
				(986,603)	(737,363)	(98.6)	(76.6)
				1,373,742	1,087,371	137.4	112.9
				(373,546)	(124,613)	(37.4)	(12.9)
				1,000,196	962,758	100.0	100.0

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

PORTFOLIO STATEMENTS

As at 31 March 2022

		Carrying value		Trust percentage of total Unitholders' funds	
		2022	2021	2022	2021
	Description of property	**$'000**	**$'000**	**%**	**%**
	Trust				
1-26	**Investment properties – fair value (pages 156 to 159)**	1,370,200	1,348,200	151.8	154.4
	Investment properties – right-of-use assets	94,050	95,289	10.4	10.9
	Total investment properties	1,464,250	1,443,489	162.2	165.3
	Other assets and liabilities (net)	(187,852)	(445,240)	(20.8)	(51.0)
	Net assets of the Trust	1,276,398	998,249	141.4	114.3
	Perpetual Securities holders' funds	(373,546)	(124,613)	(41.4)	(14.3)
	Total Unitholders' funds of the Trust	902,852	873,636	100.0	100.0

Portfolio statement by industry segment is not presented as the Group's and the Trust's activities for the financial years ended 31 March 2022 and 31 March 2021 related wholly to investing in real estate in the industrial sector.

As at 31 March 2022, the investment properties in Singapore were valued by Savills Valuation and Professional Services (S) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd (2021: CBRE Pte. Ltd. or Cushman & Wakefield VHS Pte Ltd) and the investment properties in Australia were valued by Jones Lang LaSalle Advisory Services Pty Ltd or Knight Frank NSW Valuations & Advisory Pty Ltd (2021: Jones Lang LaSalle Advisory Services Pty Ltd). 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 2022 and 31 March 2021.

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 information 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 2022

	Note	Group 2022 $'000	Group 2021 $'000
Cash flows from operating activities			
Total return after income tax		104,108	52,021
Adjustments for:			
Share of profits of joint venture (net of tax)		(48,140)	(35,354)
Borrowing costs		22,828	22,127
Net foreign exchange loss/(gain)		86	(296)
Manager's management fees in Units	A	4,731	–
Manager's performance fees in Units	A	4,619	–
Net change in fair value of investment properties		5,828	31,806
Net change in fair value of derivative financial instruments		(8,219)	(2,178)
Income tax expense		8,187	8,047
Operating income before working capital changes		94,028	76,173
Changes in working capital			
Trade and other receivables		(3,814)	228
Trade and other payables		8,456	2,199
Cash generated from operations		98,670	78,600
Income tax paid		(1,662)	(744)
Net cash from operating activities		97,008	77,856
Cash flows from investing activities			
Capital expenditure on investment properties		(7,418)	(3,195)
Acquisition of investment properties (including acquisition costs)[1]		(485,242)	(136,009)
Loan to a joint venture		(5,374)	(19,606)
Distributions from a joint venture		18,561	15,840
Net cash used in investing activities		(479,473)	(142,970)
Cash flows from financing activities			
Distributions to Unitholders		(70,960)	(57,080)
Distributions to Perpetual Securities holders		(13,726)	(3,560)
Proceeds from issuance of Perpetual Securities		250,000	125,000
Issue costs paid in relation to Perpetual Securities		(2,212)	(1,273)
Issue costs paid in relation to new units issued		(30)	–
Proceeds from interest-bearing borrowings		508,437	183,509
Repayments of interest-bearing borrowings		(247,958)	(163,904)
Borrowing costs paid		(22,233)	(18,651)
Repayment of lease liabilities		(8,726)	(8,669)
Net cash from financing activities		392,592	55,372
Net increase/(decrease) in cash and cash equivalents		10,127	(9,742)
Cash and cash equivalents at beginning of the year		11,159	20,449
Effect of exchange rate fluctuations on cash held		109	452
Cash and cash equivalents at end of the year		21,395	11,159

1 This relates to the acquisition of 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia in November 2021. (2021: This relates to the acquisition of 7 Bulim Street and option fee in the proposed acquisition of 315 Alexandra Road, Singapore in October 2020).

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 March 2022

Significant non-cash transactions

On 19 November 2021, 3,232,196 of new Units amounting to $4,597,000 were issued as payment of Manager's acquisition fees incurred for the acquisition of 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia.

Note A:

During the financial year, 3,370,484 of new Units amounting to $4,731,000 were issued/issuable as partial payment for the Manager's management fees and 3,317,930 of new Units amounting to $4,619,000 were issuable as payment of Manager's performance fees.

Refer to note 16 of the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 15 June 2022.

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, the fifth supplemental deed dated 13 July 2020 and the sixth supplemental deed dated 31 January 2022 (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 1967.

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 5 and note 6 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 GENERAL (cont'd)

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 quarter in arrears, effective from 31 January 2022. Prior to 31 January 2022, where the base fee (or any part or component thereof) is payable in the form of Units, such payment shall be made within 30 days of the last day of each calendar half-year in arrears.

Performance fee

Under clause 14.1.2 of the Trust Deed, the Manager is also entitled to a performance fee of 0.1% per annum of the value of the Deposited Property, provided that growth in distribution per Unit ("DPU") in a given financial year (calculated before accounting for the performance fee in that financial year) relative to the DPU in the previous financial year exceeds 2.5%. The performance fee is 0.2% per annum if the growth in DPU in a given financial year relative to the DPU in the previous financial year exceeds 5.0%. In accordance with clause 14.1.4 (iii) of the Trust Deed, the payment of the performance fee, whether in the form of cash or Units, shall be made out of the Deposited Property within 60 days of the last day of every financial year in arrears.

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

Acquisition and divestment fee

Under clause 14.2 of the Trust Deed, the Manager is entitled to receive the following fees:

(a) An acquisition fee of 1.0% of the acquisition price of any Authorised Investment (as defined in the Trust Deed), acquired directly or indirectly by the Trust or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders; and

(b) A divestment fee of 0.5% of the sale price of any Authorised Investment sold or divested by the Trustee or such higher percentage as may be fixed by an extraordinary resolution at a meeting of Unitholders.

The acquisition and divestment fee will be paid in the form of cash and/or Units and is payable as soon as practicable after completion of the acquisition or disposal.

1 GENERAL (cont'd)

1.3 Property Manager's fees

The Manager and the Trustee have appointed the Property Manager to operate, maintain and market all of the properties of the Group. The following fees are payable to the Property Manager in respect of all of the investment properties in Singapore:

(i) A property management fee of 2.0% per annum of the rental income of each of the relevant properties.

(ii) A lease management fee of 1.0% per annum of the rental income of each of the relevant properties.

(iii) A marketing services commission equivalent to:

(a) one month's gross rent for securing a tenancy of three years or less;
(b) two months' gross rent for securing a tenancy of more than three years;
(c) half of one month's gross rent for securing a renewal of tenancy of three years or less; and
(d) one month's gross rent for securing a renewal of tenancy of more than three years.

If a third party agent secures a tenancy, the Property Manager will be responsible for all marketing services commissions payable to such third party agent, and the Property Manager shall be entitled to a marketing services commission equivalent to:

(a) 1.2 months' gross rent for securing a tenancy of three years or less; and
(b) 2.4 months' gross rent for securing a tenancy of more than three years.

The gross rental, where applicable, includes service charge, reimbursements, which are the contributions paid by tenants towards covering the operating maintenance expenses of the property, and licence fees.

(iv) A project management fee in relation to development or redevelopment, the refurbishment, retrofitting and renovation works on a property equivalent to:

(a) 3.0% of the construction costs where the construction costs are $2.0 million or less;
(b) 2.0% of the construction costs where the construction costs exceed $2.0 million but do not exceed $20.0 million;
(c) 1.5% of the construction costs where the construction costs exceed $20.0 million but do not exceed $50.0 million; and
(d) a fee to be mutually agreed by the parties where the construction costs exceed $50.0 million.

(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.

(vi) Employment costs and remuneration to the employees of the Property Manager engaged solely and exclusively for management of the relevant properties.

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 Investment Funds* ("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.

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 dollar, which is the functional currency of the Trust. All financial information presented in Singapore dollar 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 prospectively.

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 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.

2 BASIS OF PREPARATION (cont'd)

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 2021:

- *COVID-19-Related Rent Concessions* (Amendments to FRS 116)
- *Interest Rate Benchmark Reform – Phase 2* (Amendments to FRS 109, FRS 39 and FRS 107, FRS 104 and FRS 116)

The application of the amendments to standards and interpretations does not have a material effect on the Group's financial statements.

The Group applied the Phase 2 amendments retrospectively. Since the Group had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 March 2021, there is no impact on opening equity balances as a result of retrospective application.

Specific policies applicable from 1 April 2021 for interest rate benchmark reform

The Phase 2 amendments provide practical relief from certain requirements in FRS. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Subsequently, the Group applies the policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

See also note 27 for related disclosures about risks, financial assets and financial liabilities indexed to inter-bank lending rates ("IBORs") and hedge accounting.

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

Joint venture

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.

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 translated 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 translation are recognised in statement of total return, except for the foreign currency differences which are recognised in Unitholders' funds arising on the translation 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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.2 Foreign currencies (cont'd)

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollar at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollar 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 are properties held either to earn rental income or capital appreciation or both. Investment properties 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. Transaction costs shall be included in the initial measurement. The cost of self-constructed investment property includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties 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 an investment 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.

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 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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Investment properties (cont'd)

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, or minus, 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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

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.

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).

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(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.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits 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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(vi) Derivative financial instruments and hedge accounting (cont'd)

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

Foreign currency differences arising on the translation 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 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

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.

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, 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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Impairment (cont'd)

(iii) Non-financial assets (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Leases (cont'd)

(i) As a lessee (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Leases (cont'd)

(ii) As a lessor (cont'd)

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.

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 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Income tax expense (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience with tax authorities. The assessment of these factors relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust and its Unitholders. Subject to meeting the terms and conditions of the tax ruling issued by IRAS, which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee will not be assessed to tax on the taxable income of the Trust that is distributed to the Unitholders. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Distributions made by the Trust out of such taxable income to individuals and Qualifying Unitholders (as defined below) are distributed without deducting any income tax. This treatment is known as the "tax transparency" treatment.

For distributions made to foreign non-individual Unitholders (as defined below) up 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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Income tax expense (cont'd)

A "foreign non-individual Unitholder" is one which is not a resident of Singapore for income tax purposes and:

- who does not have a permanent establishment in Singapore; or
- who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used to acquire the Units are not obtained from that operation in Singapore.

The above tax transparency ruling does not apply to gains from sale of real estate properties, if considered to be trading gains derived from a trade or business carried on by the Trust. Tax on such gains or profits will be assessed, in accordance with section 10(1)(a) of the Singapore Income Tax Act, Chapter 134 and collected from the Trustee. Where the gains are capital gains, it will not be assessed to tax and the Trustee and the Manager may distribute the capital gains without tax being deducted at source.

The Trust's foreign-sourced trust distributions and interest income to be received in Singapore by the Trust from its Australian subsidiary, where such income originate from property rental income from its investments in 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 dollar.

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.

The Manager has also implemented a 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 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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, and investment properties.

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 2021 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 and Amendments to 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)
- *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*
- *Disclosure of Accounting Policies* (Amendments to FRS 1 and FRS Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to FRS 8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to FRS 12)

4 INVESTMENT PROPERTIES

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
At 1 April		1,489,030	1,366,789	1,443,489	1,332,742
Acquisition of investment properties		489,839	134,882	–	134,882
Capital expenditure capitalised		4,884	2,270	4,884	2,270
Remeasurement of right-of-use assets due to revised lease payments and recognition of lease extension option		3,999	10,481	3,999	10,481
Net change in fair value of investment properties recognised in the statement of total return		(590)	(26,672)	17,116	(31,752)
Net change in fair value of right-of-use assets	13	(5,238)	(5,134)	(5,238)	(5,134)
Foreign currency translation and other movements		10,658	6,414	–	–
At 31 March		1,992,582	1,489,030	1,464,250	1,443,489

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 10). The aggregate market value of the mortgaged investment properties are as follows:

	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Investment properties	1,467,932	965,041	939,600	919,500

Fair value hierarchy

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

	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Fair value of investment properties (based on valuation reports)	1,898,532	1,393,741	1,370,200	1,348,200
Add: carrying amount of lease liabilities	94,050	95,289	94,050	95,289
Investment properties	1,992,582	1,489,030	1,464,250	1,443,489

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.

4 INVESTMENT PROPERTIES (cont'd)

Level 3 fair value measurements (cont'd)

(ii) Valuation techniques

Investment properties are stated at fair value as at 31 March 2022 based on valuations performed by independent professional valuers, Savills Valuation and Professional Services (S) Pte Ltd, Jones Lang LaSalle Property Consultants Pte Ltd, Jones Lang LaSalle Advisory Services Pty Ltd or Knight Frank NSW Valuations & Advisory Pty Ltd (2021: CBRE Pte. Ltd., Cushman & Wakefield VHS Pte Ltd or Jones Lang LaSalle Advisory Services Pty Ltd). The fair values take into consideration the market values of the properties, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently and without compulsion. The specific condition and characteristics inherent in each of the properties are taken into consideration in arriving at the property valuation. Valuations of the investment properties are carried out at least once a year.

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-corroborated 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.

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.

As at 31 March 2022, certain valuation reports highlighted that in light of the heightened uncertainty and unknown impact that COVID-19 might have on the real estate market in the future, a degree of caution should be exercised when relying upon the valuation as at the reporting date. Given the unknown future impact that COVID-19 might have on the real estate market, values and incomes may change more rapidly and significantly than during standard market conditions.

4 INVESTMENT PROPERTIES (cont'd)

Level 3 fair value measurements (cont'd)

(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 6.13% to 7.75% (2021: 7.50% to 8.00%)	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	• Terminal capitalisation rate of 5.50% to 7.00% (2021: 6.00% to 7.50%)	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	• Capitalisation rate of 5.13% to 6.50% (2021: 5.75% to 7.00%)	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 SUBSIDIARIES

	Trust	
	2022	2021
	$'000	$'000
Unquoted equity, at cost	328,681	108,764

5 SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Subsidiaries of the Trust	Country of incorporation or constitution/ Principal place of business	Principal activity	Effective equity interest held by the Group 2022 %	2021 %
AACI REIT MTN Pte. Ltd.[1]	Singapore	Provision of treasury services	100.0	100.0
AACI REIT Opera Pte. Ltd.[2]	Singapore	Investment holding	100.0	100.0
AA REIT (Alexandra) Pte. Ltd.[1]	Singapore	Investment holding	100.0	100.0
AA REIT Alexandra Trust [1]	Singapore	Investment in real estate	100.0	100.0
AIMS APAC REIT (Australia) Trust [3]	Australia	Investment in real estate	100.0	100.0
AA REIT Macquarie Park Investment Trust [4]	Australia	Investment in real estate	100.0	100.0
AA REIT Australia Trust (QLD) [3]	Australia	Investment in real estate	100.0	100.0
Burleigh Heads Trust [4]	Australia	Investment in real estate	100.0	100.0
AA REIT Australia Trust (NSW) [3,5]	Australia	Investment in real estate	100.0	–
Bella Vista Trust [4,5]	Australia	Investment in real estate	100.0	–

1 Audited by KPMG LLP Singapore.
2 Dormant and not required to be audited.
3 Not required to be audited by the laws of the country of its constitution.
4 Audited by a member firm of KPMG International.
5 Newly incorporated or constituted on 27 September 2021.

6 JOINT VENTURE

	Group 2022 $'000	Group 2021 $'000
Investment in joint venture	332,539	305,602
Amounts due from joint venture, at amortised cost:		
- Interest-bearing loan	35,224	30,102
	367,763	335,704

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 Bank Bill Swap Bid Rate ("BBSY") + margin and the interest rates are repriced at each interest period as mutually agreed between the parties.

As at 31 March 2022, the Group's share of the capital commitments of the joint venture is $6.8 million (2021: $5.6 million).

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 2022 %	Effective equity interest held by the Group 2021 %
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 2113, 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.

6 JOINT VENTURE (cont'd)

The following table summarises the financial information of MPT based on its financial statements for the respective financial years ended 31 March.

	2022 $'000	2021 $'000
Assets and liabilities		
Non-current assets [a]	753,746	675,434
Current assets [b]	2,606	13,504
Total assets	756,352	688,938
Non-current liabilities	71,885	61,433
Current liabilities [c]	5,816	3,828
Total liabilities	77,701	65,261
Results		
Revenue	37,913	32,655
Expenses	(5,488)	(4,702)
Net change in fair value of investment property	65,819	44,199
Total return for the year	98,244	72,152

[a] Represents the valuation of Optus Centre, Macquarie Park, New South Wales 2113, Australia. The independent valuation of the property was carried out by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2022 (2021: Jones Lang LaSalle Advisory Services Pty Ltd) and the property was valued at AUD744.0 million (equivalent to approximately $753.7 million) (2021: AUD660.0 million (equivalent to approximately $675.4 million)).

[b] Includes cash at banks and in hand of $2.0 million (2021: $13.0 million).

[c] Comprises trade and other payables, current tax payable and provisions.

	2022 $'000	2021 $'000
Group's interest in net assets and carrying amount of joint venture		
At 1 April	305,602	244,338
Share of profits of joint venture (net of tax) (including share of net change in fair value of investment property)	48,140	35,354
Distributions received/receivable	(18,730)	(16,014)
Foreign currency translation movements	(2,473)	41,924
At 31 March	332,539	305,602

7 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables	1,109	1,631	1,109	1,380
Impairment losses	–	(77)	–	(77)
Net trade receivables	1,109	1,554	1,109	1,303
Deposits	1,122	92	1,122	92
Amount due from a subsidiary	–	–	1,019	1,019
Distribution receivable from a subsidiary	–	–	3,452	1,850
Distribution receivable from a joint venture	1,617	1,390	–	–
Interest receivable from a joint venture	240	177	–	–
Other receivables	1,532	323	896	32
	5,620	3,536	7,598	4,296
Prepayments	6,312	6,026	5,290	5,000
	11,932	9,562	12,888	9,296
Non-current	3,086	3,041	3,086	3,041
Current	8,846	6,521	9,802	6,255
	11,932	9,562	12,888	9,296

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 27.

Impairment losses

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

	Group and Trust	
	2022	2021
	$'000	$'000
At 1 April	77	33
(Reversal)/Provision of impairment losses during the year	(27)	44
Amount written-off	(50)	–
At 31 March	–	77

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.

8 CASH AND CASH EQUIVALENTS

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash at banks and in hand	18,395	11,159	8,599	8,884
Fixed deposits with financial institutions	3,000	–	3,000	–
	21,395	11,159	11,599	8,884

9 TRADE AND OTHER PAYABLES

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables and accrued expenses	21,844	12,380	19,981	12,228
Trade amounts due to:				
- the Manager	–	1,458	–	1,458
- the Property Manager	559	465	559	465
- the Trustee	59	49	59	49
- subsidiary	–	–	5	6
- entities controlled by corporate shareholders of the Manager	655	138	–	–
Goods and services tax payable	1,715	1,245	1,301	1,244
Rental received in advance	4,092	2,606	2,062	2,601
Rental and security deposits	19,899	17,856	19,899	17,856
Retention sums for development costs	385	1,823	385	1,823
Accrued development costs	335	2,160	335	2,160
Interest payable	3,359	2,652	2,381	2,183
	52,902	42,832	46,967	42,073
Non-current	13,135	10,780	13,135	10,780
Current	39,767	32,052	33,832	31,293
	52,902	42,832	46,967	42,073

10 INTEREST-BEARING BORROWINGS

	Note	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Non-current					
Secured					
Bank borrowings	(a),(b)	723,698	412,933	309,236	248,611
Unsecured					
Medium term notes	(c)	100,000	100,000	100,000	100,000
		823,698	512,933	409,236	348,611
Less: Unamortised borrowing transaction costs		(5,916)	(2,193)	(4,052)	(1,465)
		817,782	510,740	405,184	347,146
Current					
Secured					
Bank borrowings	(a)	35,224	30,851	–	30,851
Unsecured					
Medium term notes[1]	(c)	–	50,000	–	50,000
		35,224	80,851	–	80,851
Less: Unamortised borrowing transaction costs		(18)	(135)	–	(135)
		35,206	80,716	–	80,716
Total		852,988	591,456	405,184	427,862

1 A $50 million five-year medium term notes with a fixed rate of 3.60% per annum which had been issued through AACI REIT MTN Pte. Ltd. under the $500 million Multicurrency Medium Term Note Programme, established in July 2012 and on lent to the Trust at the same terms, matured on 22 March 2022. The $50 million five-year medium term notes principal together with the accrued interest was redeemed in full on 22 March 2022.

10 INTEREST-BEARING BORROWINGS (cont'd)

As at 31 March 2022, 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 (2021: legal mortgage over 16 investment properties) with market value totalling $939.6 million (2021: $919.5 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 subsidiaries

(i) 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 $54.2 million (2021: $45.5 million) and a general security agreement over all present and after acquired property of the subsidiary; and

(ii) A secured five-year term loan facility granted to a wholly-owned subsidiary of the Trust which is secured by a mortgage over a property with market value of $474.1 million (2021: Nil) and a general security agreement over all present and after acquired property of the subsidiary.

(c) Unsecured medium term notes

As at 31 March 2022, unsecured medium term notes issued comprises $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.

10 INTEREST-BEARING BORROWINGS (cont'd)

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	Group Carrying amount	Trust Face value	Trust Carrying amount
	%		$'000	$'000	$'000	$'000
2022						
SGD fixed rate medium term notes	3.60	November 2024	100,000	99,614	100,000	99,614
AUD floating rate bank borrowing	BBSY[3] + margin	June 2022	35,224	35,206	–	–
AUD floating rate bank borrowing	BBSY[3] + margin	July 2023	111,441	111,215	–	–
AUD floating rate bank borrowing	BBSY[3] + margin	November 2023	32,926	32,860	32,926	32,860
SGD floating rate bank borrowing	SOR[1] + margin	July 2024	100,000	99,668	100,000	99,668
AUD floating rate bank borrowing	BBSY[3] + margin	July 2024	21,430	21,265	–	–
SGD floating rate bank borrowing	SORA[2] + margin	October 2025	–	(1,206)[4]	–	(1,206)[4]
AUD floating rate bank borrowing	BBSY[3] + margin	October 2025	50,655	50,146	50,655	50,146
SGD floating rate bank borrowing	SORA[2] + margin	October 2026	75,000	73,969	75,000	73,969
AUD floating rate bank borrowing	BBSY[3] + margin	October 2026	50,655	50,133	50,655	50,133
AUD floating rate bank borrowing	BBSY[3] + margin	November 2026	281,591	280,118	–	–
			858,922	852,988	409,236	405,184

1 Swap Offer Rate.
2 Singapore Overnight Rate Average.
3 Bank Bill Swap Bid Rate.
4 Unamortised borrowing transaction costs.

10 INTEREST-BEARING BORROWINGS (cont'd)

Terms and debt repayment schedule (cont'd)

	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 borrowing	SOR[1] + margin	November 2021	30,851	30,760	30,851	30,760
AUD floating rate bank borrowing	BBSY[2] + margin	June 2022	45,453	45,269	15,351	15,255
SGD floating rate bank borrowing	SOR[1] + margin	July 2022	100,000	99,792	100,000	99,792
SGD floating rate bank borrowing	SOR[1] + margin	July 2022	–	(52)[3]	–	(52)[3]
AUD floating rate bank borrowing	BBSY[2] + margin	July 2023	112,572	112,171	–	–
AUD floating rate bank borrowing	BBSY[2] + margin	November 2023	33,260	33,148	33,260	33,148
SGD floating rate bank borrowing	SOR[1] + margin	July 2024	100,000	99,536	100,000	99,536
AUD floating rate bank borrowing	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.
3 Unamortised borrowing transaction costs.

10 INTEREST-BEARING BORROWINGS (cont'd)

Reconciliation of changes in liabilities arising from financing activities

		Financing cash flows					
	At 1 April 2021	Proceeds from borrowings	Repayment of borrowings/ lease liabilities	Borrowing costs paid	Borrowing costs expensed/ capitalised	Foreign exchange and other movement	At 31 March 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Medium term notes	149,423	–	(50,000)	–	191	–	99,614
Bank borrowings	442,033	508,437	(197,958)	(5,290)	1,493	4,659	753,374
Interest payable	2,652	–	–	(16,943)	17,656	(6)	3,359
Lease liabilities	95,289	–	(8,726)	–	3,488	3,999	94,050
	689,397	508,437	(256,684)	(22,233)	22,828	8,652	950,397

		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

11 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Non-current assets				
Interest rate swaps				
- at fair value through statement of total return ("FVTPL")	4,567	1,126	4,254	1,126
- designated as cash flow hedge	5,422	–	2,962	–
	9,989	1,126	7,216	1,126
Non-current liabilities				
Interest rate swaps				
- at FVTPL	(1,495)	(6,770)	(1,495)	(6,642)
Current liabilities				
Interest rate swaps				
- at FVTPL	(49)	–	(49)	–
Currency forward contracts				
- at FVTPL	(491)	–	(491)	–
Cross currency interest rate swaps				
- at FVTPL	–	(1,444)	–	(1,444)
	(540)	(1,444)	(540)	(1,444)

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.

As at 31 March 2022, the Group had interest rate swap contracts with tenors between approximately one and five years with total notional amounts of $202.0 million and AUD478.5 million, equivalent to approximately $484.8 million (2021: 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). Under the contracts, the Group pays fixed interest rates of 0.280% to 3.313% (2021: 0.280% to 2.825%) per annum and receives interest at the three-month SOR, SORA or BBSY.

As at 31 March 2022, the Group and the Trust had designated the interest rate swap contracts with notional amounts of $75.0 million and AUD325.0 million, equivalent to approximately $329.3 million, as hedging instruments in a cash flow hedge to hedge against variable interest payment arising from the floating rate loans.

Currency forward contracts

The Group and the Trust use currency forward contracts to hedge its foreign currency risk on distributions to Unitholders.

As at 31 March 2022, the Group and the Trust had currency forward contracts with tenor of less than one year with total notional amounts of AUD12.0 million, equivalent to approximately $12.2 million. Under the contracts, the Group sells AUD12.0 million in exchange for approximately $11.7 million.

11 DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

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 paid fixed interest rates of 1.57% per annum denominated in AUD and received interest rate at a margin plus the three-month SOR denominated in SGD. The cross currency interest rate swap contracts had expired as at 31 March 2022.

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	Trust
	$'000	$'000
Cash flow hedges		
At 1 April 2020	(618)	(618)
Effective portion of changes in fair value of cash flow hedges	618	618
At 31 March 2021	–	–
Effective portion of changes in fair value of cash flow hedges	5,393	2,962
At 31 March 2022	5,393	2,962

Offsetting financial assets and financial liabilities

The Group entered into International Swaps and Derivatives Association ("ISDA") master netting agreements with various bank counterparties ("ISDA Master Agreement"). In general, under such agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

12 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities of the Group during the year are as follows:

	At 1 April 2020 $'000	Recognised in statement of total return (note 23) $'000	At 31 March 2021 $'000	Recognised in statement of total return (note 23) $'000	At 31 March 2022 $'000
Group					
Deferred tax liabilities					
Investment properties	14,116	7,303	21,419	6,525	27,944

13 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 2022 $'000	2021 $'000
Right-of-use assets (included within investment properties)	4	94,050	95,289
Lease liabilities			
- Non-current		88,621	89,974
- Current		5,429	5,315
		94,050	95,289

13 LEASES (cont'd)

Leases as lessee (FRS 116) (cont'd)

(b) Amounts recognised in the statement of total return

	Note	Group and Trust 2022 $'000	2021 $'000
Leases under FRS 116			
Interest on lease liabilities	20	3,488	3,535
Net change in fair value of right-of-use assets (included within net change in fair value of investment properties)	4	5,238	5,134

(c) Amounts recognised in the statement of cash flows

	Group 2022 $'000	2021 $'000
Repayment of lease liabilities	8,726	8,669

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 $59.3 million as at 31 March 2022 (2021: $60.0 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.

13 LEASES (cont'd)

Operating lease (cont'd)

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
2022		
Less than one year	117,623	89,697
One to two years	90,761	62,058
Two to three years	64,829	35,330
Three to four years	56,674	26,355
Four to five years	52,999	21,836
More than five years	214,514	64,324
Total lease receivables	597,400	299,600
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

14 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.

15 PERPETUAL SECURITIES

As at 31 March 2022, $375.0 million subordinated perpetual securities ("Perpetual Securities") under the $750 million Multicurrency Debt Issuance Programme, established in November 2018 had been issued comprising:

(i) $125.0 million perpetual securities issued on 14 August 2020. 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; and

(ii) $250.0 million perpetual securities issued on 1 September 2021. The Perpetual Securities will confer a right to receive distribution payments at a rate of 5.375% per annum with the first distribution rate reset falling on 1 September 2026 and subsequent resets occurring every five years thereafter.

The key terms and conditions of the Perpetual Securities are as follows:

- 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 2022, the $373.5 million (31 March 2021: $124.6 million) presented in the statements of financial position of the Group and the Trust represent the carrying value of the $375.0 million (31 March 2021: $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 or the issuance date, as the case may be.

16 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	2022	**2021**
	'000	**'000**
Units in issue at beginning of the year	706,663	706,663
Units in issue relating to:		
Manager's management fees	2,122	–
Manager's acquisition fees	3,232	–
Units in issue at end of the year	712,017	706,663
Units to be issued relating to:		
Manager's management fees	1,248	–
Manager's performance fees	3,318	–
Total Units in issue and to be issued at end of the year	716,583	706,663

16 UNITS IN ISSUE AND TO BE ISSUED (cont'd)

During the financial year ended 31 March 2022, there were the following issuances of Units to the Manager:

(i) On 13 July 2021, 772,640 new Units at an average price of S$1.4008 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2021 to 30 June 2021.

(ii) On 19 November 2021, 3,232,196 new Units at an average price of S$1.4222 were issued to the Manager as payment of the Manager's acquisition fees incurred for the acquisition of Woolworths HQ in 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia.

(iii) On 12 January 2022, 1,350,050 new Units at an average price of S$1.4079 were issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2021 to 31 December 2021.

During the financial year ended 31 March 2022, there were the following Units to be issued to the Manager:

(i) 1,247,794 new Units at an average price of S$1.4007 to be issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2022 to 31 March 2022.

(ii) 3,317,930 new Units at an average price of S$1.3922 to be issued to the Manager as payment of the performance fee element of the Manager's management fees incurred for the financial year.

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

17 GROSS REVENUE

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Property rental income	105,710	84,932	92,144	81,453
Service charge, land rent and property tax	21,808	20,903	21,808	20,903
Other property expenses recoverable from tenants and other property income	14,872	16,798	14,867	16,756
	142,390	122,633	128,819	119,112

18 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Property and lease management fees	2,764	2,444	2,764	2,444
Property tax	10,352	10,011	10,352	10,011
Other operating expenses	26,089	22,646	26,084	22,605
	39,205	35,101	39,200	35,060

19 INTEREST INCOME

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest income – third party	64	135	63	129
Interest income – joint venture	655	496	–	–
	719	631	63	129

20 BORROWING COSTS

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest expense on borrowings	17,007	16,706	12,975	14,190
Interest expense on lease liabilities (note 13)	3,488	3,535	3,488	3,535
Amortisation of borrowing transaction costs	1,685	1,169	1,224	871
Others	648	717	561	563
	22,828	22,127	18,248	19,159

21 MANAGER'S MANAGEMENT FEES

	Group and Trust	
	2022	2021
	$'000	$'000
Base fees		
- Paid in cash	5,281	8,411
- Paid/payable in Units	4,731	–
	10,012	8,411
Performance fees		
- Payable in Units	4,619	–

22 OTHER TRUST EXPENSES

	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Audit fees paid/payable to:				
- auditors of the Trust	198	183	183	175
- other auditors	66	42	–	–
Non-audit fees paid/payable to auditors of the Trust	47	103	44	100
Trustees' fees	359	493	351	305
Valuation fees	144	96	107	80
Professional fees	189	46	74	38
Acquisition fees written off	87	117	87	117
Investment management fees	2,645	1,804	–	–
Other expenses	860	695	736	619
	4,595	3,579	1,582	1,434

23 INCOME TAX EXPENSE

	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Singapore current tax	–*	–*	–	–
Overseas deferred tax (note 12)	6,525	7,303	–	–
Overseas withholding tax	1,662	744	1,662	744
Total tax expense	8,187	8,047	1,662	744

* *less than $1,000*

Reconciliation of effective tax rate:

	Group 2022 $'000	Group 2021 $'000	Trust 2022 $'000	Trust 2021 $'000
Total return before income tax	112,295	60,068	99,695	23,256
Tax calculated using Singapore tax rate of 17% (2021: 17%)	19,090	10,212	16,948	3,954
Non-tax chargeable items	(3,577)	(7)	(3,577)	(7)
Non-tax deductible items	2,073	5,959	2,073	5,959
Tax transparency	(11,269)	(9,859)	(11,269)	(9,859)
Foreign-sourced income	(6,317)	(6,305)	(4,175)	(47)
Deferred tax on investment properties (note 12)	6,525	7,303	–	–
Overseas withholding tax	1,662	744	1,662	744
	8,187	8,047	1,662	744

24 EARNINGS PER UNIT

	Group	
	2022	2021
Earnings per Unit (cents)		
Basic and diluted	12.59	6.73

The earnings per Unit ("EPU") is computed using total return after tax over the weighted average number of Units outstanding as follows:

	Group	
	2022	2021
	$'000	$'000
Total return after income tax attributable to Unitholders of the Trust and Perpetual Securities holders	104,108	52,021
Less: Amount reserved for distribution to Perpetual Securities holders	(14,867)	(4,450)
Total return after income tax attributable to Unitholders of the Trust	89,241	47,571

	Trust	
	Number of Units	
	2022	2021
	'000	'000
Basic EPU		
Units in issue at beginning of the year	706,663	706,663
Effect of Units issued relating to:		
- Manager's management fees	846	–
- Manager's acquisition fees	1,178	–
Weighted average number of Units at end of the year	708,687	706,663
Diluted EPU		
Units in issue at beginning of the year	706,663	706,663
Effect of Units issued/issuable relating to:		
- Manager's management fees	927	–
- Manager's performance fees	9	–
- Manager's acquisition fees	1,178	–
Weighted average number of Units at end of the year	708,777	706,663

25 COMMITMENTS

On 27 January 2021, the Group had entered into a Put and Call Option Agreement to acquire 315 Alexandra Road for a purchase consideration of $102.0 million. The target date to obtain regulatory approval has been extended to 1 July 2022.

As at 31 March 2022, the Group has $1.2 million (31 March 2021: Nil) of capital expenditure that has been contracted but not provided for in the financial statements.

26 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the financial statements, significant related party transactions carried out on terms agreed between the parties are as follows:

	Group		Trust	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
The Manager				
Manager's management fees				
- Base fees	10,012	8,411	10,012	8,411
- Performance fees	4,619	–	4,619	–
- Acquisition fees	4,597	1,296	4,597	1,296
Entities controlled by corporate shareholders of the Manager				
Investment management fees[1]	2,645	1,804	–	–
Trustees' fees[1]	–	185	–	–
The Property Manager				
Property management fees	1,843	1,629	1,843	1,629
Lease management fees	921	815	921	815
Marketing services commissions	2,768	1,764	2,768	1,764
Project management fees	44	83	44	83
Reimbursement of on-site staff costs[2]	438	–	438	–
The Trustee				
Trustee's fees	338	293	333	293
Joint venture				
Interest income	655	496	–	–
Subsidiaries				
Distribution income	–	–	23,983	14,388
Interest expense	–	–	1,751	1,800
Service fee expense	–	–	28	26

1 During the third quarter of the financial year ended 31 March 2021, the Group finalised the revision of the investment management fees, which are paid/payable to AA REIT Management Australia Pty Limited (the Australian investment manager of the Group's properties located in Australia), for the period from 15 July 2019 to 31 August 2024. Following the finalisation of the fee revision, the Australian investment management fees now include the trustee fees.

2 Represents the employment costs and remuneration to the employees of the Property Manager based on-site that are engaged solely and exclusively for management of the relevant properties.

27 FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager reviews the Group's capital management and financing policy regularly so as to optimise the Group's funding structure. The Board also monitors the Group's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

Monetary Authority of Singapore ("MAS") had announced for S-REITs to have a new minimum adjusted interest coverage ratio of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%) with effect from 1 January 2022. The Group is subjected to the aggregate leverage limit as defined in the Appendix 6 of the CIS Code (the "Property Funds Appendix"). The Property Funds Appendix stipulates that the aggregate leverage of a property fund should not exceed 50% (2021:50%) of the fund's deposited property.

As at 31 March 2022, the Group's aggregate leverage[1] was 37.5% (31 March 2021: 33.9%) and its interest coverage ratio[2] and adjusted interest coverage ratio[2] were 5.1 times (31 March 2021: 4.0 times) and 2.9 times (31 March 2021: 3.4 times), respectively. 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.

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[1] The aggregate leverage includes lease liabilities that are entered into in the ordinary course of AA REIT's business on or after 1 April 2019 in accordance with Monetary Authority of Singapore ("MAS") guidelines.

[2] The interest coverage ratio ("ICR") is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees. The adjusted ICR includes the amount reserved for distribution to Perpetual Securities holders in the interest expense. The ICR and adjusted ICR excluded interest expense on lease liabilities.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(a) Credit risk (cont'd)

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.

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.

Cash and cash equivalents

Cash and fixed deposits are 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 2022.

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 2022.

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.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk (cont'd)

The ageing of the trade and other receivables at the reporting date was as follows:

	Gross 2022 $'000	Impairment losses 2022 $'000	Gross 2021 $'000	Impairment losses 2021 $'000
Group				
Not past due	5,384	–	2,852	–
Past due 1 – 30 days	138	–	441	(7)
Past due 31 – 90 days	87	–	173	–
Past due more than 90 days	11	–	147	(70)
	5,620	–	3,613	(77)
Trust				
Not past due	7,362	–	3,612	–
Past due 1 – 30 days	138	–	441	(7)
Past due 31 – 90 days	87	–	173	–
Past due more than 90 days	11	–	147	(70)
	7,598	–	4,373	(77)

(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 2022, the Group has unutilised committed credit facilities amounting to $160.4 million.

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 10.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(b) Liquidity risk (cont'd)

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					
2022					
Non-derivative financial liabilities					
Medium term notes	(99,614)	(110,810)	(3,600)	(107,210)	–
Bank borrowings	(753,374)	(864,610)	(54,959)	(809,651)	–
Trade and other payables*	(48,810)	(48,810)	(35,675)	(10,315)	(2,820)
Lease liabilities	(94,050)	(134,056)	(8,726)	(29,664)	(95,666)
	(995,848)	(1,158,286)	(102,960)	(956,840)	(98,486)
Derivative financial instruments					
Non-current assets					
Interest rate swaps (net-settled)					
- at FVTPL	4,567	4,760	1,328	3,432	–
- designated as cash flow hedge	5,422	9,144	530	8,614	–
Non-current liabilities					
Interest rate swaps (net-settled)					
- at FVTPL	(1,495)	(2,054)	(2,028)	(26)	–
Current liabilities					
Interest rate swaps (net-settled)					
- at FVTPL	(49)	(54)	(54)	–	–
Currency forward contracts (net-settled)					
- at FVTPL	(491)	(478)	(478)	–	–
	7,954	11,318	(702)	12,020	–

* Excluding rental received in advance.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(b) Liquidity risk (cont'd)

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 (cont'd):

		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 (net-settled)					
- at FVTPL	1,126	1,139	(77)	1,216	–
Non-current liabilities					
Interest rate swaps (net-settled)					
- at FVTPL	(6,770)	(6,859)	(2,827)	(4,032)	–
Current liabilities					
Cross currency interest rate swaps (net-settled)					
- at FVTPL	(1,444)	(1,421)	(1,421)	–	–
	(7,088)	(7,141)	(4,325)	(2,816)	–

* Excluding rental received in advance.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(b) Liquidity risk (cont'd)

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 (cont'd):

	Carrying amount $'000	Contractual cash flows Total $'000	Less than 1 year $'000	1 to 5 years $'000	More than 5 years $'000
Trust					
2022					
Non-derivative financial liabilities					
Medium term notes	(99,614)	(110,810)	(3,600)	(107,210)	–
Bank borrowings	(305,570)	(349,551)	(8,144)	(341,407)	–
Trade and other payables*	(44,905)	(44,905)	(31,770)	(10,315)	(2,820)
Lease liabilities	(94,050)	(134,056)	(8,726)	(29,664)	(95,666)
	(544,139)	(639,322)	(52,240)	(488,596)	(98,486)
Derivative financial instruments					
Non-current assets					
Interest rate swaps (net-settled)					
- at FVTPL	4,254	4,364	1,271	3,093	–
- designated as cash flow hedge	2,962	3,170	(345)	3,515	–
Non-current liabilities					
Interest rate swaps (net-settled)					
- at FVTPL	(1,495)	(2,054)	(2,028)	(26)	–
Current liabilities					
Interest rate swaps (net-settled)					
- at FVTPL	(49)	(54)	(54)	–	–
Currency forward contracts (net-settled)					
- at FVTPL	(491)	(478)	(478)	–	–
	5,181	4,948	(1,634)	6,582	–

* Excluding rental received in advance.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(b) Liquidity risk (cont'd)

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 (cont'd):

		Contractual cash flows			
	Carrying amount $'000	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 (net-settled)					
- at FVTPL	1,126	1,139	(77)	1,216	–
Non-current liabilities					
Interest rate swaps (net settled)					
- at FVTPL	(6,642)	(6,748)	(2,750)	(3,998)	–
Current liabilities					
Cross currency interest rate swaps (net-settled)					
- at FVTPL	(1,444)	(1,421)	(1,421)	–	–
	(6,960)	(7,030)	(4,248)	(2,782)	–

* Excluding rental received in advance.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(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 2022, the Group had interest rate swap contracts with total notional amounts of $202.0 million and AUD478.5 million, equivalent to approximately $484.8 million (2021: $127.0 million and AUD153.5 million, equivalent to approximately $157.1 million). As at 31 March 2021, the Group had cross currency interest rate swap contracts with total notional amounts of AUD31.5 million, equivalent to $30.9 million. For both the interest rate swap and cross currency interest rate swap contracts, the Group had agreed with counterparties to exchange at specified intervals, the difference between the floating rates pegged to the SOR, SORA or BBSY and fixed rate interest amounts calculated by reference to the agreed notional amounts.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some IBORs with alternative nearly risk-free rates (referred to as 'interest rate benchmark reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group's main IBOR exposure at 31 March 2022 was indexed to SOR. In Singapore, the Steering Committee for SOR and SIBOR transition to SORA (SC-STS) together with the Association of Banks in Singapore (ABS) and Singapore Foreign Exchange Market Committee (SFEMC), has recommended the discontinuation of SOR and SIBOR and a shift towards the use of SORA as the alternative interest rate benchmark in Singapore. The timeline for SORA to replace SOR and SIBOR is by the end of June 2023 and December 2024 respectively.

The Manager monitors and manages the Group's transition to alternative rates. The Manager evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties. The Manager reports to the Board of Directors on a quarterly basis and collaborates with other business functions as needed. It provides periodic reports to the Board of Directors of interest rate risk and risks arising from interest rate benchmark reform.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

Non-derivative financial liabilities

The Group's IBOR exposures to non-derivative financial liabilities as at 31 March 2022 included a secured bank loan indexed to SOR. On 31 May 2022, the Group has finalised the transition of the SOR based secured bank loan to SORA.

Derivatives

The Group holds interest rate swaps for risk management purposes that are designated in cash flow hedging relationships. The interest rate swaps denominated in SGD have floating legs that are indexed to SORA and interest rate swaps denominated in AUD have floating legs that are indexed to BBSY respectively. Interest rate swaps which are not designated in cash flow hedging relationships have floating rates that are indexed to SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. As of 31 March 2022, an interest rate swap contract indexed to SOR and yet to transition to SORA is not expected to have material impact to the Group as it matures in June 2022.

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by interest rate benchmark reform as at 31 March 2022. The Group's hedged items and hedging instruments are indexed SORA and BBSY respectively.

<u>Unreformed contracts, including those with an appropriate fallback clause</u>

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to interest rate benchmark reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract'). As at 31 March 2022, the Group has appropriate fallback clauses for the unreformed contracts with maturity of more than one year.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

Unreformed contracts, including those with an appropriate fallback clause (cont'd)

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 31 March 2022. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their nominal amounts.

	SOR	
	Total amount of unreformed contracts $'000	Amount with appropriate fallback clause $'000
Group		
31 March 2022		
Financial liabilities		
Secured bank loan	99,668[1]	99,668
Derivatives		
Interest rate swap	30,000[2]	–
Trust		
31 March 2022		
Financial liabilities		
Secured bank loan	99,668[1]	99,668
Derivatives		
Interest rate swap	30,000[2]	–

1 On 31 May 2022, the Group has finalised the transition of the SOR based secured bank loan to SORA.

2 Interest rate swap matures in June 2022.

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's and Trust's interest-bearing financial instruments was as follows:

	Group Nominal amount		Trust Nominal amount	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Fixed rate instruments				
Financial liabilities	(100,000)	(150,000)	(100,000)	(150,000)
Interest rate swaps	(686,768)	(284,089)	(397,022)	(272,832)
Cross currency interest rate swaps	–	(32,237)	–	(32,237)
	(786,768)	(466,326)	(497,022)	(455,069)
Variable rate instruments				
Financial liabilities	(758,922)	(443,784)	(309,236)	(279,462)
Interest rate swaps	686,768	284,089	397,022	272,832
Cross currency interest rate swaps	–	32,237	–	32,237
	(72,154)	(127,458)	87,786	25,607

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables remain constant.

	Statement of total return		Unitholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
31 March 2022				
Variable rate instruments	2,157	(2,208)	6,126	(6,439)
31 March 2021				
Variable rate instruments	(1,275)	1,275	–	–
Trust				
31 March 2022				
Variable rate instruments	3,652	(3,701)	1,983	(2,068)
31 March 2021				
Variable rate instruments	256	(256)	–	–

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(c) Market risk (cont'd)

(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 properties to mitigate the currency risk. As at 31 March 2022, the Group's investment in its Australian assets was hedged as approximately 65.0% (2021: 65.0%) of the Australian portfolio value was funded with Australian dollar denominated borrowings or cross currency interest rate swaps.

Exposure to currency risk

The Group's and Trust's exposures to foreign currencies as at 31 March 2022 and 31 March 2021 after taking into account cross currency interest rate swaps, were as follows:

	Group		Trust	
	Australian dollar	Australian dollar	Australian dollar	Australian dollar
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Amounts due from joint venture	35,224	30,102	–	–
Cash and cash equivalents	11,877	3,079	2,110	832
Trade and other receivables	2,555	2,110	3,452	1,850
Derivative financial instruments	3,475	(7,708)	702	(7,580)
Trade and other payables	(1,853)	(1,099)	(869)	(621)
Interest-bearing borrowings	(583,922)	(212,933)	(134,236)	(48,611)
	(532,644)	(186,449)	(128,841)	(54,130)
Less: Cross currency interest rate swap	–	(32,237)	–	(32,237)
Less: Currency forward contracts	(12,157)	–	(12,157)	–
Net currency exposure on financial liabilities	(544,801)	(218,686)	(140,998)	(86,367)
Add: Non-financial assets				
Investment in joint venture	332,539	305,602	–	–
Investment property	528,332	45,541	–	–
Currency profile including non-financial assets	316,070	132,457	(140,998)	(86,367)

27 FINANCIAL RISK MANAGEMENT (cont'd)

Risk management framework (cont'd)

(c) Market risk (cont'd)

(ii) Foreign currency risk (cont'd)

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		
2022		
Australian dollar (5% strengthening)	97	15,706
Australian dollar (5% weakening)	(97)	(15,706)
2021		
Australian dollar (5% strengthening)	(368)	6,991
Australian dollar (5% weakening)	368	(6,991)
Trust		
2022		
Australian dollar (5% strengthening)	(7,050)	–
Australian dollar (5% weakening)	7,050	–
2021		
Australian dollar (5% strengthening)	(4,318)	–
Australian dollar (5% weakening)	4,318	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (cont'd)

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										
2022										
Financial assets not measured at fair value										
Amounts due from joint venture	6	35,224	–	–	–	35,224				
Trade and other receivables*	7	5,620	–	–	–	5,620				
Cash and cash equivalents	8	21,395	–	–	–	21,395				
		62,238	–	–	–	62,238				
Financial assets measured at fair value										
Derivative financial assets	11	–	4,567	5,422	–	9,989	–	9,989	–	9,989
Financial liabilities measured at fair value										
Derivative financial liabilities	11	–	(2,035)	–	–	(2,035)	–	(2,035)	–	(2,035)
Financial liabilities not measured at fair value										
Trade and other payables**	9	–	–	–	(48,810)	(48,810)				
Interest-bearing borrowings	10	–	–	–	(852,988)	(852,988)	–	(854,601)	–	(854,601)
Lease liabilities	13	–	–	–	(94,050)	(94,050)				
		–	–	–	(995,848)	(995,848)				

* Excluding prepayments.

** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (cont'd)

Classification and fair value of financial instruments (cont'd)

		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	6	30,102	–	–	–	30,102				
Trade and other receivables*	7	3,536	–	–	–	3,536				
Cash and cash equivalents	8	11,159	–	–	–	11,159				
		44,797	–	–	–	44,797				
Financial assets measured at fair value										
Derivative financial assets	11	–	1,126	–	–	1,126	–	1,126	–	1,126
Financial liabilities measured at fair value										
Derivative financial liabilities	11	–	(8,214)	–	–	(8,214)	–	(8,214)	–	(8,214)
Financial liabilities not measured at fair value										
Trade and other payables**	9	–	–	–	(40,226)	(40,226)				
Interest-bearing borrowings	10	–	–	–	(591,456)	(591,456)	–	(593,200)	–	(593,200)
Lease liabilities	13	–	–	–	(95,289)	(95,289)				
		–	–	–	(726,971)	(726,971)				

* Excluding prepayments.

** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (cont'd)

Classification and fair value of financial instruments (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost	FVTPL	Fair value – Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust										
2022										
Financial assets not measured at fair value										
Trade and other receivables*	7	7,598	–	–	–	7,598				
Cash and cash equivalents	8	11,599	–	–	–	11,599				
		19,197	–	–	–	19,197				
Financial assets measured at fair value										
Derivative financial assets	11	–	4,254	2,962	–	7,216	–	7,216	–	7,216
Financial liabilities measured at fair value										
Derivative financial liabilities	11	–	(2,035)	–	–	(2,035)	–	(2,035)	–	(2,035)
Financial liabilities not measured at fair value										
Trade and other payables**	9	–	–	–	(44,905)	(44,905)				
Interest-bearing borrowings	10	–	–	–	(405,184)	(405,184)	–	(406,797)	–	(406,797)
Lease liabilities	13	–	–	–	(94,050)	(94,050)				
		–	–	–	(544,140)	(544,140)				

* Excluding prepayments.

** Excluding rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2022

27 FINANCIAL RISK MANAGEMENT (cont'd)

Classification and fair value of financial instruments (cont'd)

		Carrying amount					Fair value			
	Note	Amortised cost	FVTPL	Fair value – Hedging instruments	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trust										
2021										
Financial assets not measured at fair value										
Trade and other receivables*	7	4,296	–	–	–	4,296				
Cash and cash equivalents	8	8,884	–	–	–	8,884				
		13,180	–	–	–	13,180				
Financial assets measured at fair value										
Derivative financial assets	11	–	1,126	–	–	1,126	–	1,126	–	1,126
Financial liabilities measured at fair value										
Derivative financial liabilities	11	–	(8,086)	–	–	(8,086)	–	(8,086)	–	(8,086)
Financial liabilities not measured at fair value										
Trade and other payables**	9	–	–	–	(39,472)	(39,472)				
Interest-bearing borrowings	10	–	–	–	(427,862)	(427,862)	–	(429,606)	–	(429,606)
Lease liabilities	13	–	–	–	(95,289)	(95,289)				
		–	–	–	(562,623)	(562,623)				

* Excluding prepayments.

** Excluding rental received in advance.

27 FINANCIAL RISK MANAGEMENT (cont'd)

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 amounts of non-derivative financial liabilities with maturity of more than one year (including trade and other payables) are assumed to approximate their fair values because the effect of discounting is immaterial. 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. The fair value disclosure of lease liabilities is not required.

The Group's policy is to recognise transfers between levels as of the end of the reporting period during which the transfer has occurred. There had been no transfers between the levels during the year.

28 SEGMENT REPORTING

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.

28 SEGMENT REPORTING (cont'd)

Information about reportable segments

	Singapore $'000	Australia $'000	Total $'000
2022			
Revenue and expenses			
Gross revenue	128,819	13,571	142,390
Property operating expenses	(39,200)	(5)	(39,205)
Net property income	89,619	13,566	103,185
Share of profits of joint venture (net of tax)	–	48,140[1]	48,140
Net change in fair value of investment properties	17,116	(17,706)	(590)
Net change in fair value of right-of-use assets	(5,238)	–	(5,238)
Net change in fair value of derivative financial instruments	2,796	5,423	8,219
			153,716
Unallocated items:			
Net foreign exchange loss			(86)
Interest income			719
Borrowing costs			(22,828)
Trust and other expenses			(19,226)
Total return before income tax			112,295
Income tax expense			(8,187)
Total return after income tax			104,108
Non-current assets[2]	1,467,336	896,095	2,363,431
Other segment items:			
Joint venture	–	367,763	367,763
Capital expenditure[3]	4,884	–	4,884
Acquisition of investment property	–	489,839	489,839

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 $32.3 million (2021: $21.7 million).

2 Excluding derivative financial instruments.

3 Capital expenditure consists of additions of investment properties.

28 SEGMENT REPORTING (cont'd)

Information about reportable segments (cont'd)

	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:			
Net foreign exchange gain			296
Interest income			631
Borrowing costs			(22,127)
Trust and other 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

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 $10.3 million (2021: $8.3 million rental income from one major tenant) of the Group's rental income.

29 FINANCIAL RATIOS

	Group	
	2022	2021
	%	%
Expenses to weighted average net assets[1]		
- Expense ratio excluding performance-related fee	1.16	1.14
- Expense ratio including performance-related fee	1.52	1.14
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 and foreign exchange gains/(losses).

2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of weighted average net asset value.

30 SUBSEQUENT EVENTS

On 27 April 2022 the Manager approved a distribution of 2.36 cents per Unit in respect of the period from 1 January 2022 to 31 March 2022 to be paid on 24 June 2022.

On 30 May 2022, a secured five-year term loan facility of approximately AUD212.3 million was entered into by a wholly-owned subsidiary of the Trust, AA REIT Macquarie Park Investment Trust to refinance its existing loan facilities, real estate related activities and/or its general corporate funding purposes.

STATISTICS OF UNITHOLDINGS

As at 8 June 2022

ISSUED AND FULLY PAID UNITS

716,583,193 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	555	5.37	20,314	0.00
100 - 1,000	1,356	13.12	760,798	0.11
1,001 - 10,000	5,128	49.61	26,386,149	3.68
10,001 - 1,000,000	3,268	31.61	144,499,998	20.17
1,000,001 and above	30	0.29	544,915,934	76.04
Total	**10,337**	**100.00**	**716,583,193**	**100.00**

TOP 20 UNITHOLDERS

As listed in the Register of Unitholders

No.	Name	Number of Units	%
1	Raffles Nominees (Pte.) Limited	140,981,403	19.67
2	Citibank Nominees Singapore Pte Ltd	92,751,186	12.94
3	RHB Bank Nominees Pte Ltd	68,327,663	9.54
4	DBS Nominees (Private) Limited	62,205,626	8.68
5	HSBC (Singapore) Nominees Pte Ltd	49,860,997	6.96
6	DBSN Services Pte. Ltd.	37,502,796	5.23
7	AIMS APAC REIT Management Limited	14,183,422	1.98
8	OCBC Securities Private Limited	10,887,949	1.52
9	AIMS Fund Management (Cayman) Limited	7,761,900	1.08
10	Phillip Securities Pte Ltd	7,380,339	1.03
11	Maybank Securities Pte. Ltd.	7,166,529	1.00
12	United Overseas Bank Nominees (Private) Limited	5,297,317	0.74
13	OCBC Nominees Singapore Private Limited	4,822,049	0.67
14	DB Nominees (Singapore) Pte Ltd	4,773,950	0.67
15	ABN AMRO Clearing Bank N.V.	4,680,468	0.65
16	IFAST Financial Pte. Ltd.	3,808,412	0.53
17	UOB Kay Hian Private Limited	2,560,408	0.36
18	Morgan Stanley Asia (Singapore) Securities Pte Ltd	2,317,491	0.32
19	Ng Chung Ming	1,876,601	0.26
20	BPSS Nominees Singapore (Pte.) Ltd.	1,763,903	0.25
	Total	**530,910,409**	**74.08**

STATISTICS OF UNITHOLDINGS

As at 8 June 2022

SUBSTANTIAL UNITHOLDERS AS AT 8 JUNE 2022

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 APAC Capital Holdings Limited[1]	40,319,528	14,183,422	54,502,950	7.61
AIMS Financial Holding Limited[2]	-	54,502,950	54,502,950	7.61
Great World Financial Group Pty Ltd[3]	-	66,557,700	66,557,700	9.29
Great World Financial Group Holdings Pty Ltd[3]	-	66,557,700	66,557,700	9.29
Mr George Wang[3]	-	66,557,700	66,557,700	9.29
ESR HK Management Limited	54,785,641	-	54,785,641	7.65
ESR Cayman Limited[4]	9,101,957	82,793,776	91,895,733	12.82
Mr Chan Wai Kheong[5]	12,823,976	28,925,065	41,749,041	5.83

1 Deemed to have an interest in 14,183,422 Units held by AIMS APAC REIT Management Limited (the "Manager") as the Manager is a subsidiary of AIMS APAC Capital Holdings Limited ("AACHL").

2 Deemed to have an interest in Units held by AACHL and Units which AACHL has interests in as AACHL is a wholly-owned subsidiary of AIMS Financial Holding Limited ("AFHL").

3 Deemed to have an interest in:
(i) Units which AFHL has interests in;
(ii) 4,148,064 Units held by a fund managed by AIMS Fund Management Limited ("AFML");
(iii) 7,761,900 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").

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 2022

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]	-	61,991,976	61,991,976	8.71

6 Deemed to have an interest in (i) 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 2022, approximately 90.7% 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	10,012	–
- Manager's performance fees		4,619	–
- Manager's acquisition fees		4,597	–
AIMS APAC Property Management Pte. Ltd.	Subsidiaries of the controlling shareholder of the REIT Manager		
- Property management fees		1,843	–
- Lease management fees		921	–
- Marketing services commissions		2,768	–
- Reimbursement of on-site staff costs[1]		438	–
AA REIT Management Australia Pty Limited			
- Investment management fees		2,645	–
HSBC Institutional Trust Services (Singapore) Limited			
- Trustee's fees	REIT Trustee	338	–

1 Represents the employment costs and remuneration to the employees of the Property Manager based on-site that are engaged solely and exclusively for management of the relevant properties.

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 26 "Significant Related Party Transactions" in the Notes to the Financial Statements. Except as disclosed above,

(a) there are no other material contracts entered into by AA REIT and/or its subsidiaries involving the interests of the Chief Executive Officer, any 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 2022.

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$58.4 million, which is approximately 5.8% of its net asset value attributable to Unitholders as at 31 March 2022. Taxation including provision for deferred tax liabilities for the Trust's investment in Australia was S$8.2 million.

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CORPORATE DIRECTORY

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Email: investorrelations@aimsapac.com

Stock code: O5RU
Counter name: AIMS APAC Reit

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Partner in charge: Ms Sarina Lee
(With effect from financial year ended 31 March 2020)

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Company Registration No. 200615904N

Registered address
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Directors of the Manager
Mr George Wang (Chairman)
Mr Ko Kheng Hwa (Lead Independent Director)
Mr Peter Michael Heng
Mr Chong Teck Sin

Audit, Risk and Compliance Committee
Chairman
Mr Chong Teck Sin
Members
Mr Ko Kheng Hwa
Mr Peter Michael Heng

Nominating and Remuneration Committee
Chairman
Mr Ko Kheng Hwa
Members
Mr Peter Michael Heng
Mr George Wang

Company Secretary
Ms Lim Joo Lee

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

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