



AIMS APAC REIT and its subsidiaries

**(constituted in the Republic of Singapore pursuant to a
trust deed dated 5 December 2006) (as amended and
restated)**

**Interim Financial Statements
For the second half and full year ended 31 March 2023**

STATEMENTS OF FINANCIAL POSITION
As at 31 March 2023

	Note	Group		Trust	
		31 March 2023 \$'000	31 March 2022 \$'000	31 March 2023 \$'000	31 March 2022 \$'000
Non-current assets					
Investment properties	3	1,957,409	1,992,582	1,496,898	1,464,250
Subsidiaries		–	–	328,681	328,681
Joint venture	4	329,377	367,763	–	–
Trade and other receivables		3,465	3,086	3,465	3,086
Derivative financial instruments	5	12,064	9,989	8,041	7,216
		<u>2,302,315</u>	<u>2,373,420</u>	<u>1,837,085</u>	<u>1,803,233</u>
Current assets					
Investment property held for sale	3	12,153	–	12,153	–
Trade and other receivables		7,560	8,846	7,495	9,802
Derivative financial instruments	5	1,171	–	1,171	–
Cash and cash equivalents		13,223	21,395	7,728	11,599
		<u>34,107</u>	<u>30,241</u>	<u>28,547</u>	<u>21,401</u>
Total assets		2,336,422	2,403,661	1,865,632	1,824,634
Non-current liabilities					
Trade and other payables		15,100	13,135	15,100	13,135
Interest-bearing borrowings	6	790,988	817,782	390,011	405,184
Derivative financial instruments	5	–	1,495	–	1,495
Deferred tax liabilities		26,989	27,944	–	–
Lease liabilities		92,748	88,621	92,748	88,621
		<u>925,825</u>	<u>948,977</u>	<u>497,859</u>	<u>508,435</u>
Current liabilities					
Trade and other payables		37,598	39,767	32,442	33,832
Interest-bearing borrowings	6	–	35,206	–	–
Derivative financial instruments	5	–	540	–	540
Liabilities directly associated with the investment property held for sale	3	253	–	253	–
Lease liabilities		5,351	5,429	5,351	5,429
		<u>43,202</u>	<u>80,942</u>	<u>38,046</u>	<u>39,801</u>
Total liabilities		969,027	1,029,919	535,905	548,236
Net assets		1,367,395	1,373,742	1,329,727	1,276,398
Represented by:					
Unitholders' funds		993,849	1,000,196	956,181	902,852
Perpetual Securities holders' funds	7	373,546	373,546	373,546	373,546
		<u>1,367,395</u>	<u>1,373,742</u>	<u>1,329,727</u>	<u>1,276,398</u>
Units in issue and to be issued ('000)	8	725,039	716,583	725,039	716,583
Net asset value/net tangible asset per Unit attributable to Unitholders ¹ (\$)		<u>1.37</u>	<u>1.40</u>	<u>1.32</u>	<u>1.26</u>

¹ Net asset value/net tangible asset is based on the net assets attributable to Unitholders and excluded the net assets attributable to Perpetual Securities holders. Number of units is based on Units in issue and to be issued at the end of the year.

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

CONSOLIDATED STATEMENTS OF TOTAL RETURN
For the Second Half and Full Year Ended 31 March 2023

	Note	Group			
		1 October 2022 to 31 March 2023 ("2H FY2023") \$'000	1 October 2021 to 31 March 2022 ("2H FY2022") \$'000	1 April 2022 to 31 March 2023 ("FY2023") \$'000	1 April 2021 to 31 March 2022 ("FY2022") \$'000
Gross revenue	9	84,182	77,144	167,382	142,390
Property operating expenses		(22,815)	(21,668)	(44,872)	(39,205)
Net property income		61,367	55,476	122,510	103,185
Net foreign exchange gain/(loss)		332	57	(663)	(86)
Interest income		219	296	291	719
Borrowing costs		(17,827)	(12,162)	(33,309)	(22,828)
Manager's management fees		(5,615)	(5,563)	(11,333)	(10,012)
Manager's performance fees		(4,476)	(4,619)	(4,476)	(4,619)
Other trust expenses		(3,398)	(3,057)	(6,440)	(4,595)
Non-property expenses		(31,316)	(25,401)	(55,558)	(42,054)
Net income before joint venture's profits		30,602	30,428	66,580	61,764
Share of profits of joint venture (net of tax)		4,503	20,876	16,039	48,140
Net income		35,105	51,304	82,619	109,904
Net change in fair value of investment properties		16,231	(20,945)	25,225	(5,828)
Net change in fair value of derivative financial instruments		(403)	6,953	4,270	8,219
Total return before income tax	10	50,933	37,312	112,114	112,295
Income tax credit/(expense)		1,078	(3,818)	1,747	(8,187)
Total return after income tax		52,011	33,494	113,861	104,108
Attributable to:					
Unitholders		41,789	23,272	93,361	89,241
Perpetual Securities holders		10,222	10,222	20,500	14,867
		52,011	33,494	113,861	104,108
Earnings per Unit (Singapore cents)					
Basic and diluted	11	5.81	3.28	13.01	12.59

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

CONSOLIDATED DISTRIBUTION STATEMENTS
For the Second Half and Full Year Ended 31 March 2023

	Note	Group			
		2H FY2023 \$'000	2H FY2022 \$'000	FY2023 \$'000	FY2022 \$'000
Amount available for distribution to Unitholders at beginning of the period/year		17,437	18,496	16,911	20,493
Total return before income tax		50,933	37,312	112,114	112,295
Less: Amount reserved for distribution to Perpetual Securities holders		(10,222)	(10,222)	(20,500)	(14,867)
Net effect of tax adjustments	A	(15,787)	(2,290)	(24,929)	(8,516)
Other adjustments	B	1,250	(1,641)	(17,918)	(37,495)
		<u>26,174</u>	<u>23,159</u>	<u>48,767</u>	<u>51,417</u>
Amount available for distribution to Unitholders from taxable income		43,611	41,655	65,678	71,910
Distribution from tax-exempt income		–	2,242	–	2,242
Capital distribution		11,668	7,433	22,860	13,588
Amount available for distribution to Unitholders		<u>55,279</u>	<u>51,330</u>	<u>88,538</u>	<u>87,740</u>
Distributions to Unitholders during the period/year:					
2.900 cents per Unit for the period from 1 January 2021 – 31 March 2021		–	–	–	(20,493)
2.250 cents per Unit for the period from 1 April 2021 – 30 June 2021		–	–	–	(15,917)
2.500 cents per Unit for the period from 1 July 2021 – 30 September 2021		–	(17,686)	–	(17,686)
2.350 cents per Unit for the period from 1 October 2021 – 31 December 2021		–	(16,733)	–	(16,733)
2.360 cents per Unit for the period from 1 January 2022 – 31 March 2022		–	–	(16,911)	–
2.280 cents per Unit for the period from 1 April 2022 – 30 June 2022		–	–	(16,348)	–
2.420 cents per Unit for the period from 1 July 2022 – 30 September 2022		(17,376)	–	(17,376)	–
2.590 cents per Unit for the period from 1 October 2022 – 31 December 2022		(18,657)	–	(18,657)	–
		<u>(36,033)</u>	<u>(34,419)</u>	<u>(69,292)</u>	<u>(70,829)</u>
Amount available for distribution to Unitholders at end of the period/year		<u>19,246</u>	<u>16,911</u>	<u>19,246</u>	<u>16,911</u>
Number of Units entitled to distributions at end of the period/year ('000)		725,039	716,583	725,039	716,583
Distribution per Unit (Singapore cents)		<u>5.244</u>	<u>4.710</u>	<u>9.944</u>	<u>9.460</u>

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

CONSOLIDATED DISTRIBUTION STATEMENTS (CONTINUED)
For the Second Half and Full Year Ended 31 March 2023

	Note	Group			FY2022 \$'000
		2H FY2023 \$'000	2H FY2022 \$'000	FY2023 \$'000	
Note A – Net effect of tax adjustments					
Amortisation and write-off of borrowing transaction costs		655	690	1,300	1,224
Net foreign exchange loss		9	78	879	162
Manager's management fees paid/payable in units		4,542	3,649	6,446	4,731
Manager's performance fees payable in units		4,476	4,619	4,476	4,619
Land rent paid on investment properties		(4,479)	(4,363)	(8,897)	(8,726)
Interest expense on lease liabilities		1,790	1,720	3,604	3,488
Net change in fair value of investment properties		(24,853)	(5,506)	(32,864)	(11,878)
Net change in fair value of derivative financial instruments		338	(6,546)	(4,084)	(7,793)
Net tax adjustment on foreign sourced income		889	2,369	3,026	4,270
Temporary differences and other tax adjustments		846	1,000	1,185	1,387
Net effect of tax adjustments		<u>(15,787)</u>	<u>(2,290)</u>	<u>(24,929)</u>	<u>(8,516)</u>

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 interim financial statements.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS
For the Year Ended 31 March 2023

	Note	Group		Trust	
		FY2023 \$'000	FY2022 \$'000	FY2023 \$'000	FY2022 \$'000
Unitholders' Funds					
Balance at beginning of the year		1,000,196	962,758	902,852	873,636
Operations					
Total return after income tax, attributable to Unitholders and Perpetual Securities holders		113,861	104,108	131,846	98,033
Less: Amount reserved for distribution to Perpetual Securities holders		(20,500)	(14,867)	(20,500)	(14,867)
Net increase in net assets from operations		93,361	89,241	111,346	83,166
Foreign currency translation reserve					
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations		(43,307)	(284)	–	–
Hedging reserve					
Effective portion of changes in fair value of cash flow hedges		1,969	5,393	353	2,962
Unitholders' contributions					
Issuance of Units (including Units to be issued):					
Manager's management fees		6,446	4,731	6,446	4,731
Manager's performance fees		4,476	4,619	4,476	4,619
Manager's acquisition fees		–	4,597	–	4,597
Issuance costs for new units		–	(30)	–	(30)
Distributions to Unitholders		(69,292)	(70,829)	(69,292)	(70,829)
Change in Unitholders' funds resulting from Unitholders' transactions		(58,370)	(56,912)	(58,370)	(56,912)
Total (decrease)/increase in Unitholders' funds		(6,347)	37,438	53,329	29,216
Balance at end of the year		993,849	1,000,196	956,181	902,852
Perpetual Securities holders' funds					
Balance at beginning of the year		373,546	124,613	373,546	124,613
Issue of Perpetual Securities		–	250,000	–	250,000
Issuance cost		–	(2,208)	–	(2,208)
Amount reserved for distribution to Perpetual Securities holders		20,500	14,867	20,500	14,867
Distributions to Perpetual Securities holders		(20,500)	(13,726)	(20,500)	(13,726)
Balance at end of the year		373,546	373,546	373,546	373,546
Units in issue and to be issued ('000)	8	725,039	716,583	725,039	716,583

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

PORTFOLIO STATEMENTS
As at 31 March 2023

	Description of property	Location	Term of land lease ¹	Remaining term of land lease ¹ (years)	Existing use	Occupancy rate ²		Carrying Value ³		Group percentage of total Unitholders' funds		Trust percentage of total Unitholders' funds	
						31 March 2023 %	31 March 2022 %	31 March 2023 \$'000	31 March 2022 \$'000	31 March 2023 %	31 March 2022 %	31 March 2023 %	31 March 2022 %
Group and the Trust Investment properties in Singapore													
1	20 Gul Way	20 Gul Way	35 years	17.8	Logistics and Warehouse	100	100	228,700	222,300	23.0	22.2	23.9	24.6
2	8 & 10 Pandan Crescent	8 & 10 Pandan Crescent	92 years and 8 months	45.2	Logistics and Warehouse	100	98	161,300	153,600	16.2	15.4	16.9	17.0
3	27 Penjuru Lane	27 Penjuru Lane	45 years	26.5	Logistics and Warehouse	97	97	160,900	160,100	16.2	16.0	16.8	17.7
4	NorthTech	29 Woodlands Industrial Park E1	60 years	31.8	Hi-Tech	100	100	133,600	128,000	13.4	12.8	14.0	14.2
5	7 Bulim Street	7 Bulim Street	30 years	19.4	Logistics and Warehouse	100	100	130,800	130,500	13.2	13.0	13.7	14.5
6	1A International Business Park	1A International Business Park	52 years	36.2	Business Park	64	65	73,700	75,100	7.4	7.5	7.7	8.3
7	3 Tuas Avenue 2	3 Tuas Avenue 2	73 years	32.0	General Industrial	100	100	55,900	54,300	5.6	5.4	5.8	6.0
8	30 Tuas West Road	30 Tuas West Road	60 years	32.8	Logistics and Warehouse	100	100	55,900	53,400	5.6	5.3	5.8	5.9
9	51 Marsiling Road	51 Marsiling Road	70 years and 5 months	21.3	General Industrial	100	100	49,400	48,900	5.0	4.9	5.2	5.4
10	23 Tai Seng Drive	23 Tai Seng Drive	60 years	27.3	Light Industrial	100	100	38,800	26,200	3.9	2.6	4.1	2.9
11	15 Tai Seng Drive	15 Tai Seng Drive	60 years	28.0	Light Industrial	99	99	34,300	33,000	3.5	3.3	3.6	3.7

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

PORTFOLIO STATEMENTS (CONTINUED)
As at 31 March 2023

	Description of property	Location	Term of land lease ¹	Remaining term of land lease ¹ (years)	Existing use	Occupancy rate ²		Carrying Value ³		Group percentage of total Unitholders' funds		Trust percentage of total Unitholders' funds	
						31 March 2023 %	31 March 2022 %	31 March 2023 \$'000	31 March 2022 \$'000	31 March 2023 %	31 March 2022 %	31 March 2023 %	31 March 2022 %
	Group and the Trust Investment properties in Singapore												
12	103 Defu Lane 10	103 Defu Lane 10	60 years	20.2	Logistics and Warehouse	100	100	33,200	30,700	3.3	3.1	3.5	3.4
13	8 Tuas Avenue 20	8 Tuas Avenue 20	59 years and 1.5 months	28.6	General Industrial	100	100	27,900	27,900	2.8	2.8	2.9	3.1
14	1 Bukit Batok Street 22	1 Bukit Batok Street 22	60 years	32.2	Light Industrial	100	100	26,300	25,600	2.6	2.6	2.8	2.8
15	10 Changi South Lane	10 Changi South Lane	60 years	33.2	Logistics and Warehouse	95	95	22,400	22,300	2.3	2.2	2.3	2.5
16	11 Changi South Street 3	11 Changi South Street 3	60 years	32.0	Logistics and Warehouse	91	92	21,700	21,000	2.2	2.1	2.3	2.3
17	135 Joo Seng Road	135 Joo Seng Road	60 years	31.2	Light Industrial	93	88	20,800	20,200	2.1	2.0	2.2	2.2
18	56 Serangoon North Avenue 4	56 Serangoon North Avenue 4	60 years	32.1	Logistics and Warehouse	100	100	19,800	18,700	2.0	1.9	2.1	2.1
19	61 Yishun Industrial Park A	61 Yishun Industrial Park A	60 years	29.4	General Industrial	95	77	19,600	19,600	2.0	2.0	2.0	2.2
20	3 Toh Tuck Link	3 Toh Tuck Link	60 years	33.6	Logistics and Warehouse	83	83	18,300	20,700	1.8	2.1	1.9	2.3
21	2 Ang Mo Kio Street 65	2 Ang Mo Kio Street 65	60 years	24.0	General Industrial	100	100	15,200	16,100	1.5	1.6	1.6	1.8
22	8 Senoko South Road	8 Senoko South Road	60 years	31.6	General Industrial	100	100	14,100	14,100	1.4	1.4	1.5	1.6
23	Aalst Chocolate Building	26 Tuas Avenue 7	60 years	30.8	General Industrial	100	100	12,500	12,200	1.3	1.2	1.3	1.4

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

PORTFOLIO STATEMENTS (CONTINUED)
As at 31 March 2023

	Description of property	Location	Term of land lease ¹	Remaining term of land Lease ¹ (years)	Existing use	Occupancy rate ²		Carrying Value ³		Group percentage of total Unitholders' funds		Trust percentage of total Unitholders' funds	
						31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
						%	%	\$'000	\$'000	%	%	%	%
Group and the Trust													
Investment properties in Singapore													
24	1 Kallang Way 2A	1 Kallang Way 2A	60 years	32.2	Light Industrial	100	100	12,300	11,800	1.2	1.2	1.3	1.3
25	7 Clementi Loop	7 Clementi Loop	60 years	30.2	Logistics and Warehouse	87	80	11,400	12,000	1.1	1.2	1.2	1.3
26	541 Yishun Industrial Park A	541 Yishun Industrial Park A	60 years	31.2	General Industrial	–	100	–	11,900 ⁶	–	1.2	–	1.3
								1,398,800	1,370,200	140.6	137.0	146.4	151.8
Group													
Investment properties in Australia													
27	Woolworths HQ ⁴	1 Woolworths Way, Bella Vista, New South Wales 2153, Australia	Freehold	N.A.	Business Park	100	100	410,136	474,131	41.3	47.4	–	–
28	Boardriders Asia Pacific HQ ⁵	209-217 Burleigh Connection Road, Burleigh Waters, Queensland 4220, Australia	Freehold	N.A.	Light Industrial	100	100	50,375	54,201	5.1	5.4	–	–
Total investment properties								1,859,311	1,898,532	187.0	189.8	146.4	151.8
Group and the Trust													
Investment property held for sale in Singapore													
26	541 Yishun Industrial Park A	541 Yishun Industrial Park A	60 years	31.2	General Industrial	100	–	11,900 ⁶	–	1.2	–	1.2	–
Total investment property held for sale								11,900	–	1.2	–	1.2	–
Total investment properties and investment property held for sale, at valuation (note 3)								1,871,211	1,898,532	188.2	189.8	147.6	151.8

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

PORTFOLIO STATEMENTS (CONTINUED)
As at 31 March 2023

Description of property	Location	Term of land lease ¹	Remaining term of land lease ¹ (years)	Existing use	Occupancy rate ²		Carrying Value ³		Group percentage of total Unitholders' funds	
					31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
					%	%	\$'000	\$'000	%	%
1-28	Investment properties and investment property held for sale – fair value (FS6 to FS8)						1,871,211	1,898,532	188.2	189.8
	Investment properties – right-of-use assets						98,098	94,050	9.9	9.4
	Investment property held for sale– right-of-use assets						253 ⁶	–	–	–
	Total investment properties and investment property held for sale						1,969,562	1,992,582	198.1	199.2
	Joint venture (note 4)						329,377	367,763	33.1	36.8
	Investment property in Australia held by a joint venture									
29	Optus Centre ⁷	1-5 Lyonpark Road, Macquarie Park, New South Wales 2113, Australia	Freehold	N.A.	Business Park	100	100			
	Other assets and liabilities (net)						(931,544)	(986,603)	(93.7)	(98.6)
	Net assets of the Group						1,367,395	1,373,742	137.5	137.4
	Perpetual Securities holders' funds						(373,546)	(373,546)	(37.5)	(37.4)
	Total Unitholders' funds of the Group						993,849	1,000,196	100.0	100.0

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 As at 31 March 2023, the Woolworths HQ was valued at AUD460.0 million (equivalent to approximately \$410.1 million) (31 March 2022: AUD468.0 million (equivalent to approximately \$474.1 million)).

⁵ As at 31 March 2023, the Boardriders Asia Pacific HQ was valued at AUD56.5 million (equivalent to approximately \$50.4 million) (31 March 2022: AUD53.5 million (equivalent to approximately \$54.2 million)).

⁶ On 24 April 2023, the Group announced the divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore (the "Divestment"). The investment property, including the corresponding right-of-use assets, were reclassified to investment property held for sale and the corresponding lease liabilities was reclassified to liabilities directly associated with the investment property held for sale as at 31 March 2023.

⁷ The Group has a 49.0% (2022: 49.0%) interest in Optus Centre. As at 31 March 2023, the property was valued at AUD753.0 million (equivalent to approximately \$671.4 million) (31 March 2022: AUD744.0 million (equivalent to approximately \$753.7 million)).

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

PORTFOLIO STATEMENTS (CONTINUED)
As at 31 March 2023

Description of property	Carrying value		Trust percentage of total Unitholders' funds	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	\$'000	\$'000	%	%
1-26 Investment properties and investment property held for sale– fair value (FS6 – FS8)	1,410,700	1,370,200	147.6	151.8
Investment properties – right-of-use assets	98,098	94,050	10.3	10.4
Investment property held for sale– right-of-use assets	253 ⁶	–	–	–
Total investment properties and investment property held for sale	1,509,051	1,464,250	157.9	162.2
Other assets and liabilities (net)	(179,324)	(187,852)	(18.8)	(20.8)
Net assets of the Trust	1,329,727	1,276,398	139.1	141.4
Perpetual Securities holders' funds	(373,546)	(373,546)	(39.1)	(41.4)
Total Unitholders' funds of the Trust	956,181	902,852	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 2023 and 31 March 2022 related wholly to investing in real estate in the industrial sector.

As at 31 March 2023, the investment properties in Singapore were valued by Savills Valuation and Professional Services (S) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd (2022: Savills Valuation and Professional Services (S) Pte Ltd or Jones Lang LaSalle Property Consultants Pte Ltd) and the investment properties in Australia were valued by Knight Frank NSW Valuations & Advisory Pty Ltd or Knight Frank Valuation and Advisory Queensland (2022: Jones Lang LaSalle Advisory Services Pty Ltd or Knight Frank NSW Valuations & Advisory Pty Ltd). The independent valuation of the investment property held through a joint venture was carried out by Knight Frank NSW Valuations & Advisory Pty Ltd as at 31 March 2023 (2022: Jones Lang LaSalle Advisory Services Pty Ltd).

The Manager believes that the independent valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations of the investment properties were based on income capitalisation method, discounted cash flow analysis and/or direct comparison method. Refer to note 3 of the interim financial statements for details of the valuation techniques.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Second Half and Full Year Ended 31 March 2023

	Note	Group			
		2H FY2023	2H FY2022	FY2023	FY2022
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Total return after income tax		52,011	33,494	113,861	104,108
Adjustments for:					
Share of profits of joint venture (net of tax)		(4,503)	(20,876)	(16,039)	(48,140)
Borrowing costs		17,827	12,162	33,309	22,828
Net foreign exchange (gain)/loss		(332)	(57)	663	86
Manager's management fees in Units	A	4,542	3,649	6,446	4,731
Manager's performance fees in Units	A	4,476	4,619	4,476	4,619
Net change in fair value of investment properties		(16,231)	20,945	(25,225)	5,828
Net change in fair value of derivative financial instruments		403	(6,953)	(4,270)	(8,219)
Income tax (credit)/expense		(1,078)	3,818	(1,747)	8,187
Operating income before working capital changes		57,115	50,801	111,474	94,028
Changes in working capital					
Trade and other receivables		(1,035)	(2,701)	(1,750)	(3,814)
Trade and other payables		1,202	9,631	195	8,456
Cash generated from operations		57,282	57,731	109,919	98,670
Income tax paid		–	(768)	(246)	(1,662)
Net cash from operating activities		57,282	56,963	109,673	97,008
Cash flows from investing activities					
Capital expenditure on investment properties		(576)	(3,414)	(3,049)	(7,418)
Acquisition of investment properties (including acquisition costs) ¹		–	(462,363)	–	(485,242)
Deposit received for Divestment of investment property held for sale ²		129	–	129	–
Refund of option fee received ³		–	–	1,020	–
Loan to a joint venture		(5,517)	(2,673)	(9,045)	(5,374)
Distributions from a joint venture		8,445	9,628	17,547	18,561
Net cash from/(used in) investing activities		2,481	(458,822)	6,602	(479,473)
Cash flows from financing activities					
Distributions to Unitholders		(35,885)	(34,536)	(69,290)	(70,960)
Distributions to Perpetual Securities holders		(10,224)	(10,224)	(20,500)	(13,726)
Proceeds from issuance of Perpetual Securities		–	–	–	250,000
Issue costs paid in relation to Perpetual Securities		–	(60)	–	(2,212)
Issue costs paid in relation to new units issued		–	(30)	–	(30)
Proceeds from interest-bearing borrowings		32,553	499,736	220,311	508,437
Repayments of interest-bearing borrowings		(29,715)	(121,958)	(217,239)	(247,958)
Borrowing costs paid		(14,177)	(13,952)	(27,540)	(22,233)
Repayment of lease liabilities		(4,479)	(4,363)	(8,897)	(8,726)
Net cash (used in)/from financing activities		(61,927)	314,613	(123,155)	392,592
Net (decrease)/increase in cash and cash equivalents		(2,164)	(87,246)	(6,880)	10,127
Cash and cash equivalents at beginning of the period/year		15,726	108,320	21,395	11,159
Effect of exchange rate fluctuations on cash held		(339)	321	(1,292)	109
Cash and cash equivalents at end of the period/year		13,223	21,395	13,223	21,395

¹ This relates to the acquisition of 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia in FY2022, which included AUD23.3 million (equivalent to approximately \$22.8 million) paid for the initial deposit during 1H FY2022.

² This relates to the deposit received for the divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore.

³ On 4 July 2022, the Manager announced the principal terms and conditions of the proposed acquisition of 315 Alexandra Road, Singapore 159944 were not concluded and therefore aborted. As a result, \$1.02 million option fee previously paid in FY2021 was refunded.

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

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 FY2023, 5,035,666 of new Units amounting to \$6,446,000 were issued/issuable as partial payment for the Manager's management fees and 3,420,035 of new Units amounting to \$4,476,000 were issuable as payment of Manager's performance fees.

During FY2022, 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.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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, the sixth supplemental deed dated 31 January 2022 and the seventh supplemental deed dated 6 April 2023 (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 interim financial statements (“interim 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.

2 BASIS OF PREPARATION

The interim 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 Financial Reporting Standards in Singapore (“FRS”).

The interim financial statements do not contain all of the information required for full annual financial statements and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 March 2022.

The interim 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.

The interim financial statements are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated.

The preparation of the interim financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the interim financial statements are included in note 3 – Investment properties.

New standards and amendments

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial period, the Group has adopted all the new and revised standards that are effective for annual financial period beginning on 1 April 2022. The adoption of these standards did not have any significant effect on the financial performance or position of the Group and the Trust.

3 INVESTMENT PROPERTIES

	Group		Trust	
	31 March 2023 \$'000	31 March 2022 \$'000	31 March 2023 \$'000	31 March 2022 \$'000
Beginning of financial year	1,992,582	1,489,030	1,464,250	1,443,489
Acquisition of investment property	–	489,839	–	–
Capital expenditure capitalised	2,553	4,884	2,342	4,884
Transfer to investment property held for sale	(12,153)	–	(12,153)	–
Remeasurement of right-of-use assets due to revised lease payments and recognition of lease extension option	9,595	3,999	9,595	3,999
Net change in fair value of investment properties recognised in the statement of total return	30,519	(590)	38,158	17,116
Net change in fair value of right-of-use assets	(5,294)	(5,238)	(5,294)	(5,238)
Foreign currency translation and other movements	(60,393)	10,658	–	–
End of financial year	<u>1,957,409</u>	<u>1,992,582</u>	<u>1,496,898</u>	<u>1,464,250</u>

On 24 April 2023, the Group announced the divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore, at a sale price of S\$12.88 million (the “Divestment”). The investment property, including the corresponding right-of-use assets, was reclassified to investment property held for sale and the corresponding lease liabilities was reclassified to liabilities directly associated with the investment property held for sale as at 31 March 2023. The Divestment is targeted to be completed by the third quarter of 2023, subject to relevant authority’s approval (Note 16).

Details of the properties are shown in the Portfolio Statement.

Security

As at the reporting date, certain investment properties including investment property held for sale have been pledged as security for loan facilities granted by financial institutions to the Group (see note 6). The aggregate market value of the mortgaged investment properties are as follows:

	Group		Trust	
	31 March 2023 \$'000	31 March 2022 \$'000	31 March 2023 \$'000	31 March 2022 \$'000
Investment properties including investment property held for sale	<u>1,438,211</u>	<u>1,467,932</u>	<u>977,700</u>	<u>939,600</u>

Fair value hierarchy

The fair value measurement for investment properties, including the investment property held for sale, has been categorised as Level 3 fair values based on inputs to the valuation techniques used.

	Group		Trust	
	31 March 2023 \$'000	31 March 2022 \$'000	31 March 2023 \$'000	31 March 2022 \$'000
Fair value of investment properties (based on valuation reports)	1,859,311	1,898,532	1,398,800	1,370,200
Add: carrying amount of lease liabilities	98,098	94,050	98,098	94,050
Investment properties	1,957,409	1,992,582	1,496,898	1,464,250
Fair value of investment property held for sale (based on valuation report)	11,900	–	11,900	–
Add: carrying amount of lease liabilities	253	–	253	–
Investment property held for sale	12,153	–	12,153	–

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, including the investment property held for sale, is presented in the table above.

(ii) Valuation techniques

Investment properties, including the investment property held for sale, are stated at fair value based on valuations performed by independent professional valuers as at 31 March 2023. 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 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.

(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	<ul style="list-style-type: none"> • Discount rate of 6.25% to 7.75% (2022: 6.13% to 7.75%) 	The estimated fair value would increase (decrease) if discount rate was lower (higher).
	<ul style="list-style-type: none"> • Terminal capitalisation rate of 5.50% to 7.00% (2022: 5.50% to 7.00%) 	The estimated fair value would increase (decrease) if terminal capitalisation rate was lower (higher).
Capitalisation method	<ul style="list-style-type: none"> • Capitalisation rate of 5.25% to 6.50% (2022: 5.13% to 6.50%) 	The estimated fair value would increase (decrease) if capitalisation rate was lower (higher).
Direct comparison method	<ul style="list-style-type: none"> • Adjusted price per square meter 	The estimated fair value would increase (decrease) if adjusted price per square meter was higher (lower).

4 JOINT VENTURE

	Group	
	31 March 2023	31 March 2022
	\$'000	\$'000
Investment in joint venture	289,568	332,539
Amounts due from joint venture, at amortised cost:		
- Interest-bearing loan	39,809	35,224
	329,377	367,763

The joint venture relates to the Group's investment in Macquarie Park Trust ("MPT"), 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.

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 unsecured loan was extended from three years to six 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 BBSY¹ + margin and the interest rates are repriced at each interest period as mutually agreed between the parties.

¹ Bank Bill Swap Bid Rate.

As at 31 March 2023, the Group's share of the capital commitments of the joint venture is \$6.0 million (31 March 2022: \$6.8 million).

5 DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Trust	
	31 March 2023 \$'000	31 March 2022 \$'000	31 March 2023 \$'000	31 March 2022 \$'000
Non-current assets				
Interest rate swaps				
- at fair value through statement of total return ("FVTPL")	-	4,567	-	4,254
- used for hedging	12,064	5,422	8,041	2,962
	12,064	9,989	8,041	7,216
Current assets				
Interest rate swaps				
- at FVTPL	-	-	317	-
- used for hedging	939	-	622	-
Currency forward contracts				
- at FVTPL	232	-	232	-
	1,171	-	1,171	-
Non-current liabilities				
Interest rate swaps				
- at FVTPL	-	(1,495)	-	(1,495)
Current liabilities				
Interest rate swaps				
- at FVTPL	-	(49)	-	(49)
Currency forward contracts				
- at FVTPL	-*	(491)	-*	(491)
	-*	(540)	-*	(540)

* less than \$1,000

Measurement of fair value

The fair values of the derivative financial instruments are based on broker quotes at the reporting date and are categorised within Level 2 of the fair value hierarchy.

6 INTEREST-BEARING BORROWINGS

	Note	Group		Trust	
		31 March 2023 \$'000	31 March 2022 \$'000	31 March 2023 \$'000	31 March 2022 \$'000
Non-current					
Secured					
Bank borrowings	(a),(b)	695,967	723,698	292,882	309,236
Unsecured					
Medium term notes	(c)	100,000	100,000	100,000	100,000
		795,967	823,698	392,882	409,236
Less: Unamortised borrowing transaction costs		(4,979)	(5,916)	(2,871)	(4,052)
		790,988	817,782	390,011	405,184
Current					
Secured					
Bank borrowings	(a)	–	35,224	–	–
		–	35,224	–	–
Less: Unamortised borrowing transaction costs		–	(18)	–	–
		–	35,206	–	–
Total		790,988	852,988	390,011	405,184

(a) The Trust has secured credit facilities from a syndicate of financial institutions which comprised of the following:

- a four-year term loan facility of \$100.0 million maturing in July 2024;
- a four-year revolving credit facility of \$120.0 million maturing in October 2025;
- a four-year revolving credit facility of AUD50.0 million maturing in October 2025;
- a five-year term loan facility of \$100.0 million maturing in October 2026; and
- a five-year term loan facility of AUD50.0 million maturing in October 2026.

The credit facilities are secured on the following:

- (i) first legal mortgage over 16 investment properties 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; and
- (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.

- (b) The secured term loan facilities of wholly-owned subsidiaries of the Trust:
- (i) A secured five-year term loan facility maturing July 2024 of AUD21.2 million was granted to a wholly-owned subsidiary of the Trust which is guaranteed by the Trust and secured by a mortgage over a property and a general security agreement over all present and after acquired property of the subsidiary.
 - (ii) A secured five-year term loan facility maturing November 2026 of AUD277.95 million was granted to a wholly-owned subsidiary of the Trust and secured by a mortgage over a property, a security interest in all present and future assets of the subsidiary and a security interest in all units of the subsidiary held by immediate holding trust of the subsidiary.
 - (iii) A secured five-year term loan facility maturing June 2027 of AUD212.27 million was granted to a wholly-owned subsidiary of the Trust and secured by a security interest in all of the present and future assets of the subsidiary, primarily, the units which the subsidiary holds in the Macquarie Park Trust and a security interest in all units of the subsidiary held by immediate holding trust of the subsidiary.

(c) Unsecured medium term notes

\$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.

(d) Capital management

	Group	
	31 March 2023	31 March 2022
Key financial ratios		
Aggregate leverage ratio ¹ (%)	36.1%	37.5%
Interest coverage ratio ² (times)	3.8	5.1
Adjusted Interest coverage ratio ³ (times)	2.3	2.9

7 PERPETUAL SECURITIES

As at 31 March 2023, \$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.

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.

³ 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.

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 2023, the \$373.5 million (31 March 2022: \$373.5 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 2022: \$375.0 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.

8 UNITS IN ISSUE AND TO BE ISSUED

	Group and Trust	
	FY2023	FY2022
	'000	'000
Units in issue at beginning of the year	712,017	706,663
<u>Units in issue relating to:</u>		
Manager's management fees	5,009	2,122
Manager's performance fees	3,318	–
Manager's acquisition fees	–	3,232
Units in issue at end of the year	720,344	712,017
<u>Units to be issued relating to:</u>		
Manager's management fees	1,275	1,248
Manager's performance fees	3,420	3,318
Total Units in issue at end of the year	725,039	716,583

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 \$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 \$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 \$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 2023, there were the following issuances of Units to the Manager:

- (i) On 29 April 2022, 1,247,794 new Units at an average price of \$1.4007 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 2022 to 31 March 2022 and 3,317,930 new Units at an issue price of \$1.3922 as payment of the performance component of the Manager's management fees for the year ended 31 March 2022.
- (ii) On 28 July 2022, 423,700 new Units at an average price of \$1.3752 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 April 2022 to 30 June 2022.
- (iii) On 27 October 2022, 1,005,940 new Units at an average price of \$1.3140 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 2022 to 30 September 2022.

- (iv) On 26 January 2023, 2,331,534 new Units at an average price of \$1.2175 were issued to the Manager as payment of the base fee element of the Manager's management fees incurred for the period from 1 October 2022 to 31 December 2022.

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.

9 GROSS REVENUE

	Group			
	2H FY2023 \$'000	2H FY2022 \$'000	FY2023 \$'000	FY2022 \$'000
Property rental income	62,693	58,467	125,526	105,710
Service charge, land rent and property tax	11,907	11,104	23,259	21,808
Other property expenses recoverable from tenants and other property income	9,582	7,573	18,597	14,872
	<u>84,182</u>	<u>77,144</u>	<u>167,382</u>	<u>142,390</u>

10 TOTAL RETURN BEFORE INCOME TAX

The following items have been included in arriving at total return before income tax:

	Group			
	2H FY2023 \$'000	2H FY2022 \$'000	FY2023 \$'000	FY2022 \$'000
Interest expense on borrowings	14,600	9,079	26,659	17,007
Interest expense on lease liabilities	1,790	1,720	3,604	3,488
Amortisation of borrowing transaction costs	996	995	2,127	1,685
Others	441	368	919	648
Borrowing costs	<u>17,827</u>	<u>12,162</u>	<u>33,309</u>	<u>22,828</u>
Audit fees to:				
- auditors of the Trust	102	104	198	198
- other auditors	33	44	70	66
Non-audit fees to auditors of the Trust	40	22	68	47
Trustees fees to:				
- HSBC Institutional Trust Services (Singapore) Limited (the "Trustee")	182	185	368	338
- other trustee	8	10	16	21
Valuation fees	78	86	163	144
Professional fees	103	172	126	189
Transaction costs written-off	504	-	725	87
Investment management fees	1,790	1,812	3,676	2,645
Other expenses	558	622	1,030	860
Other trust expenses	<u>3,398</u>	<u>3,057</u>	<u>6,440</u>	<u>4,595</u>

11 EARNINGS PER UNIT

	Group			
	2H FY2023 cents	2H FY2022 cents	FY2023 cents	FY2022 cents
Earnings per Unit				
Basic and diluted	5.81	3.28	13.01	12.59

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

	Group			
	2H FY2023 \$'000	2H FY2022 \$'000	FY2023 \$'000	FY2022 \$'000
Total return after income tax attributable to Unitholders of the Trust and Perpetual Securities holders	52,011	33,494	113,861	104,108
Less: Amount reserved for distribution to Perpetual Securities holders	(10,222)	(10,222)	(20,500)	(14,867)
	<u>41,789</u>	<u>23,272</u>	<u>93,361</u>	<u>89,241</u>

	Number of Units			
	2H FY2023 '000	2H FY2022 '000	FY2023 '000	FY2022 '000
<u>Basic EPU</u>				
Units in issue at beginning of the period	717,007	707,000	712,017	706,663
Effect of Units issued relating to:				
- Manager's management fees	1,686	586	2,285	846
- Manager's performance fees	-	-	3,063	-
- Manager's acquisition fees	-	2,362	-	1,178
Weighted average number of Units at end of the period	<u>718,693</u>	<u>709,948</u>	<u>717,365</u>	<u>708,687</u>

	Number of Units			
	2H FY2023 '000	2H FY2022 '000	FY2023 '000	FY2022 '000
<u>Diluted EPU</u>				
Units in issue at beginning of the period	717,007	707,000	712,017	706,663
Effect of Units issued/issuable relating to:				
- Manager's management fees	1,995	749	2,440	927
- Manager's performance fees	19	18	3,073	9
- Manager's acquisition fees	-	2,362	-	1,178
Weighted average number of Units at end of the period	<u>719,021</u>	<u>710,129</u>	<u>717,530</u>	<u>708,777</u>

12 COMMITMENTS

As at 31 March 2023, the Group had \$3.7 million (31 March 2022: \$1.2 million) of capital expenditure for investment properties that had been authorised and contracted for but not provided for in the financial statements.

The wholly owned subsidiary of the Trust has a sub-lease agreement with the existing tenant that allows the tenant the right to call on an option for the wholly owned subsidiary to complete the construction of a certain building on the site. This option is coterminous with the wholly owned subsidiary's existing sub-lease and expires on 29 September 2031. As at 31 March 2023, the option has not been exercised.

13 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group			
	2H FY2023 \$'000	2H FY2022 \$'000	FY2023 \$'000	FY2022 \$'000
The Manager				
Manager's management fees				
- Base fees	5,615	5,563	11,333	10,012
- Performance fees	4,476	4,619	4,476	4,619
- Acquisition fees	–	4,597	–	4,597
Entities controlled by corporate shareholders of the Manager				
Investment management fees	1,790	1,812	3,676	2,645
The Property Manager				
Property management fees	973	934	1,931	1,843
Lease management fees	487	466	966	921
Marketing services commissions	1,265	1,103	3,034	2,768
Project management fees	109	6	189	44
Property tax services fees	167	–	167	–
Reimbursement of site staff costs ¹	313	438	689	438
The Trustee				
Trustee fees	182	185	368	338
Joint venture				
Interest income	1,109	240	1,797	655

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.

14 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*.

In FY2022, certain assets and liabilities, borrowing costs and Trust expenses are not allocated to the segments as treasury activities are centrally managed by the Group.

Information about reportable segments

	Singapore \$'000	Australia \$'000	Total \$'000
FY2023			
Revenue and expenses			
Gross revenue	138,410	28,972	167,382
Property operating expenses	(44,864)	(8)	(44,872)
Net property income	93,546	28,964	122,510
Share of profits of joint venture (net of tax) ¹	–	16,039	16,039
Net change in fair value of investment properties	38,158	(7,639)	30,519
Net change in fair value of right-of-use assets	(5,294)	–	(5,294)
Net change in fair value of derivative financial instruments	1,475	2,795	4,270
			<u>168,044</u>
Interest income	224	67	291
Borrowing costs	(14,230)	(19,079)	(33,309)
Trust and other expenses	(18,054)	(4,195)	(22,249)
Unallocated item :			
Net foreign exchange loss			(663)
Total return before income tax			<u>112,114</u>
Income tax credit			1,747
Total return after income tax			<u>113,861</u>
Total assets	1,531,249	805,173	2,336,422
Other segment items:			
Joint venture	–	329,377	329,377
Capital expenditure ²	2,342	211	2,553
Total liabilities	(465,821)	(503,206)	(969,027)
FY2022			
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) ¹	–	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
			<u>153,716</u>
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			<u>112,295</u>
Income tax expense			(8,187)
Total return after income tax			<u>104,108</u>
Total assets	1,490,276	913,385	2,403,661
Other segment items:			
Joint venture	–	367,763	367,763
Capital expenditure ²	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 gain recognised on the valuation of Optus Centre of \$0.4 million (2022: \$32.3 million).

² Capital expenditure consists of additions of investment properties.

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 chief operating decision makers 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 \$25.6 million (FY2022: \$10.3 million) of the Group's rental income.

15 FINANCIAL RATIOS

	Group	
	FY2023	FY2022
	%	%
Expenses to weighted average net assets ¹		
- Expense ratio excluding performance-related fee	1.24	1.16
- Expense ratio including performance-related fee	1.56	1.52
Portfolio turnover rate ²	–	–

¹ The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property related expenses, borrowing costs, changes in fair value of financial derivatives, investment properties, investment property under development and foreign exchange gains/(losses).

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

16 SUBSEQUENT EVENTS

- i. On 24 April 2023, the Group announced its divestment of a leasehold property at 541 Yishun Industrial Park A in Singapore, at a sale price of S\$12.88 million (the "Divestment"). The Divestment is targeted to be completed by the third quarter of 2023, subject to relevant authority's approval .
- ii. On 5 May 2023, the Manager approved a distribution of 2.654 cents per Unit in respect of the period from 1 January 2023 to 31 March 2023 to be paid on 28 June 2023.

**Other Information
Required By Listing Rule Appendix 7.2**

1 INTRODUCTION

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

The Group¹ has a portfolio of 29 industrial properties, 26 of which are located throughout Singapore, one industrial property located in Gold Coast, Queensland, Australia, one business park located in New South Wales, Australia, and one business park property located in Macquarie Park, New South Wales (“NSW”), Australia².

2 SUMMARY OF AIMS APAC REIT GROUP RESULTS

	Note	2H FY2023	2H FY2022	+/(-)	FY2023	FY2022	+/(-)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(a)	84,182	77,144	9.1	167,382	142,390	17.6
Net property income	(a)	61,367	55,476	10.6	122,510	103,185	18.7
Share of profits of joint venture (net of tax)	(b)	4,503	20,876	(78.4)	16,039	48,140	(66.7)
Distributions to Unitholders		37,899	33,644	12.7	71,623	67,247	6.5
Distribution per Unit (“DPU”) (cents)		5.244	4.710	11.3	9.944	9.460	5.1

Breakdown of DPU by quarter

	Note	FY2023	FY2022	+/(-)
		Cents	Cents	%
For the first quarter ended 30 June	(c)	2.280	2.250	1.3
For the second quarter ended 30 September	(d)	2.420	2.500	(3.2)
For the third quarter ended 31 December	(e)	2.590	2.350	10.2
For the fourth quarter ended 31 March	(f)	2.654	2.360	12.5
For the year ended 31 March		9.944	9.460	5.1

Notes:

- (a) Please refer to section 3.2 Consolidated Statements of Total Return, Note (a) for explanation of the variances.
- (b) Please refer to section 3.2 Consolidated Statements of Total Return, Note (g) for explanation of the variances.
- (c) The payment of distribution for the first quarter ended 30 June 2022 has been paid on 23 September 2022 (first quarter ended 30 June 2021 has been paid on 22 September 2021).
- (d) The payment of distribution for the second quarter ended 30 September 2022 has been paid on 23 December 2022 (second quarter ended 30 September 2021 has been paid on 17 December 2021).
- (e) The payment of distribution for the third quarter ended 31 December 2022 has been paid on 24 March 2023 (third quarter ended 31 December 2021 has been paid on 25 March 2022).
- (f) The payment of distribution for the fourth quarter ended 31 March 2023 will be payable on 28 June 2023 (fourth quarter ended 31 March 2022 has been paid on 24 June 2022).

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

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

Distribution and Record Date

Distribution	For 1 January 2023 to 31 March 2023
Distribution Type	(a) Taxable Income (b) Capital Distribution ¹
Distribution Rate	(a) Taxable Income Distribution: 1.770 cents per Unit (b) Capital Distribution ¹ : <u>0.884 cents per Unit</u> <u>2.654 cents per Unit</u>
Record Date	15 May 2023
Payment Date	28 June 2023

¹ This relates to the tax deferred component arising from the distributions remitted from the Group's investments in Australia.

3 REVIEW OF PERFORMANCE OF THE GROUP

3.1 Statements of Financial Position as at 31 March 2023 vs. 31 March 2022

	Note	Group			Trust		
		31 March 2023 S\$'000	31 March 2022 S\$'000	+ / (-) %	31 March 2023 S\$'000	31 March 2022 S\$'000	+ / (-) %
Non-current assets							
Investment properties	(a)	1,957,409	1,992,582	(1.8)	1,496,898	1,464,250	2.2
Subsidiaries		–	–	–	328,681	328,681	–
Joint venture	(b)	329,377	367,763	(10.4)	–	–	–
Trade and other receivables	(c)	3,465	3,086	12.3	3,465	3,086	12.3
Derivative financial instruments	(d)	12,064	9,989	20.8	8,041	7,216	11.4
		<u>2,302,315</u>	<u>2,373,420</u>	<u>(3.0)</u>	<u>1,837,085</u>	<u>1,803,233</u>	<u>1.9</u>
Current assets							
Investment property held for sale	(a)	12,153	–	NM	12,153	–	NM
Trade and other receivables	(c)	7,560	8,846	(14.5)	7,495	9,802	(23.5)
Derivative financial instruments	(d)	1,171	–	NM	1,171	–	NM
Cash and cash equivalents	(e)	13,223	21,395	(38.2)	7,728	11,599	(33.4)
		<u>34,107</u>	<u>30,241</u>	<u>12.8</u>	<u>28,547</u>	<u>21,401</u>	<u>33.4</u>
Total assets		<u>2,336,422</u>	<u>2,403,661</u>	<u>(2.8)</u>	<u>1,865,632</u>	<u>1,824,634</u>	<u>2.2</u>
Non-current liabilities							
Trade and other payables	(f)	15,100	13,135	15.0	15,100	13,135	15.0
Interest-bearing borrowings	(g)	790,988	817,782	(3.3)	390,011	405,184	(3.7)
Derivative financial instruments	(d)	–	1,495	(100.0)	–	1,495	(100.0)
Deferred tax liabilities	(h)	26,989	27,944	(3.4)	–	–	–
Lease liabilities	(i)	92,748	88,621	4.7	92,748	88,621	4.7
		<u>925,825</u>	<u>948,977</u>	<u>(2.4)</u>	<u>497,859</u>	<u>508,435</u>	<u>(2.1)</u>
Current liabilities							
Trade and other payables	(j)	37,598	39,767	(5.5)	32,442	33,832	(4.1)
Interest-bearing borrowings	(g)	–	35,206	(100.0)	–	–	–
Derivative financial instruments	(d)	–	540	(100.0)	–	540	(100.0)
Liabilities directly associated with the investment property held for sale	(i)	253	–	NM	253	–	NM
Lease liabilities	(i)	5,351	5,429	(1.4)	5,351	5,429	(1.4)
		<u>43,202</u>	<u>80,942</u>	<u>(46.6)</u>	<u>38,046</u>	<u>39,801</u>	<u>(4.4)</u>
Total liabilities		<u>969,027</u>	<u>1,029,919</u>	<u>(5.9)</u>	<u>535,905</u>	<u>548,236</u>	<u>(2.2)</u>
Net assets		<u>1,367,395</u>	<u>1,373,742</u>	<u>(0.5)</u>	<u>1,329,727</u>	<u>1,276,398</u>	<u>4.2</u>
Represented by:							
Unitholders' funds		993,849	1,000,196	(0.6)	956,181	902,852	5.9
Perpetual Securities holders' funds		373,546	373,546	–	373,546	373,546	–
		<u>1,367,395</u>	<u>1,373,742</u>	<u>(0.5)</u>	<u>1,329,727</u>	<u>1,276,398</u>	<u>4.2</u>

NM: Not meaningful

- (a) The decrease in investment properties was largely due to the translation loss from the Australian properties as a result of the weakening of Australian dollar ("AUD") against Singapore dollar ("SGD") and reclassification of the leasehold property at 541 Yishun Industrial Park A in Singapore to investment property held for sale, partially offset by the revaluation gain from investment properties.

Investment property held for sale relates to the leasehold property at 541 Yishun Industrial Park A in Singapore. On 24 April 2023, the Group announced the divestment of the leasehold property at 541 Yishun Industrial Park A in Singapore, at a sale price of S\$12.88 million (the "Divestment"). As at 31 March 2023, the investment property, including the corresponding right-of-use assets, were reclassified to investment property held for sale and the corresponding lease liabilities were reclassified to liabilities directly associated with the investment property held for sale. The Divestment is targeted to be completed by the third quarter of 2023, subject to relevant authority's approval.

- (b) This relates to the Group's 49.0% interest in Macquarie Park Trust, the Australian trust which holds Optus Centre, located in Macquarie Park, NSW, Australia and a proportionate unitholder loan to the joint venture. The decrease was mainly due to the translation loss as a result of the weakening of AUD against SGD, partially offset by the additional loan to joint venture and share of valuation gain as at 31 March 2023.
- (c) Non-current trade and other receivables relate to the unamortised portion of the marketing services commission for leases with tenors of more than one year.

Current trade and other receivables as at 31 March 2023 of S\$7.6 million was S\$1.3 million lower compared to balances as at 31 March 2022. The decrease was mainly due to the refund of deposits for utilities and the refund of 1% option fee for the acquisition of 315 Alexandra Road previously paid in FY2021.

- (d) The derivative financial instruments as at 31 March 2023 and 31 March 2022 reflect the fair value of the interest rate swaps and foreign currency forward contracts entered into for the Group and the Trust to hedge its interest rate and foreign currency risks.
- (e) Cash and cash equivalents decreased mainly due to net cash outflow from financing activities arising mainly from interest payments, distributions to Unitholders and distributions to Perpetual Securities holders in FY2023. Please refer to page FS11 of the Interim Financial Statements for the Consolidated Statement of Cash Flows.
- (f) Non-current trade and other payables mainly comprised rental deposits received from tenants with remaining lease tenors of more than one year. The increase was mainly due to rental deposits received from tenants for leases with lease tenors of more than one year.
- (g) The total borrowings of the Group as at 31 March 2023 of S\$791.0 million was S\$62.0 million lower compared to balances as at 31 March 2022 mainly due to the weakening of AUD against SGD on AUD denominated borrowings.
- (h) This relates to the provision of deferred tax liabilities for the Trust's investment in Australia.
- (i) This relates to the recognition of lease liabilities in relation to the capitalisation of land rent payments in accordance with FRS 116. The increase was mainly due to the recognition of the lease liabilities on the lease extension option for the properties of 26 Tuas Avenue 7 and 7 Clementi Loop, partially offset by the rent payments during FY2023.

Lease liabilities directly associated with the investment property held for sale in respect of the leasehold property at 541 Yishun Industrial Park A in Singapore were reclassified to liabilities directly associated with the investment property held for sale as at 31 March 2023.

- (j) Current trade and other payables as at 31 March 2023 of S\$37.6 million was S\$2.2 million lower compared to balances as at 31 March 2022. The decrease was mainly due to payments of the property operating expenses, and lower rental income received in advance as at 31 March 2023.

As at 31 March 2023, the Group's current liabilities exceeded its current assets by S\$9.1 million. The Group had total undrawn committed facilities of approximately S\$169.1 million to fulfil their liabilities as and when they fall due.

3.2 Consolidated Statements of Total Return

	Note	Group			Group		
		2H FY2023 S\$'000	2H FY2022 S\$'000	+/(-) %	FY2023 S\$'000	FY2022 S\$'000	+/(-) %
Gross revenue	(a)	84,182	77,144	9.1	167,382	142,390	17.6
Property operating expenses	(a)	(22,815)	(21,668)	5.3	(44,872)	(39,205)	14.5
Net property income	(a)	61,367	55,476	10.6	122,510	103,185	18.7
Net property income margin	(a)	72.9%	71.9%		73.2%	72.5%	
Net foreign exchange gain/(loss)	(b)	332	57	>100.0	(663)	(86)	>100.0
Interest income	(c)	219	296	(26.0)	291	719	(59.5)
Borrowing costs	(d)	(17,827)	(12,162)	46.6	(33,309)	(22,828)	45.9
Manager's management fees	(e)	(5,615)	(5,563)	0.9	(11,333)	(10,012)	13.2
Manager's performance fees	(e)	(4,476)	(4,619)	(3.1)	(4,476)	(4,619)	(3.1)
Other trust expenses	(f)	(3,398)	(3,057)	11.2	(6,440)	(4,595)	40.2
Non-property expenses		(31,316)	(25,401)	23.3	(55,558)	(42,054)	32.1
Net income before joint venture's profits		30,602	30,428	0.6	66,580	61,764	7.8
Share of profits of joint venture (net of tax)	(g)	4,503	20,876	(78.4)	16,039	48,140	(66.7)
Net income		35,105	51,304	(31.6)	82,619	109,904	(24.8)
Net change in fair value of investment properties	(h)	16,231	(20,945)	>(100.0)	25,225	(5,828)	>(100.0)
Net change in fair value of derivative financial instruments	(i)	(403)	6,953	>(100.0)	4,270	8,219	(48.0)
Total return before income tax		50,933	37,312	36.5	112,114	112,295	(0.2)
Income tax credit/(expense)	(j)	1,078	(3,818)	>(100.0)	1,747	(8,187)	>(100.0)
Total return after income tax		52,011	33,494	55.3	113,861	104,108	9.4
Attributable to:							
Unitholders		41,789	23,272	79.6	93,361	89,241	4.6
Perpetual Securities holders	(k)	10,222	10,222	–	20,500	14,867	37.9
		52,011	33,494	55.3	113,861	104,108	9.4
Distributions to Unitholders DPU (Singapore cents)	(l)	37,899	33,644	12.7	71,623	67,247	6.5
		5.244	4.710	11.3	9.944	9.460	5.1

2H FY2023 vs 2H FY2022

- (a) Gross revenue for 2H FY2023 of S\$84.2 million was S\$7.0 million higher as compared to 2H FY2022. The increase in gross revenue was mainly due to full half year period revenue contribution from the acquisition of Woolworths HQ in November 2021 and higher rental and recoveries from AA REIT's logistics and warehouse, hi-tech and industrial properties such as the properties at 20 Gul Way and 29 Woodlands Industrial Park E1.

Property operating expenses for 2H FY2023 of S\$22.8 million was S\$1.1 million higher as compared to 2H FY2022 mainly due to higher electricity expenses.

Net property income for 2H FY2023 of S\$61.4 million was S\$5.9 million higher than 2H FY2022 mainly due to higher gross revenue. As a result, net property income margin increased to 72.9% in 2H FY2023 compared to 71.9% in 2H FY2022.

- (b) Net foreign exchange gain for 2H FY2023 of S\$0.3 million was S\$0.3 million higher as compared to 2H FY2022 mainly due to realised gain from the settlement of the foreign currency forward contracts.
- (c) Interest income for 2H FY2023 of S\$0.2 million was S\$0.1 million lower compared to 2H FY2022 mainly due to the reclassification of interest income from joint venture to the share of profits of joint venture.
- (d) Borrowing costs for 2H FY2023 of S\$17.8 million was S\$5.7 million higher compared to 2H FY2022 mainly due to full half year period interest expense from the borrowings drawn for the acquisition of Woolworths HQ and higher floating interest rates.
- (e) Manager's management fees for 2H FY2023 was in line with 2H FY2022 at S\$5.6 million.

Performance fee is computed at 0.2% per annum of the Deposited Property value, provided that the annual growth in distribution per unit ("DPU") in a given financial year exceeded 5.0%. Based on AA REIT FY2023 performance, the Manager is entitled to receive S\$4.5 million of performance fee (FY2022 : S\$4.6 million).

- (f) Other trust expenses for 2H FY2023 of S\$3.4 million was S\$0.3 million higher compared to 2H FY2022 mainly due to transaction costs written off in 2H FY2023.
- (g) The decrease in the share of profits of joint venture in 2H FY2023 was mainly due to the share of revaluation loss of \$3.1 million recognised from the revaluation of Optus Centre for 2H FY2023 (2H FY2022: share of revaluation gain of \$12.8 million).
- (h) The net change in fair value of investment properties for 2H FY2023 was largely due to net revaluation gain of the Group's investment properties of S\$18.9 million, partially offset by \$2.7 million fair value adjustments of ROU assets included in the Singapore investment properties in accordance with FRS 116 Leases ("FRS 116").

The net change in fair value of investment properties for 2H FY2022 was largely due to revaluation loss from the Woolworths HQ of S\$26.3 million mainly arising from transaction cost capitalised and S\$2.6 million fair value adjustments of ROU assets included in the Singapore investment properties in accordance with FRS 116. This is partially offset by the net revaluation gain of the Group's remaining 27 properties of S\$8.0 million.

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.

- (i) The net changes in fair value of derivative financial instruments relates to the revaluation of 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.
- (j) The income tax credit or expense comprises mainly withholding tax arising from distribution from Australia and deferred tax liability recognised on the changes in the valuation on the investment properties in Australia. The income tax credit for 2H FY2023 was largely due to withholding tax refund for Australia and foreign translation gain on deferred tax liability.

- (k) 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.

- (l) Distribution to Unitholders for 2H FY2023 of S\$37.9 million was S\$4.2 million higher as compared to 2H FY2022. The increase in 2H FY2023 was largely due to full half year period revenue contribution from the acquisition of Woolworths HQ in November 2021 and higher rental and recoveries from AA REIT’s logistics and warehouse, hi-tech and industrial properties such as the properties at 20 Gul Way and 29 Woodlands Industrial Park E1. This was partially offset by higher borrowing costs in 2H FY2023.

FY2023 vs FY2022

- (a) Gross revenue for FY2023 of S\$167.4 million was S\$25.0 million higher as compared to FY2022. The increase in gross revenue was largely due to full year revenue contribution from the acquisition of Woolworths HQ in November 2021, and higher rental and recoveries from AA REIT’s logistics and warehouse, hi-tech and industrial properties such as the properties at 20 Gul Way, 29 Woodlands Industrial Park E1, 15 Tai Seng Drive and 8 & 10 Pandan Crescent.

Property operating expenses for FY2023 of S\$44.9 million was S\$5.7 million higher as compared to FY2022 mainly due to higher electricity expenses.

Net property income for FY2023 of S\$122.5 million was S\$19.3 million higher than FY2022 mainly due to higher gross revenue. As a result, net property income margin increased to 73.2% in FY2023 compared to 72.5% in FY2022.

- (b) Net foreign exchange loss for FY2023 of S\$0.7 million was S\$0.6 million higher as compared to FY2022 mainly due to translation loss caused by the weakening of AUD against the SGD, partially offset by the net realised gain from the settlement of the foreign currency forward contracts.
- (c) Interest income for FY2023 of S\$0.3 million was S\$0.4 million lower compared to FY2022 mainly due to the reclassification of interest income from joint venture to the share of profits of joint venture.
- (d) Borrowing costs for FY2023 of S\$33.3 million was S\$10.5 million higher compared to FY2022 mainly due to full year interest expense in FY2023 from the borrowings drawn for the acquisition of Woolworths HQ and higher floating interest rates.
- (e) Manager’s management fees for FY2023 of S\$11.3 million was S\$1.3 million higher compared to FY2022. The increase was mainly due to the full year impact of higher Deposited Property value 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 Deposited Property value, provided that the annual growth in distribution per unit (“DPU”) in a given financial year exceeded 5.0%. Based on AA REIT FY2023 performance, the Manager is entitled to receive S\$4.5 million of performance fee (FY2022 : S\$4.6 million).

- (f) Other trust expenses for FY2023 of S\$6.4 million was S\$1.8 million higher compared to FY2022 mainly due to higher Australian investment management fees as a result of the full year impact of higher Deposited Property value from the acquisition of Woolworths HQ and higher valuation of Optus Centre.
- (g) The decrease in the share of profits of joint venture in FY2023 was mainly due to lower share of revaluation gain of \$0.4 million recognised from the revaluation of Optus Centre for FY2023 (FY2022: share of revaluation gain of \$32.3 million).

- (h) The net change in fair value of investment properties for FY2023 was largely due to net revaluation gain of the Group's investment properties of S\$30.5 million, partially offset by \$5.3 million fair value adjustments of ROU assets included in the Singapore investment properties in accordance with FRS 116 Leases ("FRS 116").

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. 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 2023, the independent valuations of the Trust's 26 investment properties and investment property held for sale 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 Knight Frank NSW Valuations & Advisory Pty Ltd or Knight Frank Valuation and Advisory Queensland.

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.

- (i) The net changes in fair value of derivative financial instruments relates to the revaluation of 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.
- (j) The income tax credit or expense comprises mainly withholding tax arising from distribution from Australia and deferred tax liability recognised on the changes in the valuation on the investment properties in Australia. The income tax credit for FY2023 was largely due to withholding tax refund for Australia and foreign translation gain on deferred tax liability.
- (k) 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.

Income attributable to Perpetual Securities holders for FY2023 of S\$20.5 million was S\$5.6 million higher as compared to FY2022 mainly due to the full year impact of S\$250.0 million Perpetual Securities that was issued on 1 September 2021.

- (l) Distribution to Unitholders for FY2023 of S\$71.6 million was S\$4.4 million higher as compared to FY2022. The increase in FY2023 was largely due to full year revenue contribution from the acquisition of Woolworths HQ in November 2021, and higher rental and recoveries from AA REIT's logistics and warehouse, hi-tech and industrial properties such as the properties at 20 Gul Way, 29 Woodlands Industrial Park E1, 15 Tai Seng Drive and 8 & 10 Pandan Crescent. This was partially offset by full year impact in the amount reserved for distribution to Perpetual Securities holders, higher borrowing costs and other trust expense.

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

The figures have not been audited or reviewed by auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2022.

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

Not applicable.

8 Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU") for the financial period

Please refer to FS2 and FS3 of the interim financial statements.

9 Net Asset Value ("NAV") per unit at the end of the year

Please refer to FS1 of the interim financial statements.

10 To show the total number of issued units excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 March 2023, the Trust had 720,344,367 units (31 March 2022: 712,017,469 units)

11 A statement showing all sales, transfers, cancellation and/or use of treasury units and subsidiary holdings as at the end of the current financial period reported on

Not applicable.

12 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

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

13 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

Singapore

Singapore's manufacturing sector remains under pressure from weak external demand and high inflation. In March 2023, Singapore's Purchasing Manufacturing Index contracted 0.1 point to 49.9, from February 2023. Nonetheless, Singapore remains an attractive location for technologically advanced and globally mobile manufacturers as reflected in the record fixed asset investment commitments of S\$22.5 billion in 2022¹.

In the industrial market, full-year rental index for 2022 was 6.9% higher YoY, with multiple-user factory and warehouse segments reporting the strongest increases of 8.3% and 7.9% respectively². In 2023, rental growth for prime logistics properties is expected to be sustained, driven by demand from third-party logistics operators ("3PLs") amid tight pre-committed supply and rents coming off a low base. Meanwhile, modern and high-specification developments are also expected to record rental growth as they meet evolving business requirements and sustainability targets of tenants³.

Australia

AA REIT's two business parks in Sydney are located within Macquarie Park and the Norwest Business Park. These areas continue to benefit from government investments and improved infrastructure which will support growth. Macquarie Park is undergoing significant transformation into a world-class innovation precinct focusing on education, health, technology and advanced manufacturing. The Australian Government and NSW Government are also investing nearly A\$200 million to improve transport⁴. The Norwest Business Park is also poised to be a beneficiary of the Bella Vista Station Precinct⁵ which was approved in December 2022. Planned as a major business precinct, the state-significant development of Bella Vista will lead to infrastructure improvement and is focused on the creation of a new town square and high-quality public domain, supported by retail space and a new high density residential community.

In the Gold Coast industrial market, a lack of supply will continue to stimulate demand, placing upward pressure on rent. Growing land values, rising construction costs, and general inflationary pressures are also exerting increased rental pressure on new developments⁶.

Management Outlook

The macroeconomic environment remains uncertain due to market headwinds such as a further rise in interest rates, inflationary pressures including rising property expenses, energy costs, labour costs and leasing incentives. However, the Manager expects AA REIT's operational performance and occupancy to remain resilient largely driven by steady demand in the industrial market and strong rental reversions in the logistics and warehouse segment which is benefiting from a supply-demand imbalance.

The Manager will continue to drive organic growth through a proactive asset and lease strategy. This includes reviewing and optimising lease structure, to maximise income, as well as undertaking AELs, redevelopments and divestments to improve overall portfolio quality. As announced on 24 April 2023, the divestment of a non-core property, 541 Yishun Industrial Park, at a sale price of S\$12.88 million, an 8.2% premium over valuation⁷, is in line with the Manager's proactive asset management and capital recycling strategy. The Manager is also evaluating several potential AELs and redevelopment projects. Upon completion, these properties are projected to deliver a stabilised net property income yield of between 7.0% to 8.0%.

¹ Industrial & Logistics Singapore Research Q1 2023, Knight Frank, 10 April 2023.

² JTC Industrial Property Statistics.

³ Industrial Marketbeat report, Cushman & Wakefield. 11 April 2023.

⁴ Macquarie Park, NSW Government, 23 February 2023.

⁵ 5,700 new homes to transform Sydney's Northwest, Landcom, 2 December 2022.

⁶ Gold Coast Market Overview 2023, Colliers, 16 March 2023.

⁷ As at 31 March 2023.

We also expect to see new investment opportunities in Singapore and Australia which will provide us with sustainable long-term total returns. The Fed's aggressive interest rate hikes have significantly slowed real estate transactions. The general slowdown in economic activity and tightening of bank credit in Australia may also lead to asset sales and re-pricing, and present good buying opportunities. In Singapore however, industrial assets remain attractive as they continue to offer positive yield spreads.

The Manager remains disciplined in its prudent approach to capital management, particularly given an uncertain macroeconomic environment, and strives to maintain a well-capitalised balance sheet. This also enables the Manager to capitalise on growth opportunities should they arise, with a view to deliver long-term sustainable returns to Unitholders.

14 Distributions

(a) Current financial period

Any distributions declared for the current financial period: Yes

(i) Name of distribution: **68th distribution, for the period from 1 January 2023 to 31 March 2023**

Distribution Type: Taxable Income
Capital Distribution

Distribution Rate¹ : Taxable Income 1.770 cents per Unit
Capital Distribution 0.884 cents per Unit
Total 2.654 cents per Unit

Par value of units: Not applicable

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

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

Record date: 15 May 2023

Date payable: 28 June 2023

¹ No tax-exempt income distribution was declared for the period from 1 January 2023 to 31 March 2023.

(ii) Name of distribution:	67th distribution, for the period from 1 October 2022 to 31 December 2022
Distribution Type	Taxable Income Capital Distribution
Distribution Rate ¹ :	Taxable Income 1.860 cents per Unit Capital Distribution <u>0.730 cents per Unit</u> Total <u>2.590 cents per Unit</u>
Par value of units:	Not applicable
Tax Rate:	<u>Taxable Income Distributions</u> Taxable income distributions are made out of AA REIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through a partnership or as trading assets). Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution. <u>Capital Distributions</u> Capital distributions represent a return of capital to Unitholders for Singapore income tax purposes and are therefore not subject to income tax. For Unitholders who are liable for Singapore income tax on profits from sale of AA REIT Units, the amount of capital distribution will be applied to reduce the cost base of their AA REIT Units for Singapore income tax purposes. Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.
Remarks:	Distribution of 2.590 cents per unit for the period from 1 October 2022 to 31 December 2022 was paid on 24 March 2023.

¹ No tax-exempt income distribution was declared for the period from 1 October 2022 to 31 December 2022.

(b) Corresponding period of the immediate preceding year

Any distributions declared for the previous corresponding financial period: Yes

(i) Name of distribution: **64th distribution, for the period from 1 January 2022 to 31 March 2022**

Distribution Type:

Taxable Income
 Tax-Exempt Income
 Capital Distribution

Distribution Rate

Taxable Income	1.616 cents per Unit
Tax-Exempt Income	0.134 cents per Unit
Capital Distribution	<u>0.610 cents per Unit</u>
Total	<u>2.360 cents per Unit</u>

Par value of units:

Not applicable

Tax Rate:

Taxable Income Distributions

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

Tax-Exempt Income Distributions

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

Capital Distributions

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

Remarks:

Distribution of 2.360 cents per unit for the period from 1 January 2022 to 31 March 2022 was paid on 24 June 2022.

(ii) **Name of distribution:** **63rd distribution, for the period from 1 October 2021 to 31 December 2021**

Distribution Type: Taxable Income
 Tax-Exempt Income
 Capital Distribution

Distribution Rate:	Taxable Income	1.740 cents per Unit
	Tax-Exempt Income	0.180 cents per Unit
	Capital Distribution	<u>0.430 cents per Unit</u>
	Total	<u>2.350 cents per Unit</u>

Par value of units: Not applicable

Tax Rate: **Taxable Income Distributions**

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

Tax-Exempt Income Distributions

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

Capital Distributions

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

Remarks: Distribution of 2.350 cents per unit for the period from 1 October 2021 to 31 December 2021 was paid on 25 March 2022.

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

Not applicable.

16 Segmented revenue and results for business or geographical segments (of the Group) with comparative information for the immediately preceding year.

	Group		+ / (-) %
	FY2023 S\$'000	FY2022 S\$'000	
<u>Gross Revenue</u>			
Singapore	138,410	128,819	7.4
Australia	28,972	13,571	>100.0
	167,382	142,390	17.6
<u>Net property income</u>			
Singapore	93,546	89,619	4.4
Australia	28,964	13,566	>100.0
	122,510	103,185	18.7

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

Increase in gross revenue and net property income in Australia was mainly contributed by the acquisition of Woolworths HQ in November 2021 and higher rental and recoveries for the Singapore properties.

Please refer to Appendix 7.2, Item 3.2 for the review of the actual performance.

18 Breakdown of sales

	Group		+ / (-) %
	FY2023 S\$'000	FY2022 S\$'000	
<u>First half of the year</u>			
Gross revenue	83,200	65,246	27.5
Total return after income tax attributable to Unitholders	51,572	65,969	(21.8)
<u>Second half of the year</u>			
Gross revenue	84,182	77,144	9.1
Total return after income tax attributable to Unitholders	41,789	23,272	79.6

19 Breakdown of total annual distribution

	DPU (Cents)	Group	
		FY2023 S\$'000	FY2022 S\$'000
<u>Distributions paid during the year</u>			
For the period:			
1 October 2022 to 31 December 2022	2.590	18,657	–
1 July 2022 to 30 September 2022	2.420	17,376	–
1 April 2022 to 30 June 2022	2.280	16,348	–
1 January 2022 to 31 March 2022	2.360	16,911	–
1 October 2021 to 31 December 2021	2.350	–	16,733
1 July 2021 to 30 September 2021	2.500	–	17,686
1 April 2021 to 30 June 2021	2.250	–	15,917
1 January 2021 to 31 March 2021	2.900	–	20,493
		69,292	70,829

20 General Mandate Relating to Interested Person Transactions

The Trust has not obtained a general mandate from Unitholders for Interested Person Transactions other than the Exempted Agreements as disclosed in the Prospectus.

21 Confirmation pursuant to Rule 704(13) of the Listing Manual

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

22 Confirmation pursuant to Rule 720(1) of the Listing Manual

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

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

By Order of the Board

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

Russell Ng
Chief Executive Officer
5 May 2023