ARA LOGOS
LOGISTICS TRUST

TRANSFORMATIONAL GROWTH

ENDURING. EVOLVING. GROWING.

ANNUAL REPORT
2020

VISION & STRATEGY

Provide our customers with the highest quality logistics real estate solutions in Asia Pacific

OUR MISSION

Deliver regular and stable distributions to Unitholders and achieve long-term sustainable growth in **DPU** and **NAV** per Unit. To continue to create value for all our stakeholders through building a strong portfolio and adopting the best practices in risk management, corporate governance and sustainability

Contents

Corporate Profile

About ARA LOGOS Logistics Trust

Listed on the Singapore Exchange on 12 April 2010, ARA LOGOS Logistics Trust ("**ALOG**") is a real estate investment trust ("**REIT**") that invests in quality income-producing industrial real estate used for logistics purposes, as well as real estate-related assets in the Asia Pacific. ALOG is managed by ARA LOGOS Logistics Trust Management Limited (the "**Manager**").

As at 31 December 2020, ALOG's portfolio comprises 27 high quality logistics warehouse properties strategically located in established logistics clusters in Singapore and Australia. The portfolio has a total gross floor area of approximately 9.0 million square feet ("**sq ft**") valued at approximately S$1.28 billion.

For more information, please visit **https://www.aralogos-reit.com/**.

About ARA LOGOS Logistics Trust Management Limited

ALOG is managed by ARA LOGOS Logistics Trust Management Limited, a wholly-owned subsidiary of LOGOS Group ("**LOGOS**"). ARA Asset Management Limited ("**ARA**" or the "**Group**") is a majority shareholder of LOGOS, which operates as ARA's global logistics real estate platform.

LOGOS is one of Asia Pacific's leading logistics property groups with over 7.3 million square metre ("**sqm**") of property owned and under development, and a completed assets under management ("**AUM**") of S$14.4 billion across 24 ventures, including ALOG. As a vertically integrated business, LOGOS manages every aspect of logistics real estate, from sourcing land or facilities, to undertaking development and asset management, on behalf of some of the world's leading global real estate investors.

ARA is a leading APAC real assets fund manager with a global reach. With S$116 billion[1] in gross assets under management as at 31 December 2020, ARA offers value-added investment solutions in both public and private markets, managing listed and unlisted real estate investment trusts (REITs) and private funds in real estate, infrastructure and credit across 28 countries. As part of its investor-operator philosophy, the Group also operates a real estate management services division with local teams to manage its assets worldwide.

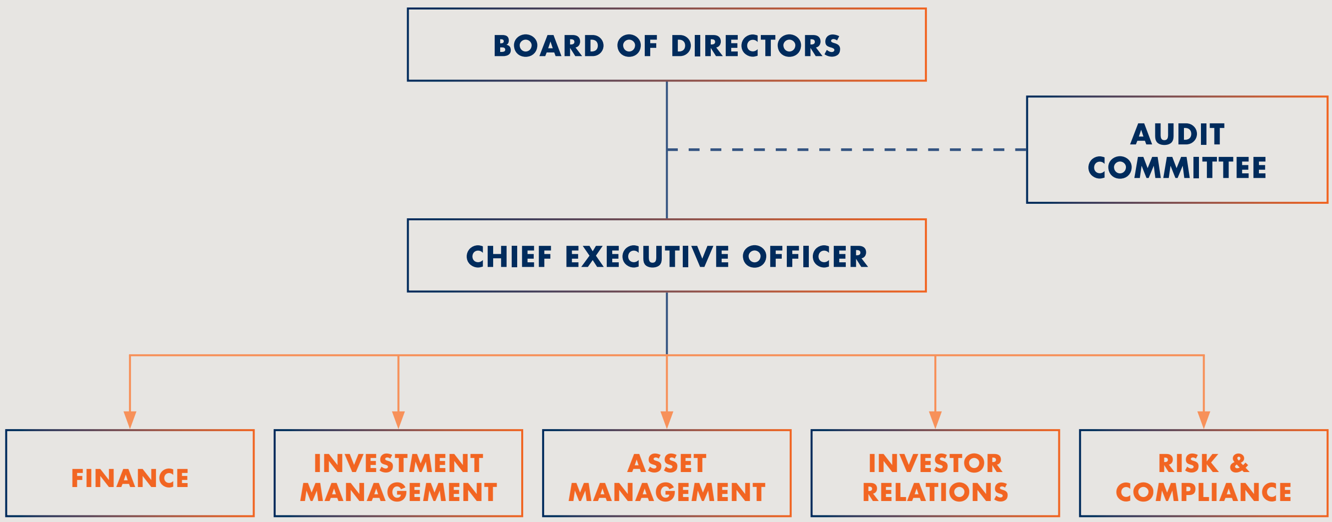
ARA's multi-platform, multi-product global fund management business is driven by dedicated teams with in-depth market knowledge and local expertise in all countries where it operates and invests. The Group strives to work sustainably, is mindful of its impact on the environment, and aims to leverage technology to work smart and achieve better outcomes for its stakeholders. Built on a foundation of strong corporate governance and business integrity, ARA manages funds on behalf of many of the world's largest pension funds, sovereign wealth funds and financial institutions.

For more information on ARA and LOGOS, please visit **https://www.ara-group.com** and **https://www.logosproperty.com**.

Note:
1 Includes assets under management by ARA Asset Management Limited and the Group of companies ("**ARA Group**") and its Associates.

Trust Structure

Organisation Structure Of The Manager



Note:
1 ALOG's properties located outside of Singapore are held through wholly-owned subsidiaries and sub-trusts of ALOG.

Letter to Unitholders

With the combined complementary strengths of both ARA and LOGOS and underpinned by a defensive portfolio, ALOG is well-positioned to leverage on the enlarged scale and expanded capabilities of the Group to further explore opportunities to maximise value for our Unitholders.

Left:
Lim How Teck
Chairman

Right:
Karen Lee
Chief Executive Officer

Dear Unitholders,

On behalf of the Board of Directors of the Manager of ALOG, we are pleased to present ALOG's Annual Report for the financial year ended 31 December 2020 ("**FY2020**").

TRANSFORMATIONAL YEAR FOR ALOG

On 5 March 2020, ALOG entered into a transformational growth journey through ARA's acquisition of a majority stake in LOGOS, a leading logistics real estate developer and specialist in Asia-Pacific ("**APAC**"). LOGOS now operates as ARA Group's exclusive platform for logistics assets as well as ALOG's Sponsor. As part of the transaction, while ARA's holdings in the Manager and ALOG were transferred to LOGOS, ARA will continue to retain control of the Manager via LOGOS. Cache Logistics Trust was also subsequently rebranded to ARA LOGOS Logistics Trust or ALOG for short, signifying strong commitment from both ARA and LOGOS to grow ALOG over the long term.

This pivotal development not only strengthens ALOG's existing platform, but also broadens ALOG's potential for value-creation opportunities and long-term sustainable growth. ALOG also benefits from a wide range of opportunities, given LOGOS' expansive network and management expertise, which accentuates confidence in the Manager's capabilities and quality of ALOG's portfolio.

With the combined complementary strengths of both ARA Group and LOGOS and underpinned by a defensive portfolio, ALOG is well-positioned to leverage on the enlarged scale and expanded capabilities of the Group to further explore opportunities to maximise value for our Unitholders.

Following this transformational development, ALOG swiftly executed its Portfolio Rebalancing and Growth Strategy, announcing its maiden acquisition of an Australia portfolio from its Sponsor within six months from rebranding. The acquisition comprises of five high-quality and prime logistics properties in Brisbane, and fund investments of 49.5% interest in the New LAIVS Fund and 40.0% interest in the OP Fund[1]. The fund investments also comprise five modern prime logistics properties located in key economic hubs across Sydney and Melbourne. Most importantly, this portfolio is backed by strong real estate fundamentals such as modern specifications, long WALE and is also underpinned by good quality tenants. To fund this acquisition, we have successfully launched an Equity Fund Raising of approximately S$100 million, involving a Private Placement and Preferential Offering, which was oversubscribed and saw strong support from both long-term and new investors, signalling confidence in our long-term strategic goals. In addition, to demonstrate its long-term commitment to support ALOG's growth strategy, LOGOS also participated in the Equity Fund Raising, including providing a full back-stop for the entire Preferential Offering.

With this maiden acquisition, ALOG will deepen our strategic presence in Australia, a key logistics market which continues to be driven by strong growth in e-commerce and demand for cold storage facilities. With this proposed portfolio acquisition from our Sponsor, LOGOS has also demonstrated its commitment to grow ALOG and enhance Unitholder's returns in the long term.

STAYING FOCUSED AND DELIVERING A RESILIENT PERFORMANCE

The COVID-19 outbreak brought significant challenges to economies globally. The logistics sector, however, has continued to remain resilient, underpinned by factors such as strong growth in e-commerce and robust demand for cold storage facilities. Despite a challenging year, ALOG's defensive portfolio has remained resilient and delivered a 3.4% and 4.8% y-o-y growth to S$117.4 million and S$90.0 million for FY2020's Gross Revenue and Net Property Income ("**NPI**") respectively.

FY2020 DPU was 4.9% lower at 5.250 cents as compared to FY2019 on the back of one-off distributions in FY2019 and an enlarged unit base due to the Private Placement on 11 November 2020 and Preferential Offering on 25 January 2021 to fund the acquisition[1]. However, on a like-for-like basis, excluding capital and one-off distributions, DPU would have been 8.8% higher y-o-y.

In the first quarter of FY2020, ALOG retained S$2.5 million of its distributable income, recognising the need for prudency due to the outlook uncertainty from the COVID-19 outbreak and to address potential rental deferment and/or waivers required to support a handful of tenants through the challenging period. Underpinned by a resilient portfolio and after prudent consideration, ALOG had distributed the entire S$2.5 million retained distributable income back to its Unitholders as at end-December 2020.

Throughout FY2020, ALOG's portfolio continued to see minimal disruptions and the Manager had also passed on rental reliefs from the Singapore Government's Resilience Budget to our tenants. We continued to work closely with our tenants during the year and have also extended our assistance in the form of rental deferment and lease restructuring to help support a handful of tenants through the challenging period.

Despite the uncertainties of the challenging global macroeconomic landscape, this solid performance has continued to demonstrate the strength and defensiveness of ALOG's portfolio, which is well-positioned for growth over the long-term.

Note:
1 Please refer to the SGX announcement on 26 October 2020.

Letter to Unitholders

ROBUST PORTFOLIO PERFORMANCE UNDERPINNED BY QUALITY PORTFOLIO

Spreading across Singapore and Australia, ALOG's portfolio of 27 quality properties has continued to provide income stability through a diversified tenant mix and geographical diversification. Successfully executing our proactive leasing and asset management strategy, ALOG has closed the year with a high committed portfolio occupancy rate of 98.5% and WALE by net lettable area ("**NLA**") of 2.8 years.

Approximately 2.6 million sq ft of renewals and new leases were inked during the year, with an average positive rental reversion of 4.8%. In addition, we have also successfully renewed a long-term lease with Schenker Singapore for the entire building at 51 Alps Avenue. As part of our proactive lease and asset management strategy, we will continue our efforts to secure forward commitments so as to maintain high occupancy across the portfolio.

In FY2020, ALOG's investment property value also saw a 2.0% increase y-o-y to S$1.28 billion from S$1.26 billion in FY2019.

PRUDENT CAPITAL MANAGEMENT

As at 31 December 2020, ALOG's aggregate leverage ratio stood at 39.0%, with a well-balanced debt maturity profile of 3.1 years. ALOG's all-in financing cost was also lower at 3.22% as compared to 3.84% as at 31 December 2019. This is on the back of lower floating rates, recurring savings following the completion of a A$140.0 million term loan refinancing in February 2020 as well as lower Revolving Credit Facility drawn as compared to FY2019. On foreign exchange exposure, approximately 88.8% of ALOG's distributable income is either derived in Singapore dollars or hedged to reduce foreign currency risk. ALOG's balance sheet remains resilient and well-positioned to meet any financial obligations as and when they fall due.

We will continue to prudently manage and enhance ALOG's financial flexibility by diversifying our funding sources, lengthening of debt maturity and secure funding at competitive rates when the opportunity arises.

LOOKING AHEAD

As the world actively puts measures in place, such as additional fiscal policy supports to drive a recovery in local and global markets, the International Monetary Fund ("**IMF**") projected a global economic growth of 5.5% in 2021 and 4.2% in 2022; a stronger-than-expected recovery on average across regions in the second half of 2020. The forecasted growth for 2021 was also revised higher by 0.3%, reflecting additional policy support in some large economies and expectations of a vaccine-powered strengthening of activity later within the year, which outweigh the slowdown on near-term momentum due to the rising infections[1].

In Singapore, the economy in 2020 contracted by 5.4%, a reversal from the 1.3% growth in 2019. This was mainly due to a contraction experienced in the construction and services producing sectors[2]. Singapore's Purchasing Managers' Index ("**PMI**") also rose to 50.7 in January 2021, up 0.2 points from December 2020 and was also the highest since March 2019[3]. February's PMI came in at 50.5, however, easing 0.2 points from January, according to the Singapore Institute of Purchasing and Materials Management (SIPMM)[4].

The cash rate in Australia continues to remain low at 0.10% and is not expected to increase until actual inflation is sustainably within the 2 to 3% target range. Australia's economic recovery is however well under way and has been stronger than expected. It also saw a stronger employment growth rate, which translated into a lower unemployment rate of 6.4%. This recovery will likely continue, with expectations on Gross Domestic Product ("**GDP**") to grow by 3½ per cent over both 2021 and 2022. GDP is also now expected to return to its end-2019 level by the middle of 2021[5].

Despite the uncertainties faced from the COVID-19 outbreak, the logistics market in APAC continues to remain a bright spot in the medium to long term. According to CBRE Research, the Asia Pacific's logistics market will continue to thrive in 2021 on the back of rising domestic consumption and a recovery in global trade. The IMF also expects global trade volume to grow by 8.3% y-o-y in 2021, as compared to a contraction of 10.4% y-o-y in 2020. E-commerce

Notes:
1 IMF, World Economic Outlook Update, January 2021.
2 Ministry of Trade and Industry ("**MTI**"), Press Release, "MTI Maintains 2021 GDP Growth Forecast at "4.0 to 6.0 Per Cent", 15 February 2021.
3 The Business Times, Singapore PMI continues its rise in January to 50.7, 3 February 2021.
4 The Business Times, Singapore PMI eases in February but manufacturing sentiment remains positive, 2 March 2021.
5 RBA, Statement on Monetary Policy, 2 March 2021.

will continue to be a strong driver for logistics leasing demand in 2021 as the COVID-19 outbreak accelerates the shift to omnichannel retailing. Pandemic-induced supply chain disruption has also forced many businesses to reassess and strengthen its supply chain resilience by diversifying sourcing and production[6].

Underpinned by a defensive and high-quality portfolio, ALOG has continued to deliver a strong performance despite a challenging year. We remain confident that these attributes will continue to position ALOG well to leverage on the robust logistics sector. In addition, with the strong support from ALOG's Sponsor, LOGOS, we will continue to work towards strengthening ALOG's fundamentals to generate sustainable, long-term returns for our Unitholders.

ONGOING SUSTAINABILITY EFFORTS

We are pleased to announce that we are a recipient of the Frost & Sullivan's "2020 Singapore Corporate Renewable Energy Company of the Year" award. This award has been noteworthy especially in our efforts to integrate sustainability in our business and deliver long-term value to our Unitholders. We will continue to uphold our commitment to drive sustainable long-term growth for ALOG and conduct our business in a responsible and sustainable manner.

Meanwhile, more details on ALOG's sustainability will be available in the sustainability report which will be published online during the year.

ACKNOWLEDGEMENTS

On behalf of the Board and the management team, we wish to thank Mr Daniel Cerf, who retired as CEO of the Manager in August 2020 for his invaluable contributions to ALOG since its listing in April 2010. Mr Cerf has helped strengthened the key fundamentals of the REIT and built a strong management team, positioning the REIT well for its next stage of growth. We wish him the very best in his future endeavours.

In this year 2021, as part of the board's renewal process, Mr Chia Nam Toon, Non-Executive Director of the Manager, has retired from the Board. Ms Low Poh Choo, Senior Director of ARA Financial Pte. Ltd., the corporate finance advisory arm of the ARA Group, was appointed as Non-Executive Director of the Board to replace Mr Chia. On behalf of the Board of Directors, we wish to express our sincere appreciation to Mr Chia for his guidance and support throughout his tenure. We would also like to welcome Ms Low and look forward to working closely with her to bring ALOG to greater heights.

Finally, we would like to express our gratitude to the Board of Directors for their wise counsel and guidance. We would also like to thank the management team, for their continued unwavering dedication, enthusiasm and hard work over the past year. To our customers, the investment community at large as well as our business associates, thank you for your continued confidence, support and friendship.

To our Unitholders, we remain grateful to you for your continued support for ALOG over the years. Your trust and confidence are important to the Board and the Manager. ALOG is now well-positioned to continue its transformational journey. With the Sponsor's support and a strong management team in place, we will continue to work hard and deliver sustainable value to our Unitholders.

Lim How Teck
Chairman

Karen Lee
Chief Executive Officer

Note:
6 CBRE Research, Asia Pacific Real Estate Market Outlook 2021.

Key Milestones Since IPO

ALOG's Transformational Growth Journey

FY2010
- Listed on SGX with six assets in Singapore and AUM of S$0.7 billion.

FY2011
- Entered China market with the acquisition of Jinshan Chemical Warehouse.

FY2015
- Portfolio Rebalancing & Growth Strategy - Entered the Australia market by acquiring six logistics warehouses in the year.

FY2018
- Exited the China market with the divestment of Jinshan Chemical Warehouse.
- ARA acquired full control of the Manager and became a substantial Unitholder.

FY2019
- ARA and LOGOS entered into strategic transaction to establish best-in-class logistics platform in APAC.

11 - 14 John Morphett Place, Erskine Park, Sydney, NSW, AUS
(Held by New LAIVS Fund)

5 March 2020
- Completion of ARA's acquisition of a majority stake in LOGOS.
- Cache Logistics Trust welcomed LOGOS as Sponsor.

PROPOSED ACQUISITIONS AND FUND INVESTMENTS PORTFOLIO[1]


47 Logistics Place, Larapinta, Brisbane, QLD, AUS


Corner Heron Drive and Curlew Street, Port of Brisbane, Brisbane, QLD, AUS


1 - 5 & 2 - 6 Bishop Drive, Port of Brisbane, Brisbane, QLD, AUS


53 Peregrine Drive, Port of Brisbane, Brisbane, QLD, AUS


8 Curlew Street, Port of Brisbane, Brisbane, QLD, AUS


27 - 43 Toll Drive, Altona North, Melbourne, VIC, AUS
(Held by New LAIVS Fund)


34 - 58 Marshall Court, Altona, Melbourne, VIC, AUS
(Held by New LAIVS Fund)


69 Sargents Road, Minchinbury, Sydney, NSW, AUS
(Held by New LAIVS Fund)


1 Hume Road, Laverton North, Melbourne, VIC, AUS
(Held by OP Fund)

16 April 2020

- LOGOS announced an increase in its stake in Cache Logistics Trust.
- Demonstrates its strong commitment in the long-term growth of the REIT.

28 April 2020

- Rebranded from "Cache Logistics Trust" to "**ARA LOGOS Logistics Trust**" ("**ALOG**").

15 August 2020

- Change in leadership – appointment of Ms Karen Lee as CEO.

26 October 2020

- Announced maiden acquisition of five properties in Australia and investment in two funds post rebranding as ALOG[1].

2 November 2020

- Successfully launched Private Placement of approximately S$50 million[3] with strong participation from a broad spectrum of investors.

23 December 2020

- EGM held with all resolutions being passed successfully.
- Announced launch of Preferential Offering of S$50 million[2], which saw strong support from ALOG's Unitholders.

Notes:
1 Please refer to SGX announcement dated 26 October 2020.
2 Please refer to SGX announcement dated 23 December 2020.
3 Please refer to SGX announcement dated 2 November 2020.

FY2020[1]
Key Highlights

Assets Under Management

S$1.3 BILLION

Distributable Income

S$58.8 MILLION

Distribution Per Unit ("**DPU**")

5.25 CENTS

Portfolio Occupancy

98.5%

Singapore: 98.7%
Australia: 98.3%

Weighted Average Lease To Expiry ("**WALE**")

2.8 YEARS

(NLA)

2.8 YEARS

(Gross Rental Income)

Number Of Properties

27

Singapore: 10
Australia: 17

Aggregate Leverage Ratio

39.0%

All-In Financing Cost

3.22% P.A.

Net Asset Value ("**NAV**") Per Unit

57.2 CENTS

Note:
1 FY2020 refers to financial year 2020, which is the period from 1 January 2020 to 31 December 2020.

Performance Highlights

5-Year Financial Highlights

	FY2016	FY2017	FY2018	FY2019	**FY2020**
Income Statement & Distribution Data					
Gross Revenue (S$'000)	111,271	111,960	121,540	113,555	**117,432**
Net Property Income (S$'000)	88,014	87,291	90,924	85,844	**89,990**
Distributable Income (S$'000)	69,318[1]	66,015[1]	63,409[1]	59,770	**58,828**
Distribution Per Unit (Singapore cents)	7.725[2]	6.583[3]	5.903[4]	5.523[5]	**5.250[5]**
Balance Sheet Data					
Total Assets (S$ million)	1,258.3	1,229.0	1,309.7	1,358.7	**1,412.5**
Total Borrowings (S$ million)[6]	542.6	446.7	474.7	513.3	**521.9**
Unitholders' funds (S$ million)	701.1	765.7	713.2	639.4	**678.5**
Value of portfolio properties (S$ million)[7]	1,236.4	1,206.9	1,269.0	1,255.9	**1,281.0**
Net Asset Value per Unit (Singapore cents)	77.9	71.6	66.2	58.9	**57.2**
Key Financial Ratios					
Distribution Yield (%)[8]	9.5	7.7	8.5	7.7	**8.8**
Aggregate Leverage Ratio (%)[9]	43.1	36.3	36.2	40.1	**39.0**
Interest Coverage Ratio (times)[10]	4.0	4.2	3.9	3.8	**4.0**
All-in Financing Cost (%)[11]	3.60	3.56	3.71	3.84	**3.22**
Units in Issue (million)[12]	900.5	1,069.7	1,077.9	1,085.8	**1,187.0[13]**
Market Capitalisation (in S$ million)[14]	729.4	914.6	749.1	776.4	**712.2**

Notes:
1 Includes a partial capital distribution from the divestment proceeds of 4 Penjuru Lane, Singapore ("**Kim Heng Warehouse**"). The capital distribution amounted to S$2.40 million, S$1.61 million and S$0.408 million in FY2016, FY2017 and FY2018 respectively.
2 Includes a partial capital distribution from the divestment proceeds of Kim Heng Warehouse. The capital distribution per unit amounted to 0.268 cents in FY2016.
3 The restated FY2017 DPU of 6.583 cents reflects the effect of the bonus element in the Rights Issue, which includes a capital distribution per unit of 0.165 cents from the divestment proceeds of Kim Heng Warehouse. The actual DPU for the year was 6.738 cents, which includes an actual capital distribution per unit of 0.169 cents.
4 Includes reimbursements received in relation to outstanding lease incentives from certain Australia properties and the divestment proceeds of Kim Heng Warehouse.
5 Includes reimbursements received in relation to outstanding lease incentives and rental support from certain properties in Australia.
6 Excludes unamortised costs.
7 Based on annual independent valuations of portfolio properties.
8 Based on the closing unit price of ARA LOGOS Logistics Trust on the last trading day of each financial year and the actual DPU of each financial year, except in FY2017 which is based on the restated DPU of 6.583 cents.
9 Ratio of Total Debt over Deposited Properties as defined by Appendix 6 of the Code of Collective Investment Schemes ("**Property Funds Appendix**").
10 Ratio of earnings before interest expense, tax, depreciation and amortisation to interest expense. Excludes non-recurring finance expenses incurred for any refinancing exercise and upfront fees written-off during the financial year.
11 Includes margin and amortisation of capitalised upfront fee, excluding non-recurring finance expenses and FRS 116 adjustments.
12 Based on units in issue and to be issued as at 31 December of each financial year.
13 Excludes 91,112,930 preferential offering units issued on 25 January 2021.
14 Based on the closing unit price of ARA LOGOS Logistics Trust on the last trading day of each financial year.

Unit Price Performance

Unit Price Performance

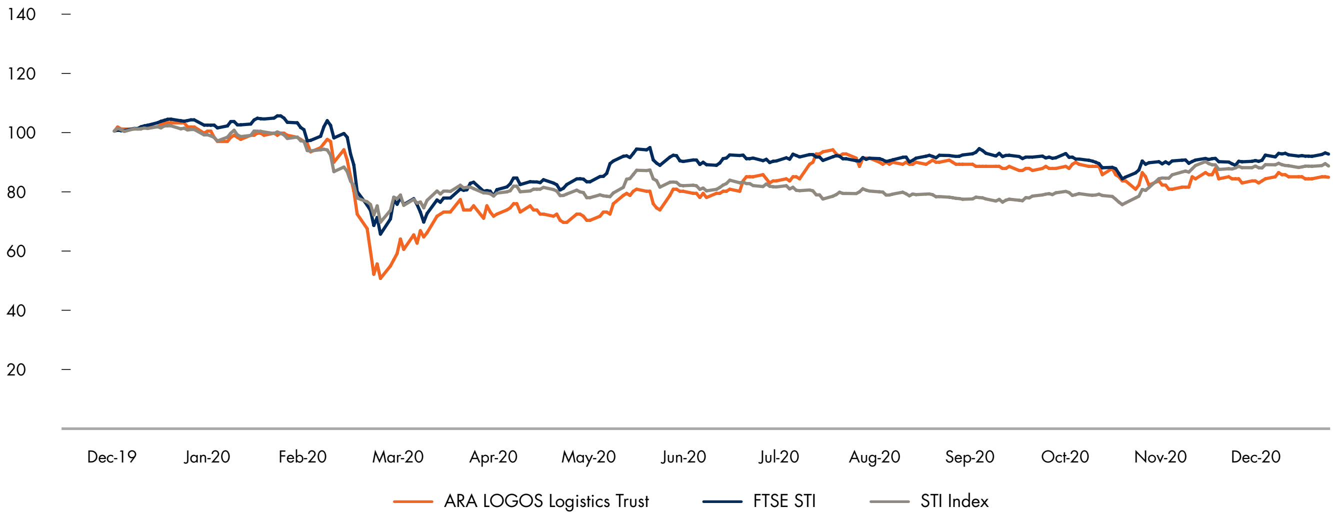
	2019	**2020**
Opening Price (S$)	0.695	**0.715**
Closing Price (S$)	0.715	**0.600**
Highest Closing Price (S$)	0.800	**0.730**
Lowest Closing Price (S$)	0.695	**0.358**
Average Daily Volume Traded (million units)	1.8	**2.7**

Source: Bloomberg

ALOG's unit opening price was S$0.715 and it closed at S$0.600 on 31 December 2020, the last trading day of year 2020 with a market capitalisation of S$712.2 million. At a closing price of S$0.600 and a full year DPU of 5.250 cents, ALOG offered a distribution yield of approximately 8.8%. As at 31 December 2020, ALOG offered a total return of approximately 64.4% since listing.

Comparative 1-Year Performance

(Base = 100 on 31 December 2019)



Source: Bloomberg

Relative Performance

Performance of ALOG compared with major indices[1]	1 Year		3 Years		5 Years	
	Price Change	Total Return	Price Change	Total Return	Price Change	Total Return
ARA LOGOS Logistics Trust	-15.6%	- 7.3%	- 29.4%	- 9.6%	- 31.1%	3.8%
FTSE REIT Index	- 7.7%	- 3.6%	- 0.5%	16.6%	22.4%	62.6%
Straits Times Index	-11.8%	- 8.1%	-16.4%	- 5.9%	-1.4%	19.1%

Source: Bloomberg

Note:
1 Price change is calculated based on the closing price on the last day of the preceding reporting period compared to the closing price on the last day of the next period. Total return calculation assumes distributions paid during the period are reinvested.

Corporate Directory[1]

Manager
ARA LOGOS Logistics Trust Management Limited

50 Collyer Quay
#05-05 OUE Bayfront
Singapore 049321
Tel: (65) 6491 0088
Fax: (65) 6491 0050
Email: alog-enquiry@ara-logos.com

Board of Directors
Lim How Teck
Chairman and Non-Executive Director

Lim Lee Meng
Lead Independent Non-Executive Director

Lim Kong Puay
Independent Non-Executive Director

Oh Eng Lock
Independent Non-Executive Director

Stephen George Hawkins[2]
Non-Executive Director

Chia Nam Toon[3]
Non-Executive Director

Audit Committee
Lim Lee Meng
Chairman

Lim Kong Puay
Member

Oh Eng Lock
Member

Property Manager
ARA LOGOS Property Management Pte. Ltd.

Registered and Mailing Address
50 Collyer Quay
#05-05 OUE Bayfront
Singapore 049321
Tel: (65) 6491 0088

Trustee
HSBC Institutional Trust Services (Singapore) Limited

Registered Address
10 Marina Boulevard
Marina Bay Financial Centre
Tower 2 #48-01
Singapore 018983

Mailing Address
10 Marina Boulevard
Marina Bay Financial Centre
Tower 2 #45-01
Singapore 018983

Company Secretaries
Yeoh Kar Choo Sharon
Chiang Wai Ming

TMF Singapore H Pte. Ltd.
38 Beach Road
South Beach Tower #29-11
Singapore 189767
Tel: (65) 6808 1600
Fax: (65) 6808 1616

Legal Adviser
Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989
Tel: (65) 6890 7188
Fax: (65) 6327 3800

Auditor
KPMG LLP

16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel: (65) 6213 3388

Partner-in-charge: Lim Jek
(appointed with effect from financial year ended 31 December 2018)

Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

Stock Exchange Quotation
SGX Stock Code: K2LU
Bloomberg Code: ALLT SP
Reuters Code: ARAT.SI

Websites
https://www.aralogos-reit.com/
https://www.logosproperty.com/
https://www.ara-group.com

Notes:
1 As at 31 December 2020.
2 Appointed on 5 March 2020.
3 As part of the Board's renewal process, Mr Chia Nam Toon has retired from the Board with effect from 31 March 2021.

INVESTING IN THE RIGHT ASSETS

27 PROPERTIES

Strategic Presence in Singapore and Australia

98.5%

Strong Portfolio Occupancy Achieved Across the Portfolio

DELIVERED IMPROVED PERFORMANCE IN FY2020

Strong Portfolio Fundamentals to Deliver Long-Term Sustainable Returns for Unitholders

Developing A Quality Portfolio

Pandan Logistics Hub

Board Of Directors[1]

Lim How Teck
Chairman and Non-Executive Director

Lim Lee Meng
Lead Independent Non-Executive Director and Chairman of the Audit Committee

Lim Kong Puay
Independent Non-Executive Director

Oh Eng Lock
Independent Non-Executive Director

Stephen George Hawkins
Non-Executive Director

Chia Nam Toon[2]
Non-Executive Director

Notes:
1 As at 31 December 2020.
2 Retired from the Board of the Manager with effect from 31 March 2021.

Lim How Teck

Chairman and Non-Executive Director

Mr Lim How Teck is the Chairman of the Manager.

Mr Lim is the Chairman of Heliconia Capital Management Pte. Ltd. and Redwood International Pte. Ltd. Mr Lim is also Lead Independent Director, Chairman of the Audit Committee and Member of the Nomination Committee of Raffles Education Corporation Limited. He is also a governor of the Foundation for Development Cooperation and sits on the boards of Mizuho Securities (Singapore) Private Limited, Yang Kee Logistics (Singapore) Pte Ltd and CSE Global Limited.

From 1979 to 2005, Mr Lim was with Neptune Orient Lines Ltd ("**NOL**") where he held various positions, including Executive Director, Group Chief Financial Officer, Group Chief Operating Officer and Group Deputy Chief Executive Officer. He also held directorships in various subsidiaries, associated companies and investment interests of NOL. Prior to joining NOL, he was with Coopers & Lybrand, an international accounting firm, and Plessey Singapore, a multinational trading and manufacturing company. In the preceding three years, Mr Lim was also a Director of NauticaAWT Limited.

Mr Lim holds a Bachelor of Accountancy from the University of Singapore. He also completed the Corporate Financial Management Course and Advanced Management Programme at the Harvard Graduate School of Business. In addition, he is a fellow of the Chartered Institute of Management Accountants, Certified Public Accountants Australia, the Institute of Certified Public Accountants of Singapore and the Singapore Institute of Directors. Mr Lim was awarded the Public Service Star (BBM) and the Public Service Medal ("**PBM**") by the Singapore Government in 2014 and 1999 respectively.

Lim Lee Meng

Lead Independent Non-Executive Director
and Chairman of the Audit Committee

Mr Lim Lee Meng is the Lead Independent Non-Executive Director and Chairman of the Audit Committee of the Manager.

Mr Lim is currently an Executive Director of LeeMeng Capital Pte. Ltd.. Mr Lim is also an Independent Director of Willas-Array Electronics (Holdings) Limited and Tye Soon Limited. He also serves as the Chairman of the Audit Committee of Willas-Array Electronics (Holdings) Limited and is a member of the Audit Committee of Tye Soon Limited.

In the preceding three years, Mr Lim was also a Director of Teckwah Industrial Corporation Ltd.

Mr Lim is a fellow member of the Singapore Institute of Chartered Accountants, an associate member of the Institute of Chartered Secretaries and Administrators, and a fellow member of the Singapore Institute of Directors. He is the Chairman of the School Advisory Committee of River Valley High School.

Mr Lim graduated from the Nanyang University of Singapore with a Bachelor of Commerce (Accountancy) degree in 1980. He also holds a Master of Business Administration degree from the University of Hull (1992), a Diploma in Business Law from the National University of Singapore and an ICSA qualification from the Institute of Chartered Secretaries and Administrators.

Board Of Directors

Lim Kong Puay

Independent Non-Executive Director

Mr Lim Kong Puay is an Independent Non-Executive Director and member of the Audit Committee of the Manager.

Mr Lim was the President and CEO of Tuas Power until his retirement in August 2018.

Mr Lim has many years of experience in the liberalised electricity market of Singapore in the generation, trading and retailing of electricity. He has also diversified the company's business to new areas in providing utilities such as steam, tank storage, industrial water and waste water treatment to industrial customers in the Tuas area and on Jurong Island.

Mr Lim graduated from the National University of Singapore with a Bachelor of Engineering in Mechanical Engineering in 1981. He is also a Fellow of the Institute of Engineers of Singapore and a Professional Engineer (Mechanical) registered with the Professional Engineers Board in Singapore.

Oh Eng Lock

Independent Non-Executive Director

Mr Oh Eng Lock is an Independent Non-Executive Director and member of the Audit Committee of the Manager.

In the preceding three years, Mr Oh was the Group CEO of BreadTalk Group Limited from 2011 to 2017 and was appointed as an Executive Director of BreadTalk Group Limited from 2017 to 2018. Mr Oh is currently a Senior Advisor of BTG Holding Company Pte Ltd/BreadTalk Group. Mr Oh also serves as a Senior Advisor of Far East Flora Holdings Pte Ltd.

Mr Oh brings with him extensive financial markets experience where he was the Regional Managing Director with Merrill Lynch Asia Pacific Ltd in Hong Kong, overseeing the North Asia businesses from 2004 to 2010. He previously held senior positions in various banking institutions including Head of China, Corporate & Commercial Banking and General Manager at United Overseas Bank from 2001 to 2003 and General Manager and Corporate Country Head - China at DBS Bank from 1997 to 2001.

Mr Oh is a fellow member of the Singapore Institute of Directors. He holds a Bachelor of Arts degree from the University of Singapore and has attended the Advanced Management Programme at Wharton Business School, University of Pennsylvania, USA.

Stephen George Hawkins

Non-Executive Director

Mr Stephen George Hawkins was appointed as Non-Executive Director of the Manager on 5 March 2020.

Mr Hawkins has over 30 years' experience in chartered accounting, property finance and funds management.

He founded LOGOS' South East Asian business in 2016 and, as the Managing Director for this region, oversees LOGOS' Singapore, Indonesia, Malaysia and Vietnam operations.

Prior to joining LOGOS, Mr Hawkins was Head of Funds Management Asia for Goodman where earlier in his tenure he established Ascendas-MGM Funds Management and pioneered the listing of Ascendas Real Estate Investment Trust (A-REIT), Singapore's first industrial S-REIT. As the CEO of Macquarie Goodman Asia (a Goodman Group and Macquarie Bank joint venture), Mr Hawkins led its expansion of funds management across properties in Asia launching the Macquarie Goodman Wholesale Fund after acquiring over S$800 million of assets in 12 months.

Chia Nam Toon

Non-Executive Director

Mr Chia Nam Toon is a Non-Executive Director of the Manager.

Mr Chia has more than 35 years of work experience, with over 15 years in the real estate industry. Mr Chia was formerly Assistant Group Chief Executive Officer (CEO) and oversees Logistics Real Estate & Special Projects for ARA Group. He was responsible for driving the growth of ARA's logistics business. Mr Chia was a senior member of the ARA Group and previously sat on the Business Development Committee and Group Investment Review Committee which oversees the Group's global investment strategy.

Prior to joining ARA and in the preceding three years, he was CEO of Ascendas Funds Management (S) Limited, the Manager of Ascendas REIT, one of Singapore's largest-listed REITs, from 2016 to 2017 and was responsible for its overall management and operations. Prior to that, he was the Group Chief Financial Officer (CFO) of Ascendas-Singbridge from 2015 to 2016, providing strategic financial leadership for the Group. Prior to the merger between Ascendas and Singbridge, he held the position of Group Assistant CEO and CFO of Ascendas Group from 2006 to 2014 and oversaw Ascendas' corporate services functions which included Strategy Management, Communications, Legal & Corporate Secretariat, Enterprise Risk Management, Information Management and Finance.

Before joining Ascendas, Mr Chia was Chief Operating Officer and Finance Director with PEC Tech Group from 2004 to 2006. He previously held various business and functional roles with ICI Paints Asia Pacific and the ICI Group headquarters in London, Tioxide Asia Pacific, F&N Group Malaysia, KAB Group of Companies and Deloitte & Touche Malaysia.

Mr Chia holds a Diploma in Commerce from Tunku Abdul Raman College, Malaysia. He is a Fellow of the Association of Chartered Certified Accountants UK (FCCA) and a Fellow of the Institute of Singapore Chartered Accountants.

Mr Chia has retired from the Board of the Manager with effect from 31 March 2021.

The REIT Manager

Front row:
Karen Lee

Middle row (left to right):
Donovan Ng, Ho Kin Leong,
Ho Jiann Ching and Wang Jing

Back row (left to right):
Zoe Lee, Lu Chang, Png Mei Lian,
Cassandra Seet, Wendy Pek, Brian Ng,
Edna Koh and Seah Ai Hui

Ms Karen Lee

Chief Executive Officer

Ms Karen Lee was appointed as the CEO of the Manager of ARA LOGOS Logistics Trust on 15 August 2020. Prior to her current appointment, Ms Lee was the Head of Asset and Investment Management for LOGOS SE Asia Pte Ltd where she was instrumental in the asset management strategic planning for LOGOS' South East Asia business and growing the Singapore portfolio.

Ms Lee has more than 20 years of experience in the real estate industry covering industrial real estate development, asset and investment management, business development, leasing, marketing and property management. Prior to joining LOGOS, Ms Lee was Head of Singapore Portfolio and Asset Management of Ascendas Funds Management (S) Pte Ltd, the manager of Ascendas REIT (A-REIT). During her stint with Ascendas Funds Management (S) Pte Ltd, Ms Lee was responsible for formulating and executing strategic asset management strategies as well as overseeing the performance of A-REIT's S$9.0 billion AUM Singapore portfolio.

Ms Lee holds a Bachelor of Science (Economics) (Hons) degree and a Master of Science (Real Estate) from the National University of Singapore.

Mr Ho Jiann Ching

Director, Investment

Mr Ho Jiann Ching is responsible for developing and executing investment strategies for acquisitions and divestments. Mr Ho has over 27 years of regional experience in real estate investment, development, asset management and marketing.

Before joining the Manager, he was Business Development Director at Ayala International and Head of Transaction Review for ARCH Asian Partners Fund. Prior to that, Mr Ho was at Sembawang Properties involving in residential and commercial development. Mr Ho began his career in 1993 with JTC Corporation in roles associated with land allocation of strategic foreign direct investment projects and industrial land-use planning.

Mr Ho holds a Bachelor of Science (Estate Management) (Honours) degree from the National University of Singapore.

Mr Ho Kin Leong

Director, Asset Management

Mr Ho Kin Leong is responsible for formulating and executing business plans to maximise returns from ALOG's portfolio.

Mr Ho has over 19 years of experience in real estate investment, development and asset management. Prior to joining the Manager, he was Senior Vice President, Asset Management with MEAG Pacific Star Asset Management where he led the strategy formulation and implementation in asset enhancement initiatives, leasing, refinancing and divestment. Prior to that, he was Senior Investment Manager with Keppel Land for overseas markets. Mr Ho began his career with International Enterprise Singapore, holding business development positions in regional markets during his 11-year stint.

Mr Ho obtained his Master of Business Administration from Imperial College Business School, London under the Chevening Scholarship Programme. He also holds a Bachelor in Electronics Engineering from Tohoku University, Japan.

Mr Donovan Ng

Assistant Director, Finance

Mr Donovan Ng heads the finance team and is responsible for the accounting, finance, tax, treasury, compliance, risk management and capital management for ALOG.

Mr Ng has over 20 years of experience in accounting and finance. Prior to joining the Manager, he was Finance Manager with ARA Managers (APF) Pte Ltd., (private funds division of ARA), where he handled the accounting, finance and treasury functions. Prior to that, he was Finance Manager with Fortune Real Estate Investment Trust and Senior Accountant with Ascendas Land (Singapore) Pte Ltd and Lindeteves-Jacoberg Limited.

Mr Ng holds an ACCA (Association of Chartered Certified Accountants, UK) qualification and is also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

Ms Cassandra Seet

Manager, Investor Relations

Ms Cassandra Seet oversees the Investor Relations function and is responsible for maintaining timely and transparent communications with ALOG's Unitholders, investors, analysts and the media.

Ms Seet has over 10 years of experience in investor relations and communications. Prior to joining the Manager, she was managing investor relations for an IPO. She was also previously with public and investor relations consultancy, Citigate Dewe Rogerson, as well as managing investor relations for Sabana Shari'ah Compliant REIT. Ms Seet began her career with the investment team in AIA Singapore, in roles associated with middle office reporting and operations.

Ms Seet holds a Bachelor of Science (Banking and Finance) from Singapore Institute of Management (University of London).

The Property Manager

Front row:
Wayne Tan

Middle row (left to right):
Chan Wei Chie, David Wong and Koh Ming Hong

Back row (left to right):
Ong Siew May, Chan Li Ying, Sarah Norlina, Win Myat Thu, Des Pabustan, Jaslyn Poon, Penny Yeo, Jeffrey Koh, Joyce Teng, Christina Huang and Tracy Wong

Wayne Tan
General Manager

Mr Wayne Tan is responsible for overseeing the property and lease management functions relating to ALOG's property portfolio. Prior to his current appointment, Mr Tan was the Senior Asset and Investment Manager for LOGOS SE Asia Pte Ltd where he was involved in the asset management for LOGOS' South East Asia businesses and growing the Singapore portfolio.

Mr Tan has more than 7 years of experience in the real estate industry covering asset management, lease management, leasing, and marketing. Prior to joining LOGOS, Mr Tan was Senior Asset Manager of Ascendas Funds Management (S) Pte Ltd, the manager of Ascendas REIT (A-REIT), responsible for formulating and executing asset management strategies for a portfolio with AUM $2.0 billion.

Mr Tan holds a Bachelor of Engineering (Bioengineering)(Hons) from the Nanyang Technological University, under the Singapore Scholarship Programme, part of the Singapore Cooperation Programme (SCP) administered by the Technical Cooperation Directorate of the Ministry of Foreign Affairs, Singapore.

David Wong
Head of Finance

Mr David Wong is responsible for the accounting, finance and lease management functions relating to ALOG's property portfolio.

Mr Wong has over 21 years of experience in accounting, internal control, tax and finance-related work. Prior to joining the Property Manager, he was Finance Manager with Cambridge Industrial Property Management Pte. Ltd., the Property Manager for Cambridge Industrial Trust (now known as ESR-REIT) and was previously Assistant Finance Manager with OCBC Property Services Pte Ltd.

Mr Wong graduated from Edith Cowan University in Perth, Australia with a Bachelor of Business (Accounting) degree and holds a Diploma in Management Accounting & Finance from National Productivity Board.

Koh Ming Hong
Head of Marketing & Lease Operations

Ms Koh Ming Hong is responsible for leasing and lease operations for the Manager. Ms Koh has more than 20 years of experience in real estate working in Leasing, Asset and Portfolio Management. Prior to joining the Manager, she was the Portfolio Manager at Ascendas Funds Management heading the Hi-Specs and Integrated Development, Amenities and Retail portfolio.

Prior to that, she was with the Robinsons Group involving in retail leasing for Singapore and Malaysia, and she started her retail career with Toshin Development in tenant management and planning roles.

Ms Koh holds a Bachelor of Arts and Social Sciences degree from the National University of Singapore.

Chan Wei Chie
Head of Property Management

Mr Chan Wei Chie is responsible for procurement, property and project management functions relating to ALOG's property portfolio.

Mr Chan has more than 18 years of experience in delivering property management services to various diverse institutional, commercial, healthcare, and industrial buildings.

Prior to joining the Property Manager, he assumed the role of Senior Manager with Ascendas Services Pte Ltd, the property manager of Ascendas REIT (A-REIT) and was also previously Deputy General Manager with CPG FM Pte Ltd.

Mr Chan holds a Bachelor of Applied Science (Construction Management) (Hons) degree from RMIT University and a Master of Science (Real Estate) from the National University of Singapore.

Investor Relations

The Manager is committed in continuous proactive engagement with ALOG's stakeholders to deliver accurate, timely and transparent communication. It is guided by the principles of timeliness, objectivity, transparency and fairness in its communications with Unitholders and the investment community and is committed towards upholding them, while taking a proactive approach in engaging all stakeholders and fostering good long-term working relationships.

Proactive Engagement with Investors

The Manager of ALOG regularly engages with investors across various platforms. This included attending meetings, conference calls and investor conferences throughout the year. The Manager participates in various equity and property conferences and roadshows locally and overseas. Despite the challenges brought about by the COVID-19 pandemic, ALOG continues to engage with the investment community virtually via both private and public forums. In FY2020, the Manager participated in selected virtual investor events, such as REITS Symposium 2020, Invest Singapore 2020 and SGX-Credit Suisse Real Estate Corporate Day to increase profiling of ALOG amongst the investment community. The Manager also regularly participates in the Annual REITs Symposium to engage retail investors, jointly organised by ShareInvestor and the REIT Association of Singapore ("**REITAS**"), as part of the ARA Group. ALOG is a member of the REITAS and the Investor Relations Professionals Association of Singapore.

In conjunction with the release of ALOG's results, results briefings and teleconference calls were also organised. These interactions allow the Manager to communicate material information, strategic and performance updates on ALOG. Property site visits were also conducted for investors and analysts to better facilitate the understanding of ALOG's high-quality portfolio of properties and business operations.

FY2020 Investor Relations Calendar

2020

23 January	28 April	3 June	3 July	28 July	19 September	30 September
4Q and Full Year FY2019 Results Announcement	1Q FY2020 Business Updates	Annual General Meeting	Awarded "2020 Singapore Corporate Renewable Energy Company Of The Year" by Frost & Sullivan	1H FY2020 Results Announcement	2020 REITS Symposium jointly organised by ShareInvestor and REITAS	SGX-Credit Suisse Real Estate Virtual Corporate Day

Transparent and Regular Communication Across Various Channels

ALOG's website (https://www.aralogos-reit.com/) is regularly updated to keep various stakeholders abreast of the latest updates on the REIT, including announcements, press releases, corporate earnings results and other pertinent information.

The Annual General Meeting ("**AGM**") remains an important channel of communication between the Board of Directors, the Manager and Unitholders of ALOG. The 10th AGM, which was convened on 3 June 2020, was well-attended by Unitholders and Unitholders' proxies. Due to the COVID-19 safe distancing measures, the AGM was conducted via electronic means, in line with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The AGM was electronically accessible via live audio-visual webcast or live audio-only stream. The Manager also addressed substantial and relevant questions submitted in advance by Unitholders at the AGM.

The AGM serves as an important platform for the Board of Directors and the Manager to communicate its long-term plans and strategies, interact and actively engage retail investors in their enquiries and discussions about ALOG. The voting for all AGM resolutions was conducted via electronic polls and all resolutions were duly passed.

Extraordinary General Meetings ("**EGMs**") are held, when required, to discuss specific issues and seek Unitholders' approval for material transactions. On 23 December 2020, ALOG held an EGM to obtain Unitholders' approval in relation to the acquisition of five logistics properties in Brisbane, Australia, and fund investments of 49.5% interest in the New LAIVS Fund and 40.0% interest in the OP Fund from its Sponsor, LOGOS. Unitholders expressed strong support with majority of the votes cast in favour of all proposed resolutions.

Voting results for all proposed resolutions set forth at ALOG's AGMs and EGMs were counted and validated by an independent scrutineer. The voting results were announced during the general meetings and uploaded on SGX-ST on the same day. The minutes of ALOG's general meetings, which include details of Unitholders' queries and responses, are also made available on SGX-ST and ALOG's website.

Coverage by Equity Research Houses

Analyst engagement remains a core part of the Manager's investor relations programme. During the financial year, the REIT Manager continued to proactively engage analysts and there are currently five equity research houses which provide equity research coverage on ALOG. They are (in alphabetical order):

1. CGS - CIMB Research Pte. Ltd.
2. DBS Group Research
3. Maybank Kim Eng Securities
4. RHB Research Institute Singapore
5. UOB Kay Hian Research

Unitholder Enquiries

For more information on ALOG, please contact the Manager via:

Ms Cassandra Seet
Manager, Investor Relations
ARA LOGOS Logistics Trust Management Limited
Tel: (65) 6428 7769
Email: alog-enquiry@ara-logos.com

26 October
3Q FY2020 Business Updates

18 November
Invest Singapore 2020 jointly organised by SGX and CGS-CIMB

26 November
The International Annual Report Design Award 2020
- Cover Design - Gold Winner
- Integrated Presentation - Silver Winner

(Cache Logistics Trust FY2019 Annual Report)

23 December
Extraordinary General Meeting

2021

8 January
12th Credit Suisse ASEAN Conference

26 January
2H and Full Year FY2020 Full Year Results Announcement

MAKING THE RIGHT MOVES

S$404.4 MILLION

Portfolio Acquisition

Announced Maiden Portfolio Acquisition
Post Rebranding in October 2020

TRANSFORMATIONAL GROWTH JOURNEY

Growing Footprints in Australia,
A Key Logistics Market

ANNOUNCED PROPOSED PORTFOLIO ACQUISITION FROM SPONSOR, LOGOS

Demonstrates Sponsor's
Commitment to Grow ALOG

41-51 Mills Road, Braeside, Victoria, Australia

Operations and Financial Review

DRIVING STEADFAST GROWTH

As at 31 December 2020, ALOG's portfolio comprised 27 logistics properties measuring over 9.0 million sq ft strategically located in established logistics clusters across Singapore and Australia.

ALOG's diversified portfolio encompasses a broad spectrum of end-users from various industry sectors ranging from industrial/consumer goods to e-commerce and cold storage.

ALOG's properties in Singapore are located in major logistics clusters such as the Airport Logistics Park of Singapore ("**Alps**"), Changi International LogisPark and the new Tampines LogisPark, which are near to the airport, as well as the Penjuru, Pandan and Gul Way areas, enjoying proximity to the seaports and at least half of the container yards in Singapore.

In Australia, ALOG owns and manages a portfolio of 17 logistics assets which are well-located in established industrial precincts in the major trade and distribution cities of Melbourne, Sydney, Brisbane and Adelaide.

	As at 31 December 2020	As at 31 December 2019	As at 31 December 2018
Number of Properties	27 Properties 10 in Singapore 17 in Australia	27 Properties 10 in Singapore 17 in Australia	26 Properties 10 in Singapore 16 in Australia
Portfolio Value	S$1,281.0	S$1,255.9 million	S$1,269.0 million
Gross Floor Area ("**GFA**")	9.0 million sq ft	9.0 million sq ft	8.6 million sq ft
Average Building Age	16.5 years	15.5 years	14.2 years
Number of Tenants	75	72	66
Tenant Trade Sector	100% Logistics and Warehousing	100% Logistics and Warehousing	100% Logistics and Warehousing
Portfolio Committed Occupancy	98.5%	95.3%	95.0%

Singapore

1. ALOG Commodity Hub
2. ALOG Cold Centre
3. Pandan Logistics Hub
4. ALOG Gul LogisCentre
5. Schenker Megahub
6. ALOG Changi DistriCentre 1
7. ALOG Changi DistriCentre 2
8. Pan Asia Logistics Centre
9. Air Market Logistics Centre
10. DHL Supply Chain Advanced Regional Centre

Australia

11. 51 Musgrave Road, Coopers Plains, QLD
12. 196 Viking Drive, Wacol, QLD
13. 203 Viking Drive, Wacol, QLD
14. 223 Viking Drive, Wacol, QLD
15. 11 - 19 Kellar Street, Berrinba, QLD
16. 127 Orchard Road, Chester Hill, NSW
17. 3 Sanitarium Drive, Berkeley Vale, NSW
18. 16 - 28 Transport Drive, Somerton, VIC
19. 217 - 225 Boundary Road, Laverton North, VIC
20. 16 - 24 William Angliss Drive, Laverton North, VIC
21. 151 - 155 Woodlands Drive, Braeside, VIC
22. 41 - 51 Mills Road, Braeside, VIC
23. 67 - 93 National Boulevard, Campbellfield, VIC
24. 41 - 45 Hydrive Close, Dandenong South, VIC
25. 76 - 90 Link Drive, Campbellfield, VIC
26. 404 - 450 Findon Road, Kidman Park, SA
27. 182 - 198 Maidstone Street, Altona, VIC

Operations and Financial Review

Disciplined execution of portfolio rebalancing & growth strategy – acquisition of five logistics properties in Queensland, Australia and investments in 49.5% and 40.0% stakes in two funds

ALOG continues to be committed to augmenting growth and earnings sustainability through the disciplined acquisitions of quality, well-located assets that add scale and strategic value to the portfolio, longer WALEs, geographical diversification and lowering of tenant concentration risk.

On 26 October 2020, ALOG announced the Acquisitions and Fund Investments (as defined herein) post rebranding from ventures managed by its Sponsor, LOGOS. The Acquisitions and Fund Investments comprise five logistics properties in Queensland, Australia (being, (1) 8 Curlew Street, Port of Brisbane, (2) 1-5 & 2-6 Bishop Drive, Port of Brisbane, (3) 53 Peregrine Drive, Port of Brisbane, (4) Corner Heron Drive and Curlew Street, Port of Brisbane and (5) 47 Logistics Place, Larapinta (collectively, the "**New Australia Properties**"), and fund investments of 49.5% interest in the New LAIVS Trust (the "**New LAIVS Fund**") and 40.0% interest in the Oxford Property Fund (the additional "**OP Fund**, and together with the New LAIVS Fund, the "**Australia Funds**") for approximately S$404.4 million[1].

In relation to the Acquisitions and Fund Investments, ALOG, through its wholly-owned subsidiaries, entered into, amongst others, the following agreements:

(i) a sale and purchase agreement (the "**LP Sale and Purchase Agreement**") with Perpetual Corporate Trust Limited, in its capacity as (i) trustee of the LP Bishop Holding Trust and (ii) trustee of the LP Bishop Operating Trust (the "**LP Bishop Operating Trustee**"), to:
   a. indirectly acquire two logistics properties located at 1-5 & 2-6 Bishop Drive, Port of Brisbane and 8 Curlew Street, Port of Brisbane, via an acquisition of 100.0% interest in each of the property holding trusts, being LP Bishop Asset Trust and LP Curlew Asset Trust, respectively; and
   b. directly acquire a third logistics property at 53 Peregrine Drive, Port of Brisbane by executing a separate contract for commercial land and buildings with the LP Bishop Operating Trustee in accordance with the terms of the LP Sale and Purchase Agreement;

Note:
1 For more details, please refer to the circular to Unitholders dated 8 December 2020.

(ii) a separate contract for commercial land and buildings with The Trust Company (Australia) Limited, in its capacity as trustee of the LP Heron Asset Trust, to directly acquire a fourth logistics property located at Corner Heron Drive and Curlew Street, Port of Brisbane;
(iii) a unit sale and purchase agreement with The Trust Company (Australia) Limited, in its capacity as trustee of LAIV Sub Trust, to indirectly acquire the fifth logistics property located at 47 Logistics Place, Larapinta via an acquisition of a 100.0% interest in the property holding trust, being Larapinta Property Asset Trust; and
(iv) separate unit sale and purchase agreements with Perpetual Corporate Trust Limited, in its capacity as trustee of LOGOS Australia Investment Venture Holding Trust, and Perpetual Trustee Company Limited, in its capacity as trustee of LAIV New Subtrust, to invest in the Australia Funds.

Three independent valuers, Colliers International Valuation & Advisory Pty Ltd ("**Colliers**"), Savills Valuations Pty Ltd ("**Savills**") and CBRE Valuations Pty Limited ("**CBRE**") were commissioned, and the valuations were conducted using the capitalisation approach and discounted cash flow analysis methods. The valuations of the New Australia Properties as at 1 October 2020 conducted by Colliers and Savills were A$245.1 million (approximately S$239.7 million) and A$245.6 million (approximately S$240.2 million), respectively.

The properties held by the New LAIVS Fund were in aggregate valued at A$463.3 million (approximately S$453.1 million) as at 1 October 2020 based on the independent valuations obtained from CBRE (in respect of the properties located in New South Wales) and Savills (in respect of the properties located in New South Wales). The property held by the OP Fund was valued at A$330.0 million (approximately S$322.7 million) by Savills as at 1 October 2020. The Trustee had separately obtained an independent valuation of the properties held by the Australia Funds from Colliers which were in aggregate valued at A$795.3 million (approximately S$777.8 million) as at 1 October 2020.

The aggregate consideration of S$404.4 million payable for the Acquisitions and Fund Investments comprises:

(i) a purchase price of approximately S$225.9 million for the acquisition of the New Australia Properties[2]; and
(ii) a purchase price of S$178.5 million in respect of the fund investments in the Australia Funds[3];

The acquisition portfolio comprises high-quality and prime logistics properties strategically located on freehold land or long-dated ground leases. They are also embedded in the heart of industrial hubs across the eastern seaboard cities of Brisbane, Sydney and Melbourne, near highways, central business districts, airports and seaports. Equipped with modern specifications and situated at favourable locations, these properties are well-positioned to capture the growing demand for prime logistics properties in key industrial precincts. Backed by a strong and reputable tenant base, which includes established names such as ACFS Port Logistics and Agility Logistics, the acquisition along with the new tenants, will further fortify ALOG's diversified and quality portfolio. In addition, the investments in the two funds will also provide visibility of a future growth pipeline, which includes pre-emptive rights over the balance 50.5% and 60.0% stakes in the New LAIVS Fund and OP Fund, respectively. The completion of the Acquisitions and Fund Investments will be subject to, amongst others, receiving FIRB Approval[4].

Australia's industrial and logistics market, especially the Eastern Seaboard cities, continues to be highly sought after by investors due to its strong market fundamentals, limited supply and favourable demographics. The properties have a freehold and/or long land tenure and enjoy longer WALEs, providing a good balance to ALOG's predominantly Singapore-based portfolio. In addition, it will help further enhance ALOG's portfolio fundamentals and provide the benefits of income and geographical diversification.

Notes:
2 Including 100% of the purchase price of Corner Heron Drive and Curlew Street, Port of Brisbane.
3 Investments in the New LAIVS Fund and the OP Fund would be classified as an investment in real estate-related assets under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.
4 "**FIRB**" refers to Australia's Foreign Investment Review Board. "**FIRB Approval**" refers to the requirement under Australia's foreign investment regime for investors in the Acquisitions and Fund Investments who are "foreign persons" to notify and receive a prior no objections notification to such investments or an exemption certificate covering the investments.

Operations and Financial Review

PROPERTY VALUATION

As at 31 December 2020, ALOG's portfolio was valued at S$1,281.0 million.

Singapore's portfolio valuation was lower by 1.9% on a y-o-y basis at S$834.7 million due to a shorter remaining land lease tenure at ALOG Commodity Hub and valuer's assumption of lower market rent for Schenker Megahub.

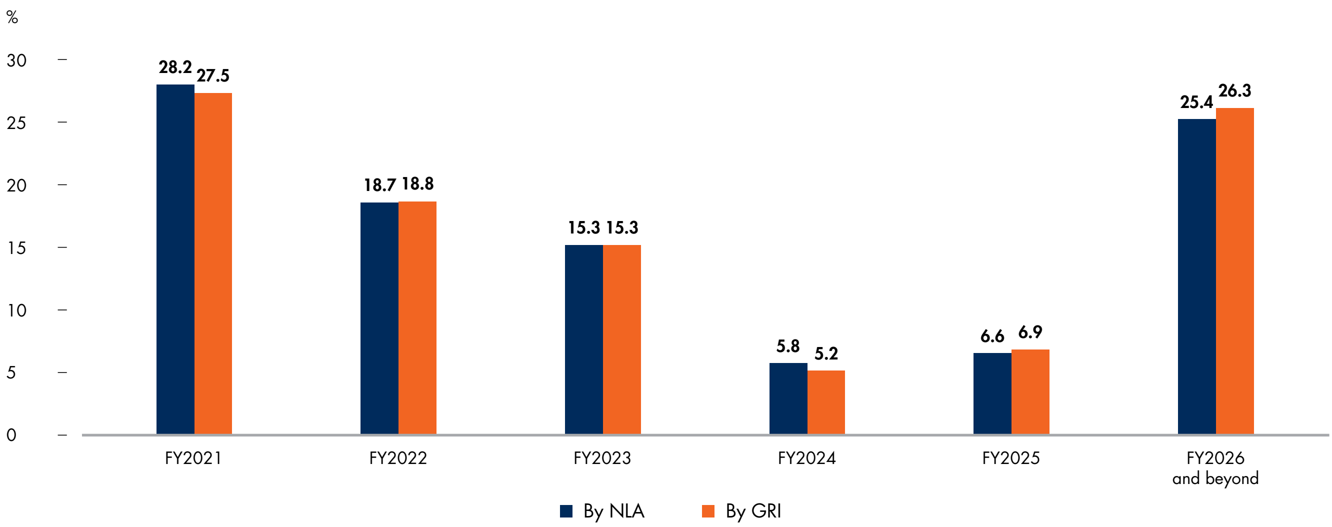
Conversely, Australia's portfolio valuation increased by 2.5% y-o-y in Australian dollar terms due to capitalisation rate compression, and up by 10.3% y-o-y in Singapore dollar terms due to the appreciation of Australian dollar against Singapore dollar.

As at 31 December 2020, the Australia portfolio made up 41.2% of portfolio NLA and 34.8% of portfolio valuation.

STABLE LEASE STRUCTURE AND WELL-STAGGERED EXPIRY PROFILE

ALOG's quality portfolio is underpinned by a relatively long WALE and a well-staggered lease expiry profile with attractive annual step-up rents. The leases due over the next two years in FY2021 and FY2022 account for approximately 27.5% and 18.8% of ALOG's Gross Rental Income ("**GRI**") respectively. More than half of all leases are committed till FY2023 and beyond. The portfolio lease expiry profile and lease expires from FY2021 to FY2026 and beyond are as follows:

Portfolio Lease Expiry Profile



	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 and beyond	Total
Number of leases expiring	29	22	23	8	8	8	98
Total NLA of expiring leases (sq ft)	2,419,063	1,609,078	1,317,464	497,923	570,805	2,187,011	8,601,344

As at 31 December 2020, the WALE of ALOG's portfolio stood at 2.8 years by both NLA and GRI. The WALE of new leases, based on the date of commencement of the leases, was 2.8 years, and these leases account for approximately 30.9% of the total leases by GRI.

	Singapore	Australia	Portfolio
WALE by NLA (years)	2.9	2.5	2.8
WALE by GRI (years)	2.9	2.6	2.8

ACTIVE PORTFOLIO MANAGEMENT

ALOG achieved a stronger portfolio committed occupancy of 98.5% as at 31 December 2020 as compared to 95.3% as at 31 December 2019 on the back of a robust lease management strategy. The Singapore portfolio's committed occupancy of 98.7% is significantly higher than the Singapore industrial warehouse average occupancy rate of approximately 89.9%[1] in the final quarter of FY2020. The strong portfolio committed occupancy rate achieved in FY2020, despite a challenging operating environment, demonstrates the resilience and quality of ALOG's portfolio.

	Singapore	Australia	Portfolio
Portfolio Committed Occupancy (%)	98.7	98.3	98.5

Strong Leasing Activity in FY2020

In FY2020, ALOG inked a total of 29 leases[2], totalling approximately 2,611,900 sq ft or 29.9% of ALOG's portfolio NLA. This included approximately 1,917,900 sq ft of renewals and 694,000 sq ft of new leases signed during the year. This translates into a commendable tenant retention ratio of approximately 79.0% in FY2020 on a NLA basis. The high tenant retention rate in FY2020 was largely attributable to the lease renewals by CWT and other tenants at ALOG Commodity Hub, and Metcash's renewal at Kidman Park. The Manager regularly engages existing and new tenants in early negotiations to secure forward commitments ahead of expiry and enhance income certainty.

Property	Number of leases secured	Total area of secured leases (sq ft)
ALOG Commodity Hub	16	980,022
ALOG Cold Centre	4	136,602
Schenker Megahub	1	439,789
ALOG Changi DistriCentre 1	1	30,199
Air Market Logistics Centre	1	67,564
Pandan Logistics Hub	3	134,532
404 – 450 Findon Road, Kidman Park, SA	1	632,869
16 – 24 William Angliss Drive, Laverton North, VIC	1	92,355
182 – 198 Maidstone Street, Altona, VIC	1	98,017
Total	**29**	**2,611,949**

Notes:
1 JTC Quarterly Market Report, 4Q 2020.
2 Excluding short-term leases.

Operations and Financial Review

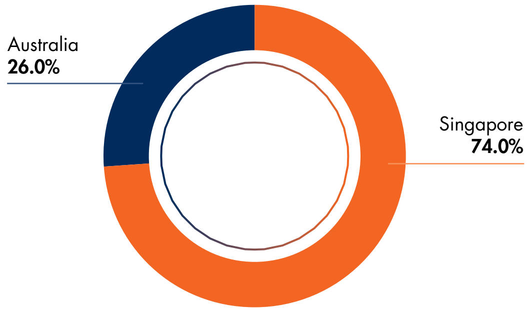
INCOME AND GEOGRAPHICAL DIVERSIFICATION

Approximately 26.0% of FY2020 Gross Revenue was derived from properties located outside of Singapore as at 31 December 2020.

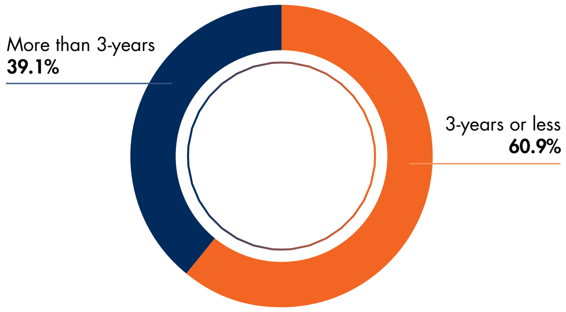
The current single-tenanted (previously referred to as master lease) lease agreements in Singapore are structured with triple-net or single-net rental and built-in rental escalations of up to 3.0% over the lease term. For the Australia portfolio, the single-tenanted leases come with built-in annual rental escalations of between 2.5% and 4.0% or pegged to the yearly percentage change in the local Consumer Price Index.

Multi-tenanted properties contributed to 71.2% of FY2020 Gross Revenue while single-tenanted properties contributed to the remaining 28.8%.

Geographical/Income Diversification
(by Gross Revenue)



Lease Terms
(by GRI)



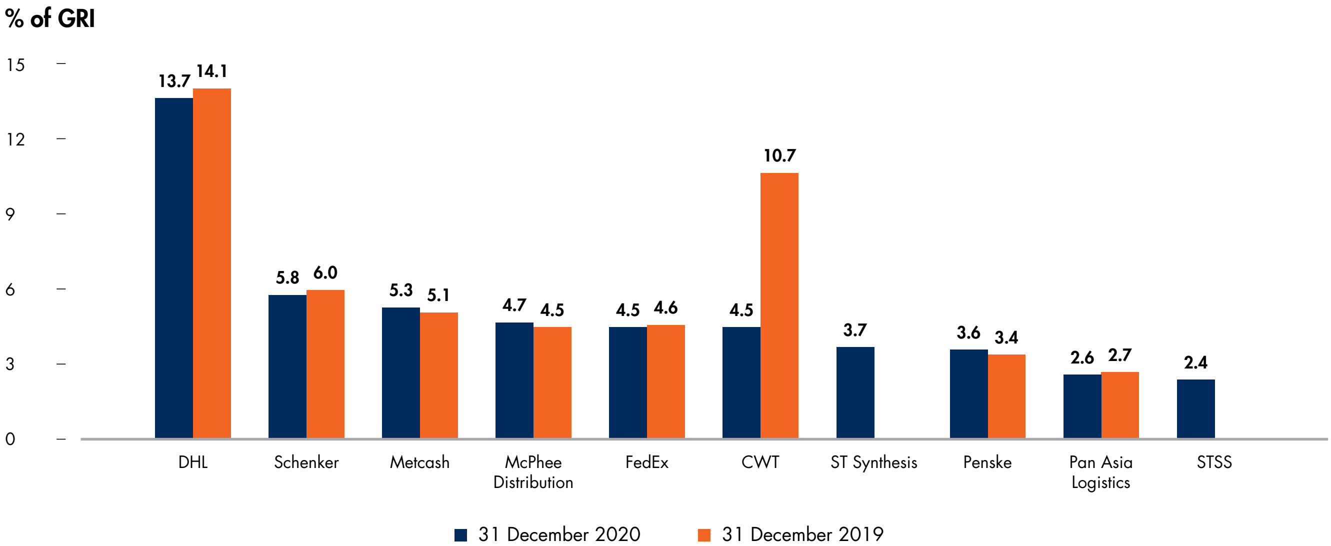
HIGH QUALITY AND DIVERSIFIED TENANT/ END-USERS

ALOG's diversified and high-quality tenant and end-user base spreads across various industry and trade sectors such as industrial and consumer goods, food and cold storage, materials, engineering and construction, healthcare, automotive, aerospace and e-commerce. The diverse customer base underpins the resilience of ALOG's cash flows and stability of its operational performance. This diversification across trade sectors also enables ALOG to mitigate its concentration risk from any single tenant.

	Industry/ Trade Sectors	% of NLA	% of GRI
1	Industrial & Consumer Goods	67.8	62.8
2	Food and Cold Storage	13.5	16.0
3	Healthcare/ BioPharmaceuticals	4.6	6.2
4	Aerospace	2.4	2.3
5	Automotive	2.4	2.7
6	Information Technology	3.2	4.1
7	Materials, Engineering, Construction	1.1	1.2
8	E-commerce	3.7	2.8
9	Others	1.3	1.9

The rental obligations of its tenants, which are supported by security deposits in the form of cash or bank and corporate guarantees, averaged approximately five months as at 31 December 2020.

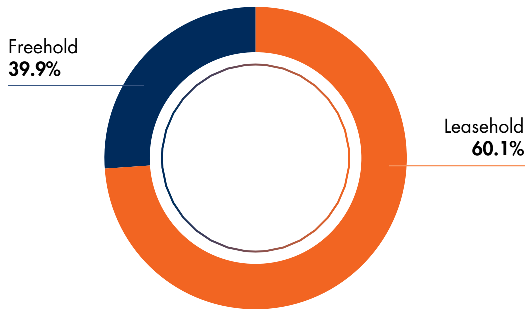
TOP 10 TENANTS BY GRI



HEALTHY CONCENTRATION OF FREEHOLD AND LONG LEASEHOLD ASSETS

Properties located on freehold land accounted for approximately 39.9% of the portfolio's GFA. The weighted average unexpired land lease tenure as at 31 December 2020 was 53.7 years[1]. Excluding freehold land, the weighted average unexpired lease term for underlying leasehold land (by GFA) was approximately 23.6 years.

Freehold/ Leasehold Properties
(by GFA)



Operations and Financial Review

FINANCIAL REVIEW

Financial Highlights

Financial Year Ended 31 December	FY2020 S$'000	FY2019 S$'000	Change %
Gross Revenue	117,432	113,555	3.4
Property Expenses	(27,442)	(27,711)	(1.0)
Net Property Income	**89,990**	**85,844**	**4.8**
Distributable Income	**58,828**	**59,770**	**(1.6)**
- From Operations	*57,565*	*58,042*	*(0.8)*
- From Capital	*1,263*	*1,728*	*(26.9)*
Distribution Per Unit (in Singapore cents)	**5.250**	**5.523**	**(4.9)**
- From Operations	*5.139*	*5.363*	*(4.2)*
- From Capital	*0.111*	*0.160*	*(30.6)*

In FY2020, gross revenue increased 3.4% to S$117.4 million from S$113.6 million in FY2019. The increase in revenue was mainly due to the commencement of new leases at ALOG Commodity Hub, ALOG Gul LogisCentre and ALOG Changi DistriCentre 1 as well as additional revenue from DHL Supply Chain ARC. This was, however, partially offset by transitory downtime between leases at Pandan Logistics Hub and ALOG Cold Centre and a lease expiry at 11-19 Kellar Street, Berrinba.

NPI for FY2020 was S$90.0 million, an increase of S$4.1 million or 4.8% compared to FY2019. The increase in NPI was mainly attributable to higher revenue and lower operating expenses for the Singapore portfolio. This was partially offset by the allowance for doubtful debts for certain Australia properties and higher operating expenses from the property in Altona, Victoria, Australia, acquired in April 2019.

In FY2020, net financing costs stood at S$19.8 million, 7.8% lower than a year ago. The lower net financing costs was mainly due to lower floating interest rates, recurring interest savings following the completion of a A$140.0 million term loan refinanced in February 2020 as well as lower amount of revolving credit facility drawn as compared to FY2019.

FY2020 Distributable Income was S$58.8 million, a decrease of S$0.9 million, or 1.6% lower than FY2019. As a result, FY2020 DPU was 5.250 cents in FY2020, 4.9% lower as compared to 5.523 cents in FY2019. DPU fell y-o-y due to one-off distributions in FY2019 and an enlarged unit base due to the Private Placement units issued on 11 November 2020 and Preferential Offering units issued on 25 January 2021 to fund the Acquisitions and Fund Investments[1]. However, on a like-for-like basis, excluding capital and one-off distributions, DPU would have been 8.8% higher y-o-y.

ALOG raised total gross proceeds of S$100.0 million from an issuance of 90,498,000 units via private placement (the "**Private Placement**") and 91,112,930 units via preferential offering that were issued on 11 November 2020 and 25 January 2021, respectively. As at 31 December 2020, S$21.0 million of the gross proceeds from the Private Placement (which is equivalent to 42.0% of the gross proceeds of the Private Placement) has been utilised to partially finance the acquisition of five logistics properties located in Australia and the fund investments in 49.5% interest in the New LAIVS Fund and 40.0% interest in the OP Fund (the "**Acquisitions and Fund Investments**"), and on a short-term basis, S$23.0 million of the remaining gross proceeds from the Private Placement (which is equivalent to 46.0% of the gross proceeds of the Private Placement) has been utilised to repay the loan amount of S$23.0 million which was previously drawn down from ALOG's revolving credit facility ("**RCF**"). The revolving credit facility will be redrawn down for the purposes of partially financing the Acquisitions and Fund Investments. The use of proceeds is currently in accordance with the stated use and the percentage allocated in the announcements dated 2 November 2020 titled "Launch of Placement of New Units in ARA LOGOS Logistics Trust to Raise Gross Proceeds of No Less Than Approximately S$50.0 million, Subject to an Upsize Option" and 23 December 2020 titled "Launch of Preferential Offering to Raise Gross Proceeds of Approximately S$50 Million".

ALOG currently distributes 100% of its taxable and tax-exempt income.

Note:
1 On 11 November 2020, 90.5 million new units were issued in relation to the Private Placement (please refer to the announcement dated 11 November 2020). On 25 January 2021, 91.1 million new units were issued in relation to the Preferential Offering (please refer to the announcement dated 25 January 2021). Please refer to the announcement dated 26 October 2020 for the full details of the Acquisitions and Fund Investments.

Balance Sheet

	FY2020 S$'000	FY2019 S$'000
Investment Properties	1,355,864	1,333,939
Total Assets	**1,412,466**	**1,358,664**
Debt, at amortised cost	(518,767)	(509,839)
Total Liabilities	**(632,374)**	**(617,704)**
Net Assets Attributable to Unitholders	678,545	639,413
Net Assets Attributable to Perpetual Securities Holders	101,547	101,547
NAV per unit	**0.57**[1]	**0.59**[2]

TOTAL ASSETS AND NAV

As at 31 December 2020, the total assets of ALOG increased by 4.0%, or S$53.8 million, to S$1.41 billion. The increase was mainly due to investment properties which were valued at S$1,281.0 million as at 31 December 2020 (31 December 2019: S$1,255.9 million) and deposits paid in relation to the Acquisitions and Fund Investments[3], using the proceeds raised from the Private Placement.

Net assets attributable to Unitholders increased 6.1% to S$678.5 million as at 31 December 2020 (31 December 2019: S$639.4 million) mainly attributable to the increase in value in investment properties and the gross proceeds raised from the Private Placement. The NAV of ALOG was $0.57 per Unit as at 31 December 2020.

OVERVIEW

The Manager continues to adopt a disciplined and prudent approach towards managing its capital structure, ensuring sufficient financial flexibility to facilitate access to capital resources at a competitive cost and further strengthening its balance sheet.

FUNDING SOURCES

ALOG has access to diversified sources of funding, including debt capital markets, equity capital markets and bilateral bank loan facilities. The Manager maintains strong, diversified banking relationships with reputable banks in various markets where it has a presence.

ALOG's total debt stood at S$521.9 million[4] as at 31 December 2020. Approximately S$53.0 million (10.2% of total borrowings) will mature within the next 12 months. In the first quarter of FY2020, ALOG partially repaid S$37.0 million of the S$90.0 million term loan using the loan drawn down from the new Australia dollar loan facility secured in February 2020, following the refinancing of the A$48.5 million term loan. The new Australia dollar loan facility secured during the year comprises of a A$140.0 million term loan and a RCF of A$15.0 million.

ALOG's weighted average debt to maturity remains well-spread at 3.1 years as at 31 December 2020.

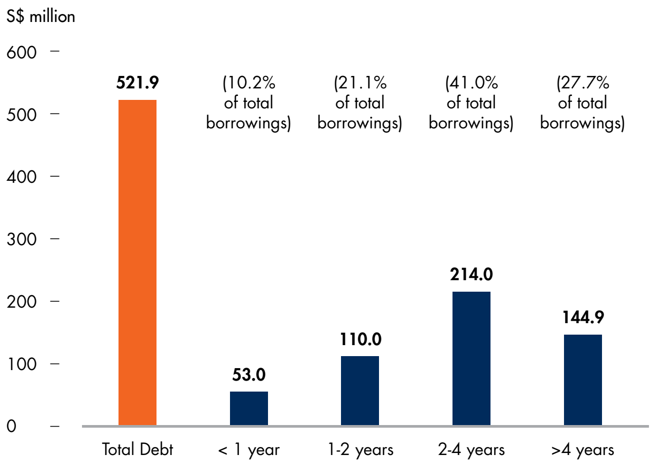
	Type	Capacity (S$ million)	Amount Utilised (S$ million)	% Utilised
Revolving Credit Facility	Unsecured	65.0	8.0	12.3%
Revolving Credit Facility	Secured	15.2	2.6	17.1%
Bank Borrowings	Secured	142.3	142.3	100.0%
Bank Borrowings	Unsecured	383.0	369.0	96.3%

Notes:
1 Based on 1,186,965,979 Units (excludes the preferential offering Units issued on 25 January 2021).
2 Based on 1,085,818,549 Units.
3 Please refer to the announcement dated 26 October 2020 for more details on the Acquisitions and Fund Investments.
4 Outstanding interest-bearing borrowings exclude unamortised loan transaction costs.

Operations and Financial Review

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2020[1]

Maturity Date	S$ million	% of total borrowings
Due in 2021	53.0	10.2
Due in 2022	–	–
Due in 2023	110.0	21.1
Due in 2024	214.0	41.0
Due in 2025	144.9	27.7
	521.9	**100.0**



AGGREGATE LEVERAGE

As at 31 December 2020, the aggregate leverage ratio was lower at 39.0% (31 December 2019: 40.1%) and the interest cover ratio improved to 4.0 times (31 December 2019: 3.8 times). The weighted average debt maturity was also well-spread at 3.1 years as at 31 December 2020 (31 December 2019: 3.3 years).

DISCIPLINED HEDGING STRATEGIES

ALOG continues to maintain a relatively strong hedging profile to mitigate the volatility of interest rates on its distribution income. Approximately 69.1% of ALOG's total borrowings has been hedged into fixed rates as at 31 December 2020. 84.9% of the Singapore-dollar borrowings and 28.0% of the onshore Australian-dollar borrowings were hedged into fixed rates with an average term of 2.4 years. The fair value of these derivative financial instruments was 1.8% (31 December 2019: 1.0%) of ALOG's net assets.

ALOG manages its foreign currency exposure for its assets and liabilities in other currencies by borrowing in the same currency to serve as natural currency hedge. About 88.8% of ALOG's distributable income has been hedged into or was derived in Singapore dollars, resulting in minimal exposure to foreign currency risk. As at 31 December 2020, the Australian-dollar borrowings amounted to approximately 32.5% of Australia's portfolio value. ALOG will continue to prudently monitor the foreign exchange and interest rate markets to minimise foreign currency and interest rate risks.

CORPORATE LIQUIDITY AND CAPITAL RESOURCES

Financial Year Ended 31 December	FY2020 (S$ million)	FY2019 (S$ million)
Financial Resources and Liquidity		
Total Borrowings[2]	521.9	513.3
Undrawn RCF	69.7	17.4
Cash and Cash Equivalents	26.4	15.3
Total Available Undrawn RCF and Cash	96.1	32.7
Weighted Average Debt Maturity	**3.1 years**	**3.3 years**
Aggregate Leverage Ratio	**39.0%**	**40.1%**
Average All-in Cost of Financing	**3.22%**	**3.84%**
Interest Cover Ratio	**4.0 times**	**3.8 times**

Notes:
1 Based on an exchange rate of S$1.00 = A$1.0166.
2 Outstanding interest-bearing borrowings exclude unamortised loan transaction costs.

Risk Management

The Manager recognises that effective and proactive risk management is an important part of ALOG's business strategy. The Board and Audit Committee ("**AC**") are responsible for ensuring that the Manager establishes robust risk management policies and procedures to safeguard ALOG's assets and address its strategic enterprise, operational, financial and compliance risks.

ALOG's enterprise risk management framework (the "**ERM Framework**") is adapted from The Committee of Sponsoring Organisations of the Treadway Commission (the "**COSO Model**"). The COSO Model is designed to provide reasonable assurance on safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

The Manager applies the ERM Framework as a structured process in making risk based strategies and decisions across respective functions; identifying potential issues and events that may affect ALOG; managing risks to an acceptable level and within risk appetite as approved by the Board and AC; and providing assurance to the Board that the system of risk management and internal controls are adequate and effective in mitigating the identified risks.

In its ERM Framework, key risks and mitigating controls are identified and monitored in the risk profile and reviewed by the Manager and the AC on a regular basis. The risk profile highlights the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks, within the risk appetite or tolerance approved by the Board. In addition, the internal auditors perform a review of the risk profile as part of the internal audit plan approved by the AC, providing additional assurance to the AC on the adequacy and effectiveness of the internal control system.

KEY RISKS & MITIGATING ACTIONS IN FY2020

Operational Risk:

ALOG strictly adheres to a set of agreed Standard Operating Procedures ("**SOPs**") to identify, monitor and manage operational risks. The SOPs are reviewed periodically to ensure relevance and effectiveness of its operational activities. In addition, compliance is reinforced by staff training and regular checks by the internal auditors.

A Business Continuity Plan ("**BCP**") is in place to mitigate the business continuity risk of interruptions or catastrophic loss to its operations. In addition, ALOG's properties are professionally managed and properly insured in accordance with current industry practices. Compliance is further reinforced by staff training and regular audit. The outsourced Information Technology ("**IT**") team from the Manager's parent company ARA has in place a disaster recovery plan which is reviewed and tested periodically.

Risk Management

Leasing Risk:
The Manager employs a good mix of leasing strategies including proactively engaging tenants, spreading out the portfolio lease expiry profile, achieving a diversified tenant base to reduce concentration risk, engaging industry marketing experts to assist in leasing, working closing with its property managers to address lease expiries and providing custom-made real estate logistics solutions to existing and prospective tenants.

Strategic Risk:
Each new investment opportunity is subject to a rigorous, disciplined and thorough evaluation process based on an extensive set of investment criteria including, but not limited to, alignment with ALOG's investment mandate, asset quality, market valuation, yield accretion, expected returns, professional third-party due diligence, tenant's credit standing, future growth potential and sustainability of asset performance, taking into account the existing economic and financial market conditions.

Asset enhancement, development and/or redevelopment initiatives are initiated when necessary to ensure that ALOG's properties remain competitive. In managing development risks, the Manager has in place robust tender assessment and selection process as well as regular project control meetings to monitor and track development milestones and project budgets.

Financial Related Risks:
The Manager maintains an efficient use of cash and debt facilities to ensure sufficient liquidity to finance its operations and meet its financial obligations, working capital and capital expenditure commitments. The Manager ensures that funding sources are diversified and maturity profile of borrowings is well spread. Borrowings are refinanced early, where possible, to reduce refinancing risk and lengthen debt maturity. The Manager also adheres closely to the bank covenants in loan agreements and the property fund guidelines in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**MAS**").

Interest rate risk is managed on an ongoing basis, primarily by way of interest rate swaps, with the objective of limiting ALOG's exposure to adverse movements in interest rates.

Foreign exchange risks are managed for assets and liabilities in other currencies by means of borrowing in the same currency to provide a natural hedge, considering cost, tax and other applicable considerations. To mitigate foreign exchange risks, a significant portion of the net earnings received from its overseas portfolio are hedged with forward contracts and secured in Singapore-dollar terms.

Credit risk is mitigated by conducting rigorous due diligence and periodic tenant credit assessments. For new leases, credit evaluation is performed and, on an ongoing basis, tenant credit and arrears are closely monitored by the Manager. Credit risk is further mitigated through the upfront collection of security deposits from tenants of up to 12 months' rental.

Compliance Risk:
ALOG is subject to applicable laws and regulations of the various jurisdictions in which it operates, including the Listing Manual of the Singapore Exchange Securities Trading Limited, the Code of Corporate Governance, the Code on Collective Investment Schemes issued by the MAS and tax rulings issued by the Inland Revenue Authority of Singapore. The Manager, being a Capital Market Services Licence holder, is required to comply with the conditions of the Capital Markets Services Licence for REIT Management issued by the MAS under the Securities and Futures Act. Any changes to these regulations may affect ALOG's operations. ALOG has put in place policies and procedures with the necessary checklists to facilitate compliance with the applicable laws and regulations. The Manager works closely with external legal professionals and internal compliance support from ARA and LOGOS on legal and regulatory matters. The Manager stays well informed of the latest developments in the relevant laws and regulations through training and attending relevant seminars.

Human Capital Risk:
Human capital risk is mitigated by maintaining a robust human resource policy which includes careful screening of staff, fair and reasonable remuneration in line with industry conditions, personal development and training opportunities to enhance staff progression and retention in a conducive workplace.

Please also refer to Principle 9 of the Corporate Governance report for further information.

Singapore Industrial Property Market Review

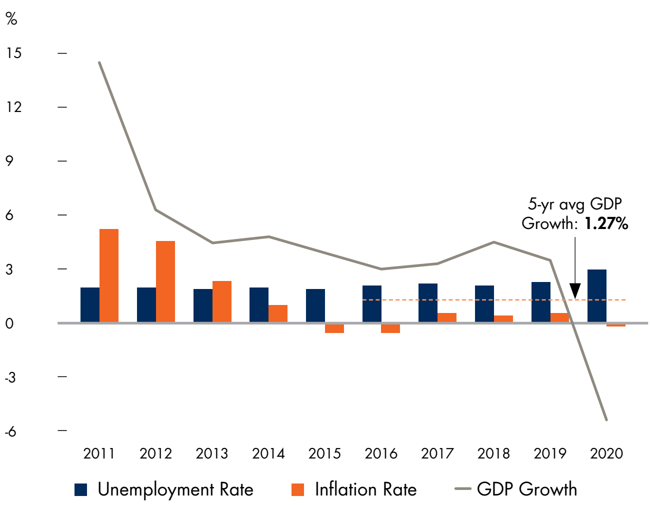
WAREHOUSE MARKET

Colliers International Singapore was appointed by HSBC Institutional Trust Services (Singapore) Limited ("**HSBCITS**"), as trustee of ALOG, to conduct an independent market report on Singapore's warehouse market, including a review of economic trends, government policies, supply-demand dynamics and transaction/development activity impacting the warehouse sector.

1 Economic Overview

According to the latest information released by the Ministry of Trade and Industry ("**MTI**"), Singapore's GDP contracted by 5.4% year-on-year in 2020 due to the COVID-19 pandemic, its worse economic recession ever recorded. During the second quarter, the economy contracted by 13.3% on a year-on-year basis amid border closures and the imposition of the Circuit Breaker by the Singapore government to prevent the spread of the virus. Following the end of the Circuit Breaker, the economy recovered gradually in Q3 and Q4, supported by four rounds of Government stimulus programmes and as COVID-19 restrictions were gradually lifted. By the end of Q4 2020, consumer and business confidence and employment had materially improved and were on track to return to their pre-COVID-19 levels.

GDP Growth, Core Inflation and Unemployment

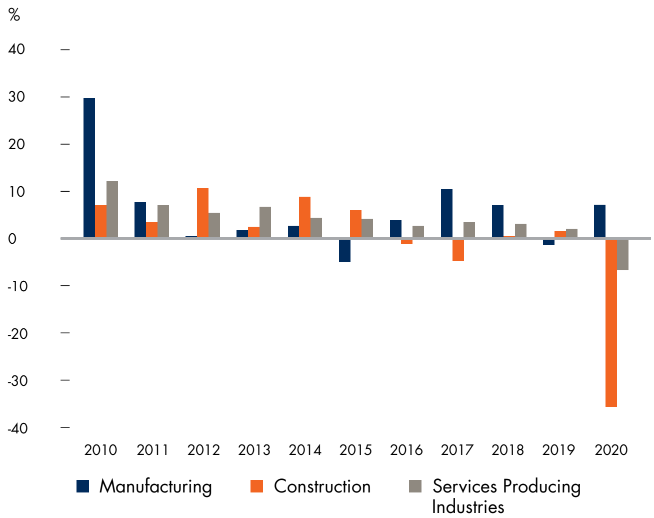


Source: Singstat

Despite the COVID-19 pandemic and economic downturn, the manufacturing sector expanded by 7.1% in 2020, in contrast to the 1.5% contraction in 2019. The expansion was attributable to output growth in the electronics, biomedical manufacturing and precision engineering sectors, which counterbalanced the decline in the transport engineering and general manufacturing sectors. Strong global demand for semiconductors and related equipment was a key driving factor for the output increase in the electronics and precision engineering clusters.

In contrast, the construction industry shrank by 35.9% while the services producing industry shrank by 6.9% year-on-year in 2020.

GDP Growth by Industry - Year on Year % Change

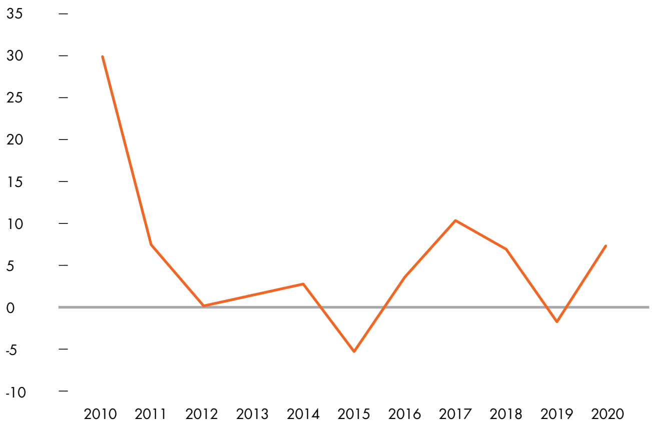


Source: Singstat

The Index of Industrial Production ("**IIP**") grew by 7.3% in 2020, a marked improvement from a 1.5% contraction in 2019. The increased industrial output could be attributed to the increased demand for key manufacturing clusters including pharmaceuticals and biological products, computer and consumer electronics, and machinery and equipment. The increase in output in these clusters more than offset the decrease in output in other manufacturing clusters.

Singapore Industrial Property Market Review

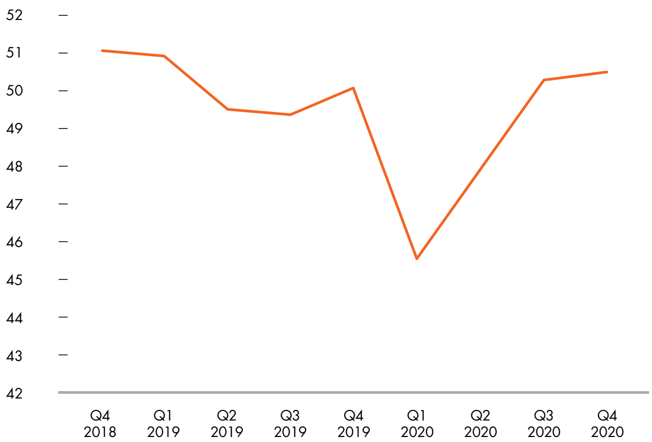
IIP Year-on-Year % Change



Source: Economic Development Board (EDB)

The Purchasing Manager's Index increased by 0.7% year-on-year, from 50.1 in 2019 to 50.5 in 2020. There was a sharp decline in 1Q 2020 due to the Circuit Breaker imposed by the government to curb the rise of COVID-19, which resulted in a drastic decrease in manufacturing output.

Purchasing Manager's Index (PMI)



Source: Colliers International, SIPMM Institute

1.1 Economic Outlook

Looking ahead, according to MTI's latest economic forecast published in November 2020, Singapore's GDP is expected to grow between 4% to 6% in 2021. Due to the subdued global economic situation and the resurgence of domestic COVID-19 outbreaks in the US and Europe, global economies may be slow to recover as restrictions are re-imposed to contain the spread of the virus. Weak external demand is expected to affect domestic trade-related service sectors, aviation and tourism-related sectors like air transport and accommodation. The outlook for the manufacturing sector is expected to improve, driven by the electronics cluster on the back of sustained demand for semiconductors from the 5G market, data centre and cloud services.

2 Government Plans and Policies

In the face of mounting economic pressure resulting from the COVID-19 pandemic, the Singapore government acted swiftly, announcing four rounds of economic measures and packages during 2020 (18 February), Resilience (26 March), Solidarity (6 April) and Fortitude (26 May) budgets – with a combined value of S$92.9 billion, equivalent to 19.2% of Singapore's GDP) - to cushion the effect of the outbreak. The measures implemented included cash flow loan capital to companies, direct financial support to self-employed workers and freelancers, direct payouts to households, job support scheme for private sector employees and property tax rebates for non-residential properties.

The Jobs Support Scheme (JSS) provided wage support to all private sector employers to retain their local employees during the outbreak and the Circuit Breaker, with a subsidy of up to 75% of employee wages (up to a maximum of S$4,600 per month per local employee) in all sectors for April and May 2020, and for up to ten months in the worst affected industries.

In January 2021, MTI announced a new three-pronged strategy and 10-year plan to grow Singapore's manufacturing sector by 50% and maintain its share of approximately 20% of GDP. These goals are to be achieved by improving the global competitiveness of the manufacturing sector and by increasing the proportion of Singaporeans working in the sector. The strategy is focused on three main objectives: (1) attract the best global and local companies in niche areas to ensure Singapore remains a critical node in global value chains, (2) ramp up efforts to grow the size and capabilities of local enterprises in advanced manufacturing to create better job opportunities for Singaporeans, and (3) collaborate with polytechnics and universities to attract engineering and manufacturing students and upgrade skills of older workers.

In addition, as part of the S$4.5 billion Industry Transformation Roadmap to develop 23 key economic sectors to drive Singapore's future economic growth, five key manufacturing clusters have been identified - aerospace industry, precision engineering, electronics, energy & chemicals and marine & offshore.

3 Warehouse Property Market

3.1 Existing Stock and Supply

Singapore's warehouse logistics stock stood at 119.2 million sq ft as of 2020, taking up 22.1% of the total existing industrial stock. The stock of warehouse properties rose by 0.8% year-on-year in 2020 with a net supply increase of approximately 1.0 million sq ft. The majority of warehouse completions were large-scale single-user industrial warehouses in 2020, including the Tiong Lian Building (136,703 sq ft) by Tiong Lian Food, 3 Tuas Avenue (268,024 sq ft) by AIMS APAC REIT and 5 Tuas Avenue 5 (539,922 sq ft) by Hup Hin Property.

Major Warehouse Completions (2020)

Description and Location of Project	Name of Developer	Project GFA (sq ft)
Q1 2020		
Single-user industrial development at 3 Tuas Avenue 2	AIMS APAC REIT	268,024
Single-user industrial development at 5 Tuas Avenue 5	Hup Hin Property (S) Pte Ltd	539,922
Q2 2020		
Additions/alterations to single-user industrial development at 50 Jurong Island Highway	Linde Gas Singapore Pte Ltd	132,935
Additions/alterations to single-user industrial development at 12 Seletar Aerospace Link	Airbus Singapore Pte Ltd	173,193
Additions/alterations to single-user industrial development at 10, 12 Tampines Industrial Avenue 5	Siltronic Silicon Wafer Pte Ltd	140,363
Tiong Lian Building at 202 Pandan Loop	Tiong Lian Food Pte Ltd	136,703

Source: Colliers International, JTC

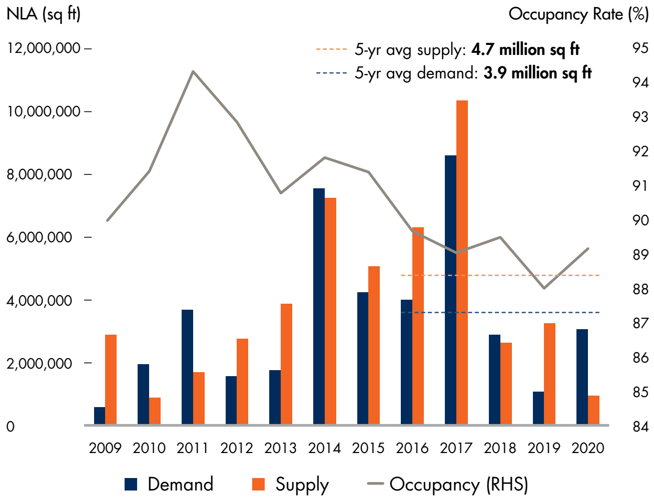
3.2 Demand, Supply, and Occupancy Rate

Net new demand (absorption) for warehouse space increased by 2.0 million sq ft year-on-year to 3.1 million in 2020, largely exceeding the net new warehouse supply of just under 1 million sq ft during the same year. Net new supply declined by 70.2% year-on-year in 2020 due to construction delays as a result of the Circuit Breaker and COVID-19 restrictions imposed on the construction labour force. Consequently, the average occupancy rate of warehouse space increased from 88.0% in 2019 to 89.1% in 2020 due to the tightening of the supply of available properties as well as increased demand in storage needs from third party logistics company and the signing of short-term leases.

Many e-commerce and logistics companies have experienced a strong surge in their revenue as a result of the COVID-19 pandemic and have made plans to expand their operations in Singapore to service the growing online shopping trend. For example, the online grocery delivery service RedMart (owned by Lazada), which has experienced an increase in delivery orders due to the COVID-19 pandemic, opened a new fulfilment centre in the Jalan Buroh area to serve the west of Singapore. Lazada, its parent company has also pre-committed to leasing the first floor of 34 Boon Leat Terrace of approximately 60,000 sq ft, for RedMart to use the space as a fulfilment centre for deliveries in the south of Singapore. DB Schenker has announced in August 2020 that it has commenced operations at the Red Lion warehouse within the Airport Logistics Park of Singapore (ALPS). The mechanised air freight hub and contract logistics warehouse stands at approximately 553,300 sq ft.

Singapore Industrial Property Market Review

Net Demand, Supply and Occupancy Rate of Warehouse Market



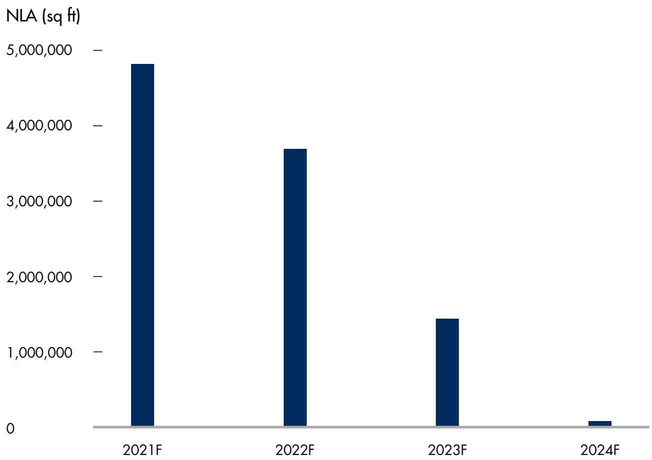
Source: Colliers International, JTC

3.3 Estimated Potential Supply of Warehouse Space

According to JTC, as of 4Q 2020 there was approximately 10.2 million sq ft of new warehouse space set to be completed from 2021 to 2024, equating to an average annual supply of approximately 2.5 million sq ft over the four-year period. This further represents a reduction in expected supply, when compared to average new supply of 4.3 million sq ft per year from 2017 to 2020. The Circuit Breaker and COVID-19 restrictions on the construction sector have resulted in a minimum delay of six months in the project completion timeline, causing projects with expected completion in 2020 to be pushed to 2021. In 2021, there will be an estimated 4.8 million sq ft of the future warehouse space expected to be delivered, which in addition to the 3.7 million sq ft of estimated future warehouse space to be completed in 2022, takes up the bulk of the future new supply.

Three major warehouse developments are expected to be completed in 2021. This includes JTC Logistics Hub @ Gul Circle at 1,076,400 sq ft GFA, a next generation innovative logistics ramp-up warehouse facility and a 1,507,929 sq ft GFA warehouse development located on Jurong Island, to be built by SH Cogent Logistics Pte Ltd.

Net New and Potential Supply of Warehouse Space



Source: Colliers International, JTC.
*F refers to Forecast

Major Warehouse Space in the Pipeline (more than 300,000 sq ft)

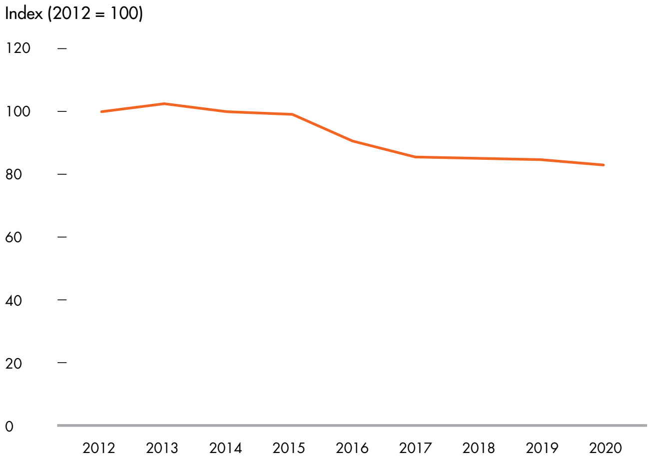
Estimated Year of Completion	Development/Developer	Location	Total Uncompleted GFA (sq ft)
2021	Tee Yih Jia Food Manufacturing Pte Ltd	Senoko Drive/Senoko Road	1,076,400
2021	JTC Logistics Hub @ Gul /JTC Corporation	Gul Circle	1,507,929
2021	Cogent Jurong Island Logistics Hub/ SH Cogent Logistics Pte Ltd	Tembusu Crescent	941,850
2021	LOGOS Penjuru Logistics Centre/ LOGOS	Tanjong Penjuru Crescent	495,144

Source: Colliers International, JTC

3.4 Rents

According to JTC warehouse rental index, rents in the warehouse sector declined by 1.1% year-on-year in 2020 as compared to a decline of 0.2% year-on-year in the previous year. This sharp increase in decline could be attributed to poor business sentiments and economic recession in 2020 as rents in the warehouse sector remained weak as occupiers look to reduce occupancy costs.

Warehouse Rental Index



Source: Colliers International, JTC

3.5 Prices

Warehouses have become a particularly attractive real estate asset class among investors given the strong growth in online shopping, the current low interest rate environment, and stable rents sustaining the capital values. Since the start of the COVID-19 pandemic, industrial logistics and warehouse properties have risen in popularity among investors as other assets classes, including retail, office and hotel properties, suffered from government-imposed restrictions and lockdown measures.

Notable transactions in 2020 included the sale of 7 Bulim Street by Titan (Wenya) Pte Ltd to AIMS APAC REIT (AA REIT) for approximately S$129.6 million. The four-storey ramp-up logistics warehouse has a 30 years leasehold and is solely occupied by the master tenant KWE – Kintetsu World Express (S) Pte Ltd. Other transactions include the warehouse development at 6 Changi South Street 3 which was sold for S$18.2 million. The property has a land tenure of 30+30 years leasehold.

Major Warehouse Investment Transactions in 2020

Date	Location	Leasehold Tenure	Buyer	Estimated NLA (sq ft)	Transacted Price (S$ million)	Unit Price (S$ per sq ft NLA)
7 August 2020	Bulim Street	30 years from 1 September 2012	AIMS APAC REIT	733,979	129.6	176.6
29 September 2020	Changi South Street 3	30+30 years from 1 April 1996	Information Unavailable	178,211	18.2	102.1

Source: Colliers International, JTC

4 Outlook For the Warehouse Market

Warehouse demand space is expected to remain strong in 2021 on the back of robust demand in the electronics, biomedical manufacturing and precision engineering clusters. The warehouse segment will continue to benefit from the boost in e-commerce sales, leading to increased demand for efficient logistics, storage and distribution support. With a limited impending new supply of warehouse space of just 4.8 million sq ft in 2021, the occupancy rate is expected to improve in the face of strong occupier demand. Colliers estimates warehouse rents to rise by 1.3% in 2021, as they are also expected to benefit from the limited new supply of warehouse space over the next few years.

Island-wide demand for warehouse space is expected to remain healthy in the long-term as Singapore establishes itself as a major global logistics hub. Cold chain is expected to be a major new driver, which takes up 10% of Singapore's total industrial stock and ensures that the logistics sector will remain relevant in the long term. Given Singapore's vulnerability to external shocks and global food supply as a net importer, it is ever more important to have diverse food security strategies in place. In view of COVID-19 outbreak and its disruption to our food supply, logistics facilities such as warehouse and cold storage remain essential to ensure Singapore's food security.

Singapore's plans to position itself as a vaccine distribution hub within South East Asia will particularly benefit the cold storage and associated supply chain in the coming year or so. Overall, with the strong performance of the manufacturing and logistics sectors, rising occupier demand and limited new incoming development, Singapore's warehouse sector is expected to remain favourable to investors as a core asset class with attractive yields in years to come.

Australia Industrial Property Market Review

1 Macro-Economic Overview and Outlook

Prior to the COVID-19 pandemic in 2020, Australia experienced long-term economic growth – recording 29 consecutive years of positive economic activity. Australia's economic growth had been fostered by low interest rates and the depreciation of the exchange rate since 2013, therefore fostering higher export volumes. Higher export prices, coupled with a decline in import values, continue to increase Australia's trade surplus, equating to AUD 72.7 billion in 2020 (or 4% of GDP).

The COVID-19 containment measures led to a sharp drop in Australia's GDP over 2Q 2020 (-7.0%) and confirmed Australia's first recession since 1991, after a 0.3% decline in 1Q 2020. Although activity has somewhat picked up as restrictions in certain parts of the country eased in May, employment growth continues to remain weak.

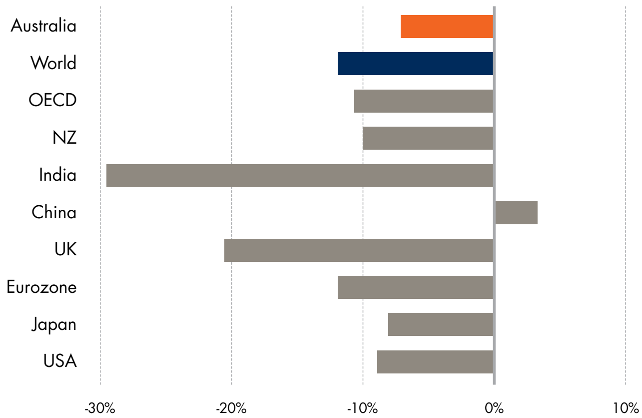
The reduction in household labour income has, to an extent, been offset by income support policies (such as the JobKeeper program – extended to March 2021, and JobSeeker Payment). This has supported consumption expenditure, particularly within the non-discretionary retail sector and online retail platform. Australia's fiscal policy response to COVID-19 has been one of the highest in the world (11.5% of GDP).

The 2020-21 Federal Budget further provides economic stimulus, mainly in the form of personal income tax cuts and business investment incentives including wage subsidies.

The proactive approach to managing the health crisis, led to most parts of the Australian economy reopening ahead of expectations. Australia exited technical recession with quarterly GDP growth of 3.3% recorded in 3Q 2020 and 4.2% in 4Q 2020.

GDP of Australia's major trading partners is forecast to grow by around 6% in 2021 and 4% in 2022.

Real GDP Growth Comparison in 2Q 2020



Source: Deloitte Access Economics, JLL Research.

As a result of the various policy support measures and the successful management of the health crisis, Australia's GDP growth projection is expected to rebound in 2021.

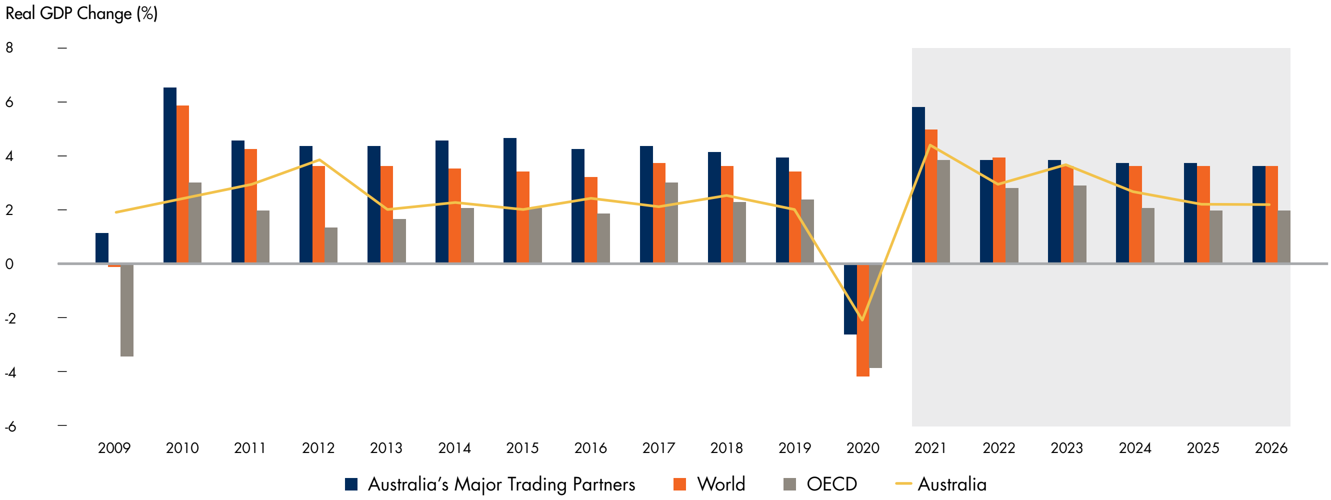
According to the Reserve Bank of Australia ("**RBA**") in its November 2020 release:

- GDP growth is forecasted to increase to 6% by June 2021, then slightly fall to 5% by the end of 2021.
- Unemployment rate is forecasted to marginally decline to 7.5% in mid-2021 and trend downwards to 6.5% by the end of 2021.
- Underlying inflation is expected to increase from -0.3% in June 2020 to 2.25% in June 2021.

Over the long-term, two of the most relevant economic variables for global real estate investors to benchmark Australia to other global economies are: GDP and population growth.

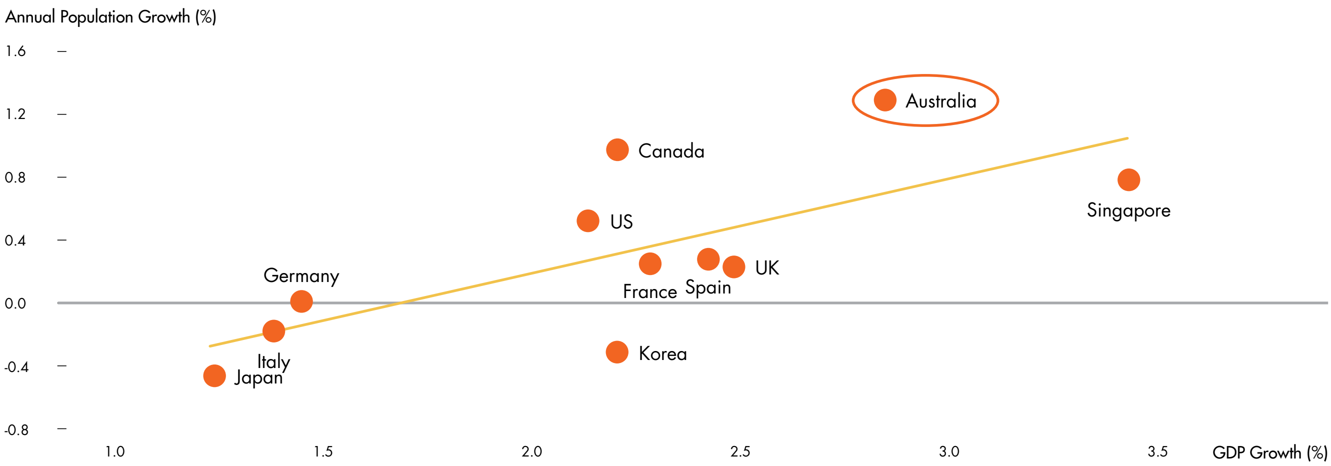
The longer-term economic and population growth outlook is favourable for Australia relative to other mature economies. Oxford Economics projects Australia's GDP growth will average 2.8% per annum between 2020 and 2030 – well above the economic growth rate for most other mature economies. In the short-term, Australia's population growth will be negatively impacted by international border closures. However, the Federal Government has retained a commitment to a high migration program which will support population growth over the medium to long-term. Over the period from 2020 to 2030, Oxford Economics projects Australia's population will increase by 1.3 % per annum.

Real GDP Growth Trend and Forecast, 2009 to 2026



Source: Deloitte Access Economics, JLL Research. As at 4Q 2020.

Select Mature Economies, GDP and Population Growth, 2020 to 2030



Australia Industrial Property Market Review

Major Economies Key Economic Indicators

Country	Credit Rating (S&P)	Population (million)	GDP per capita (USD)	Gross Debt to GDP (2019, %)
Australia	AAA	25.4	54,730	45.2
Canada	AAA	37.5	46,399	94.0
France	AA	67.1	40,488	128.9
Germany	AAA	83.1	46,532	55.0
Italy	BBB	60.3	33,224	155.8
Japan	A+	126.8	40,594	222.2
Korea	AA	51.2	32,158	45.0
Singapore	AAA	5.7	65,320	126.3
Spain	A	47.2	29,530	117.3
UK	AA	66.8	42,408	85.2
US	AA+	328.2	65,300	134.7

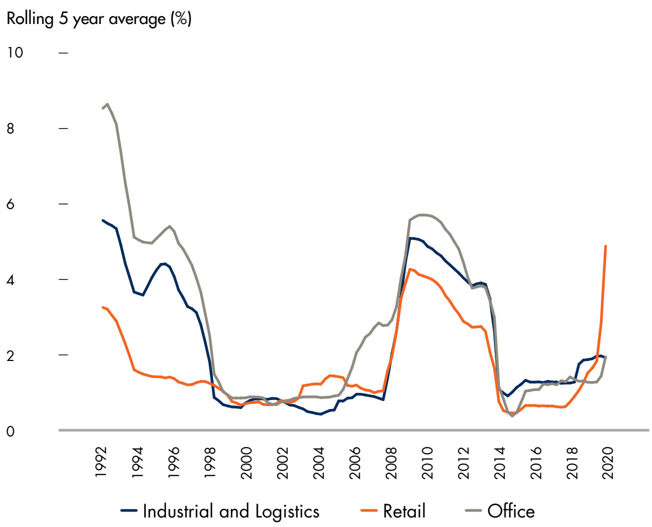
Source: Oxford Economics, Standard & Poor's, JLL Research

2 Industrial and Logistics Sector Performance and Trend

The Australian Industrial and Logistics sector has entered the COVID-19 pandemic with very strong property fundamentals; low vacancies, limited speculative development activity, relatively strong occupier demand, and growing investor appetite. These fundamentals will continue to drive the resilient performance of Industrial and Logistics. Pricing for core assets with strong covenants and long WALE is expected to remain firm.

The Industrial and Logistics sector has been the most resilient of the mainstream commercial property sectors through the COVID-19 pandemic. The resilience of the sector is largely explained by high quality covenants in institutional grade assets and confidence in the ability to collect income. Industrial & logistics rent collection rates have remained high across most mature economies. The Industrial and Logistics sector has shown low volatility of returns through the cycle (rolling five-year average). In the COVID-19 economic downturn, return volatility has remained low and has not experienced the same upward movement as the retail and, to a lesser extent, office sectors.

Commercial Property Market Volatility of Returns



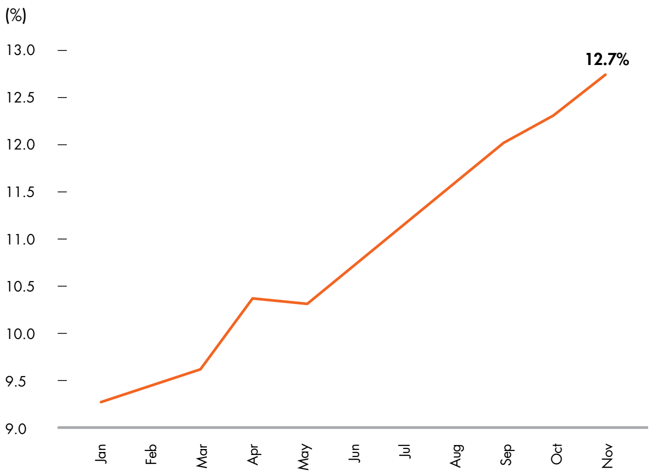
Source: MSCI, JLL Research

The Australian Industrial and Logistics sector is exposed to a diverse range of growth drivers. A number of these factors were evident and have a positive influence prior to COVID-19. However, COVID-19 has accelerated some of these existing growth trends for the Industrial and Logistics sector in 2020. Fundamental growth sectors include:

- Transport and logistics
- E-commerce
- Food logistics and manufacturing
- Pharmaceutical

The global structural e-commerce tailwind is relatively immature in Australia and is expected to further fuel the trajectory of growth. The share of online retail trade to total retail trade currently stands at 12.7% (as at November 2020, according to National Australia Bank ("**NAB**")), which is a significant jump from January 2020 of 9.3%.

Australia E-commerce Share of Total Retail Sales, 2020

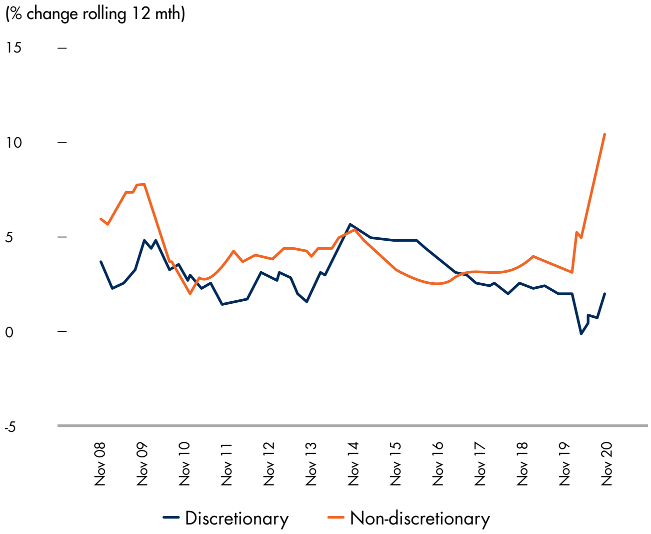


Source: NAB, ABS, JLL Research

Faster e-commerce adoption will require greater supply chain investments from low-penetration industries such as the grocery sector. Supermarkets in Australia have, on average, online retail sales rate at less than 5%. In order to gear for anticipated sustained growth in their online sales platform, investment in fulfilment centres is likely and subsequent demand for third party logistics and cold storage facilities is expected to continue rising.

The growth in the food and beverage industry, as well as associated manufacturing and distribution operations, are led by both domestic and global demand factors. These industries, which fall under the non-discretionary retail trade sector, underpin the long run stability of the Industrial and Logistics sector and, by extension, the cold storage sector.

Australia Discretionary vs. Non-discretionary Retail Spend



As at November 2020
Source: ABS, JLL Research

On average, there are approximately 0.2 cubic meters of refrigerated warehousing space per urban resident globally. Australia is currently well below this average and classified in the 'medium range'; in terms of refrigerated capacity (in cubic meters) per urban resident. Moreover, between 2016 and 2018 Australia's capacity per urban resident has fallen, and this is mainly owing to population growth outstripping development supply in cold storage. As at 2018, in order to reach the global average, Australia would have to build an additional 2.5 million cubic metres of refrigerated warehousing space – more than double the current stock level.

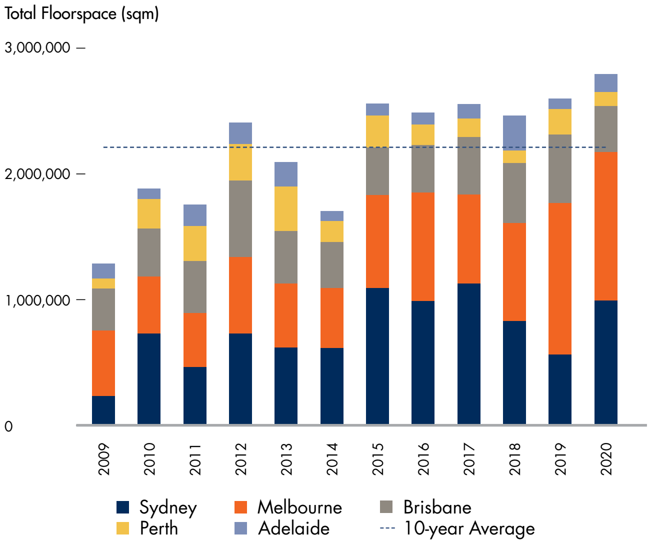
According to the Australian Bureau of Statistics ("**ABS**"), non-discretionary retail trade in Australia has been increasing, recording an average year-on-year growth rate of 3.3% over the past few years. Since the COVID-19 pandemic, the growth rate has stepped up, and continues to climb, currently at an all-time high of 11.1% (as at November 2020, ABS).

Output from the transport and storage sectors has grown 0.5% over 2019 and is projected to increase at an annual average rate of 1.4% between 2020 and 2025 (Source: Deloitte Access Economics), driven by solid growth in the demand for goods, on the back of strong projected population growth.

The level of Australia's gross industrial floorspace take-up since 2015 has remained consistently above the 10-year annual average of 2.2 million sqm. Occupier take-up activity peaked in 2020, equating to 2.86 million sqm – the highest JLL has ever recorded.

Australia Industrial Property Market Review

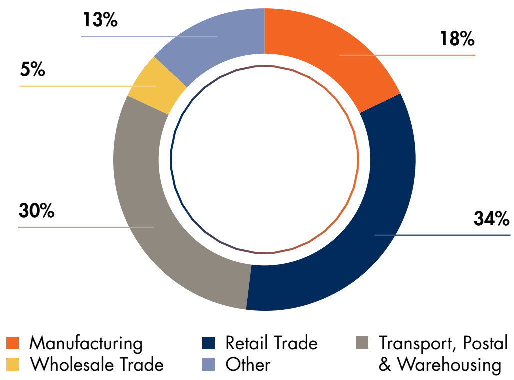
National Industrial Gross Take-up by City, 2009-2020



Source: JLL Research. As at 4Q 2020.

As e-commerce increasingly contributes to greater space requirement, the Retail Trade sector was, for the first time, the major contributor to floorspace demand in 2020 (contributing 34%), followed by Transport, Postal and Warehousing (30%), and Manufacturing (18%).

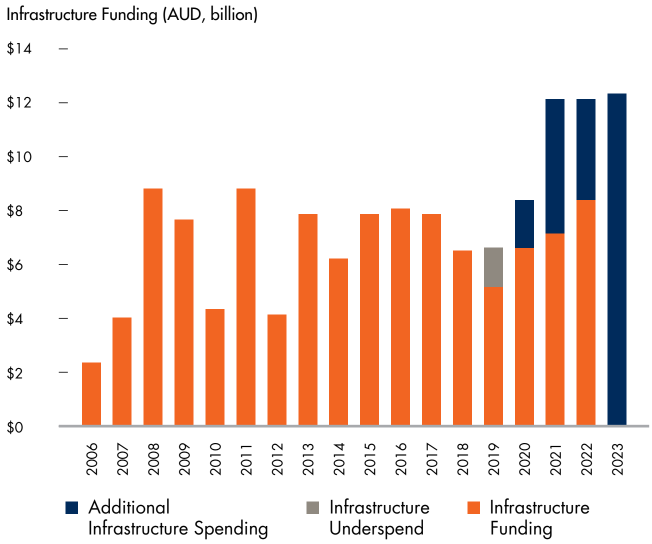
Take-up by Industry in 2020



Source: JLL Research. As at 4Q 2020.

A record high level of infrastructure investment is underway in Australia. This is supported by the 2020-21 Federal Budget, which announced a record AUD 110 billion in transport infrastructure investment/spending in roads, rail and airports over the coming decade. New transport infrastructure will continue to support the logistics sector and in turn, demand for industrial space.

Federal Government Infrastructure Spending



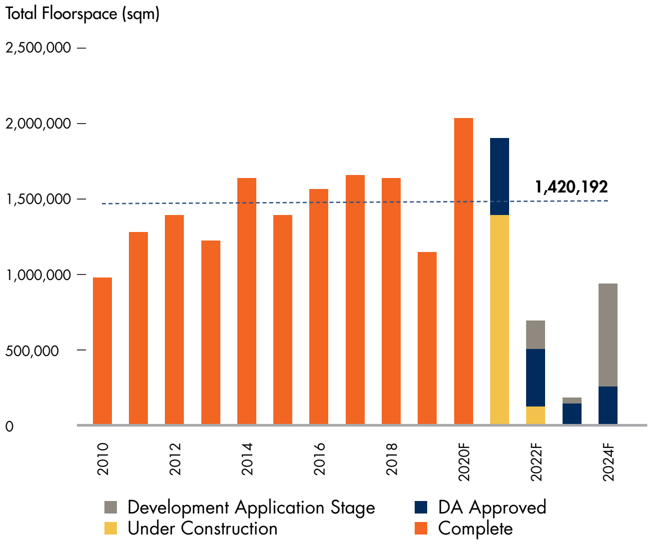
Source: Infrastructure Partnership Australia, JLL Research

The pandemic will have long run implications on how supply chains are structured, in order to become more resilient and mitigate external risk. There are three elements or trends that may arise from this, all of which result in the demand for space:

- Reshoring / near sourcing of manufacturing – particularly for higher value-add manufacturing activity, such as those related to the healthcare sector.
- Increased inventory levels to manage potential future disruptions in the supply chain.
- Accelerated trend towards the integration of technology into warehousing, and the wider use of automation and robotics.

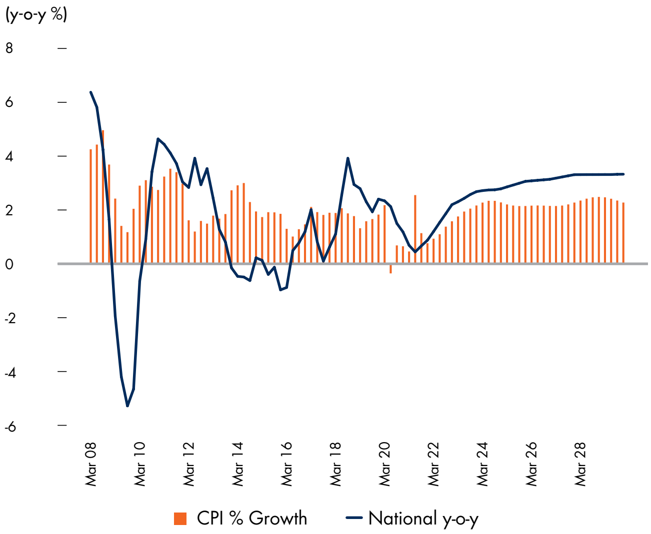
JLL Research are forecasting an average of 1.0 million sqm of industrial space per annum to come online between 2020 and 2024. This is below the five-year historic annual average of 1.4 million sqm, indicating that quality assets will be in short supply.

National Industrial Development Supply Pipeline, 2010-2024F



Source: JLL Research. As at 4Q 2020.

National Historic and Forecasted Markets Rental Growth vs Inflation (y-o-y %)

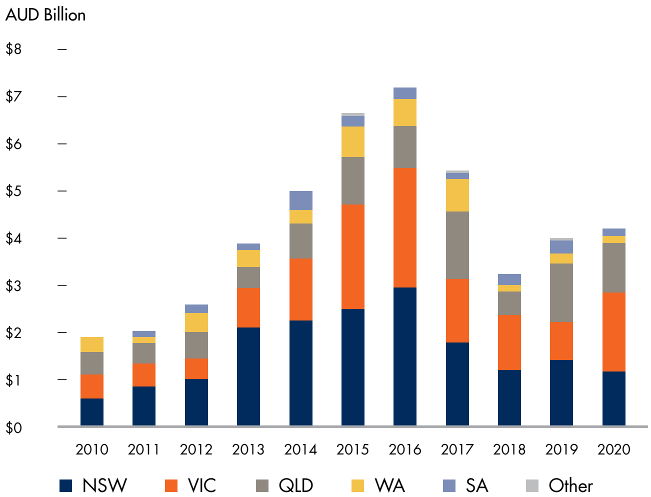


Source: JLL Research, Deloitte Access Economics. As at 4Q 2020.

The Australian Industrial & Logistics sector is valued for its stability of income with contractual escalations in the leases typically fixed at between 2.5% and 3.0%. JLL projects the national Gross State Product-weighted Industrial & Logistics rent index will increase by 3.0% per annum from 2022 to 2029. It is important to put this rate of growth in the context of a low inflation environment. Deloitte Access Economics forecasts Australia's underlying CPI will be 2.0% between 2020 and 2029. The outlook on inflation are to the downside as CPI has only averaged 1.5% per annum over the past four years (2017 to 2020). The Australian Industrial & Logistics sector, therefore, has the potential to deliver real (inflation-adjusted) rental growth of between 100 and 150 basis points over the next 10 years.

Industrial property has emerged as a mature, institutional grade investment sector, and plays a vital role in a diversified portfolio. The Australian industrial sector remains one of the most sought-after sectors, by both domestic, regional and global capital sources, as it is underpinned by stable long-term factors. In 2020, approximately AUD 4.2 billion in investment sales occurred nationally (for sales AUD 10 million and over), illustrating the resilience of the sector during the pandemic period.

Australian Industrial Investment Sale Volumes by State, 2010 to 2020

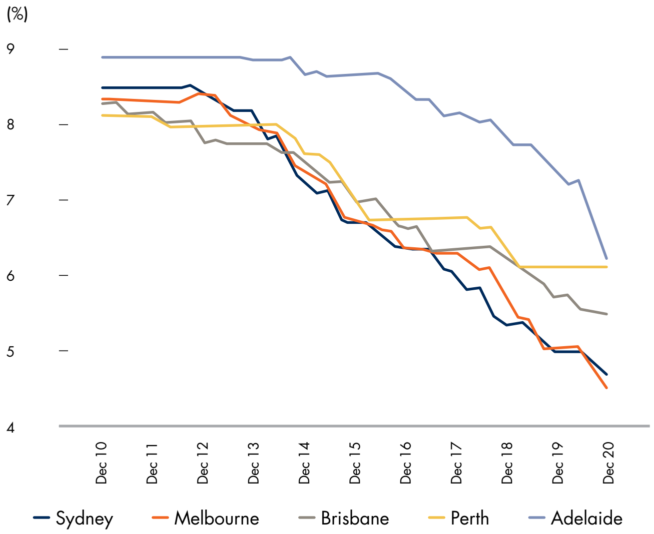


To note: Reflects investment sales AUD 10 million and greater.
Source: JLL Research. As at 4Q 2020.

Australia Industrial Property Market Review

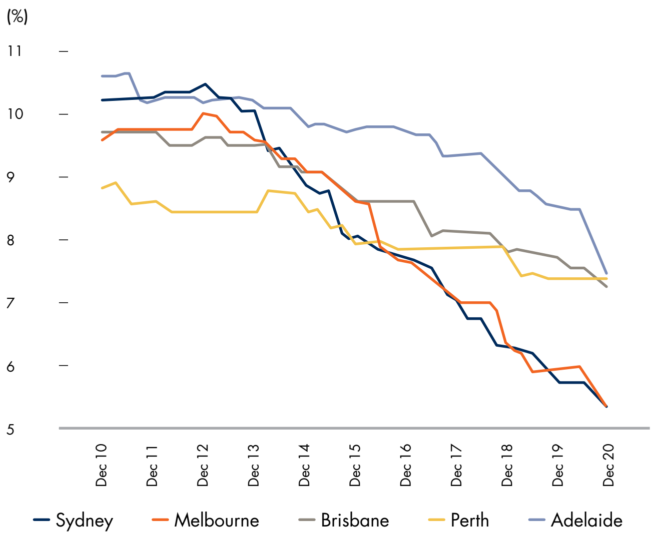
Strong demand, coupled with the limited supply of stock have led to the appreciation in land, rent and capital values, and downward pressure on transaction yields. National average prime (5.54%) and secondary (6.72%) yields have compressed by 51bps and 47bps, respectively, over the 12 months leading up to 4Q 2020.

Prime Industrial Midpoint Yields by City, 2010 to 2020



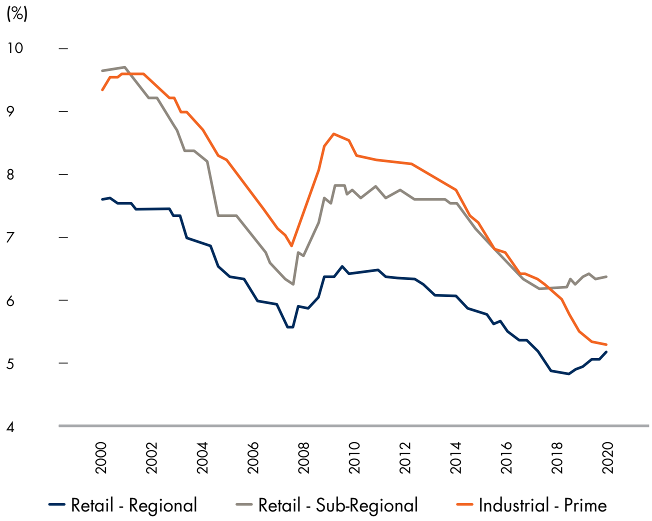
Source: JLL Research. As at 4Q 2020.

Secondary Industrial Midpoint Yields by City, 2010 to 2020



Source: JLL Research. As at 4Q 2020.

Australian Average Sector Yields (Industrial vs. Retail)



Source: JLL Research. As at 4Q 2020.

The Australian Industrial & Logistics sector has a concentrated ownership profile. JLL has assessed the size of the Industrial & Logistics sector at approximately 57.85 million sqm. The top 10 owners of Australian Industrial & Logistics assets have an estimated market share of 32.6%.

The barriers to scale in the Australian Industrial & Logistics sector are high. JLL estimates that an investor requires a minimum portfolio size of AUD 1 billion to develop deep tenant relationships and generate a network effect across the portfolio. The pathway to generating a portfolio of scale is challenging, with only 13 investors having a portfolio greater than AUD 1 billion.

Top Industrial and Logistics Owner/ Manager in Australia

Owner / Manager	Est Portfolio Size (million sqm)
Goodman	6.0
Charter Hall	4.8
Dexus	2.0
Milestone/ Blackstone	1.4
Frasers	1.4
GPT	1.1
Centuria	1.1
Stockland	0.9
Ascendas	0.8

Source: Real Capital Analytics, Goodman, JLL Research

3 Industrial and Logistics Market Overview

SYDNEY

The Sydney industrial market is the largest in Australia, with a total of 17.8 million sqm of stock in 2020. Sydney is broken into six precincts – the South (12% of total stock), North (not tracked), Inner West (6%), Outer North West (13%), Outer Central West (49%) and the Outer South West (20%).

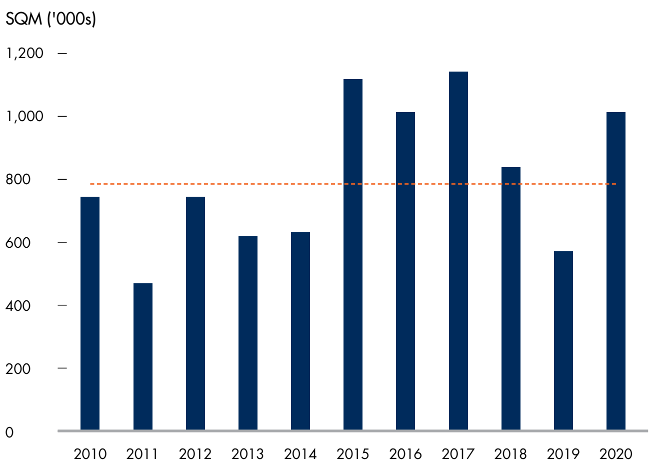
Demand

Occupier demand was strong in 2020, totaling 1.01 million sqm of gross take-up for the year – comparable to three of the strongest take-up years on record (2015 to 2017). Take-up in 2020 was supported by a number of large pre-lease deals being struck by retailers including Woolworths (75,300 sqm across two facilities), Coles (29,652 sqm) and H&M (27,336 sqm). The acceleration of online retail and impact of a health crisis also led to increased take-up activity. Marley Spoon (14,000 sqm) and TMS Online (12,000 sqm) both increased their occupational footprint, while Australian Pharmaceutical Industries (32,506 sqm) pre-leased a new facility in Marsden Park.

The Retail Trade sector has dominated industrial demand in the Sydney market, accounting for 45% of gross take-up over 2020. This has particularly been the result of strong take-up from consumer staples (e.g. supermarkets) and groups with a strong e-commerce presence.

The Manufacturing and Transport, Postal & Warehousing sectors also have recorded strong take up over the last year, accounting for 37% of demand over 2020. This is expected to continue to be a long-term stable driver for industrial demand, particularly if onshoring and near-shoring of manufacturing and supply chain management become more widely adopted.

Sydney Gross Take-up

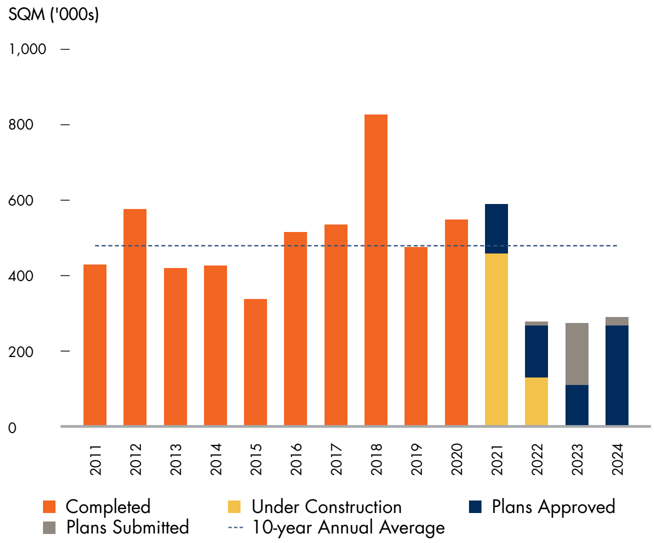


Source: JLL Research. As at 4Q 2020.

Supply

A total of 549,800 sqm of industrial floorspace was delivered in 2020, above the 10-year average of 478,400 sqm. New development activity was demand-led with approximately 65% of the space having secured pre-commitment upon completion.

Sydney Industrial Supply Pipeline



Source: JLL Research. As at 4Q 2020.

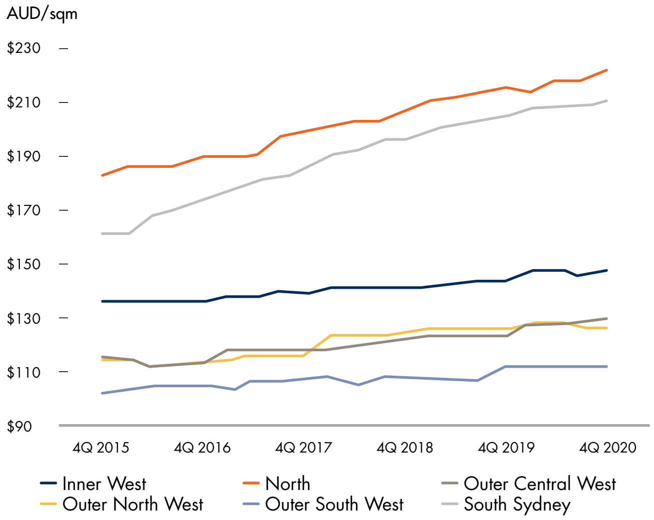
Prime rents

Sydney rents average AUD 158 psm p.a. for prime assets and AUD 143 psm p.a. for secondary assets. Rental growth across the Sydney Industrial & Logistics sector was positive in 2020, increasing by 2.8% for prime grade and 0.8% for secondary grade facilities. The outperformance of the prime market is representative of the robust underlying demand for better quality assets and low vacancy factor.

There has been consistent strong positive rental growth in the prime Sydney industrial market over the last three years. This is expected to continue as strong demand is expected to maintain over the medium term, coupled with declining land supply which will constrain future supply.

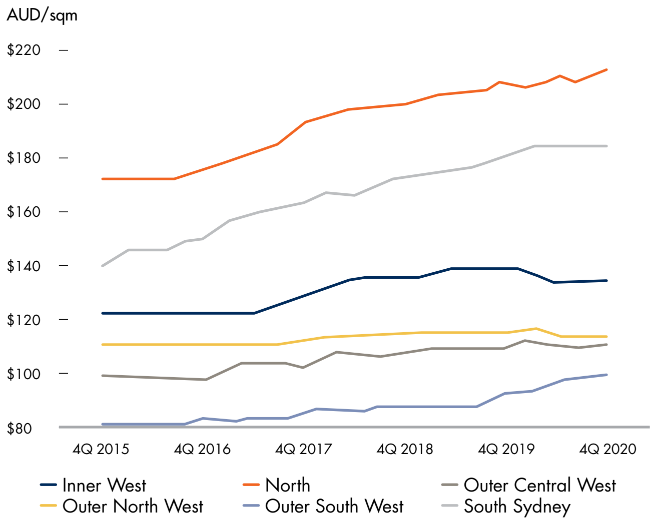
Australia Industrial Property Market Review

Sydney Prime Industrial Rents



Source: JLL Research. As at 4Q 2020.

Sydney Secondary Industrial Rents



Source: JLL Research. As at 4Q 2020.

Transaction volumes and yields

Sydney recorded AUD 1.1 billion in investment transactions across 18 assets in 2020 (for assets greater than AUD 10 million). This is a decline from the 2019 total (AUD 1.4 billion) and below the 10-year average (AUD 1.7 billion). As has been the case for the two years prior, a decline in transaction volumes was reflective of a lack of available assets, as opposed to a decline in investor demand.

This dynamic has been reflected in the continued compression of yields across the market, with the average prime yield midpoint declining 24 bps to 4.80% and secondary midpoint yield declining by 32 bps to 5.47%. Both the prime and secondary yield midpoints continue to fall further below the low point of the previous cycle, by 209 and 189 bps, respectively. The ongoing shortage of core assets to service capital which is seeking exposure to the Sydney market has been exacerbated by the diminishing supply of serviced zoned industrial land, which will likely continue to constrain development and assets for sale over the medium term.

There is still scope for further yield compression, albeit at a slower rate than recent years, as investors continue to seek stable income-producing assets. This will be aided by the underlying strength of the Sydney market, in terms of both occupier demand outlook and rental growth relative to the inflation rate, for the foreseeable future.

The largest transaction recorded in Sydney in 2020 was at 5-9 Culverston Road in Minto (Outer South West), where Charter Hall acquired a 30.6 ha site with significant, multi-tenanted improvements with a WALE of 4.2 years for AUD 206.4 million. This site was purchased for an initial yield of 4.84% and transacted with an existing State Significant Development Approval for up to 112,000 sqm of new warehousing in place, which is expected to be developed in stages. Most of the volume of sales in Sydney was associated with the ALDI Distribution Centre Portfolio, which included two NSW in assets in Minchinbury (AUD 181.5 million) and Prestons (AUD 175.4 million). Another significant transaction was recorded with the Sigma Healthcare Portfolio which included one asset in Kemps Creek which sold on a 15-year sale & leaseback for AUD 133.6 million.

Sydney financial indicators summary

	Prime Existing Net Rents (AUD psm p.a.)			Capital Value Indicator (AUD psm)			Prime Market Midpoint Yield		
	4Q 2020	Q-o-Q Change	Y-o-Y Change	4Q 2020	Q-o-Q Change	Y-o-Y Change	4Q 2020	Q-o-Q Change (bps)	Y-o-Y Change (bps)
Inner West	$146	0.4%	2.5%	N/A	N/A	N/A	5.00%	▼	▼
North	$223	1.8%	3.0%	4,610	3.2%	4.7%	5.25%	◀▶	◀▶
Outer Central West	$128	1.0%	4.4%	2,864	3.7%	9.9%	4.63%	▼	▼
Outer North West	$126	0.2%	1.1%	N/A	N/A	N/A	4.75%	▼	▼
Outer South West	$115	1.2%	2.8%	N/A	N/A	N/A	4.75%	▼	▼
South Sydney	$210	0.7%	2.3%	4,301	2.2%	3.9%	4.44%	▼	▼

Source: JLL Research. As at 4Q 2020.

MELBOURNE

Melbourne is Australia's second largest industrial market, totalling 16.0 million sqm of stock in 2020, and is home to Australia's most active port for container movements. The Port of Melbourne reported that container movements increased by 13.6% over the 12 months leading up to November 2020.

The West is the largest precinct (7.9 million sqm) and is in close proximity to the Port of Melbourne via the Westgate Freeway. The South East is Melbourne's traditional industrial corridor and is the second largest precinct (4.9 million sqm). The North precinct (2.6 million sqm) is a maturing area in Melbourne, particularly as the geographic centre of population moves away from the South East towards the North West.

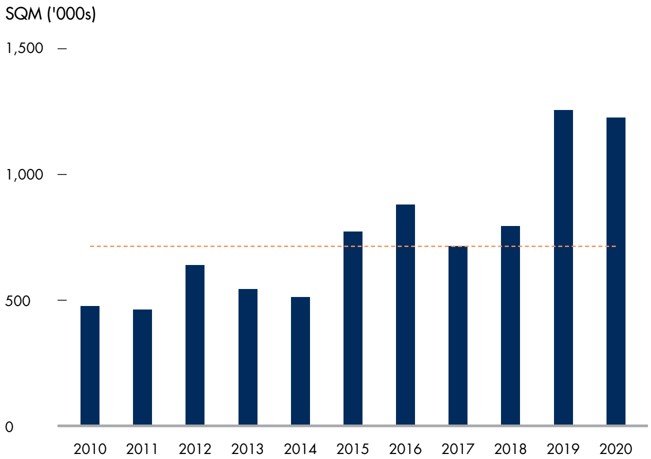
Demand

Melbourne has led the nation in leasing activity over the last three years, accounting for 40% of gross take-up through this time. In 2020, Melbourne's market share of gross take-up activity was even higher at 43%, reflecting the strength of occupier demand in the Melbourne Industrial & Logistics market.

The West has been the epicentre for industrial demand in Melbourne over the last decade, accounting for 50% of all gross take-up over the period from 2011 to 2020. Meanwhile, the South East has continued to record consistently strong take-up despite declining availability of land. The North precinct has become more active with its share of gross take-up increasing to 28.0% in 2020, which was well above the five-year average of 16.7%.

Major deals recorded from these sectors over 2020 include; CSL Group (Manufacturing), who have pre-committed to a 118,000 sqm high tech facility in the North for the production of vaccines – a further sign of the importance that the healthcare sector will have on the demand for Industrial & Logistics floorspace. Uniqlo (Retail Trade) pre-leased a new 46,000 sqm facility in the West and Linfox (Transport, Postal and Warehousing) leased a 34,000 sqm cold storage facility to deal with surging demand in the online grocery sector.

Melbourne Gross Take-up



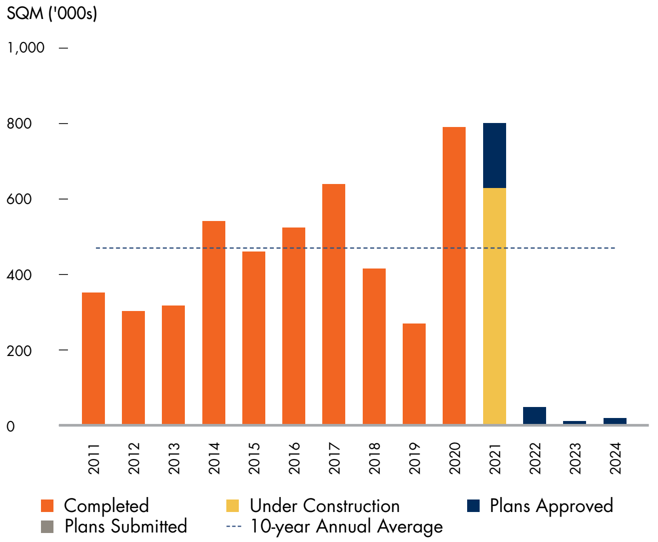
Source: JLL Research. As at 4Q 2020.

Supply

A total of 794,300 sqm of industrial floorspace was delivered in 2020, the highest level recorded over the past decade. The development pipeline was under-written by a healthy level of pre-commitment. Approximately 80% of the Melbourne development pipeline was pre-leased upon practical completion.

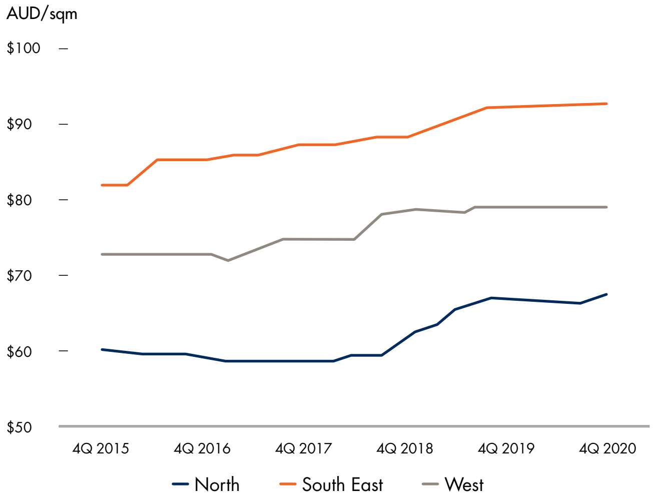
Australia Industrial Property Market Review

Melbourne Industrial Supply Pipeline



Source: JLL Research. As at 4Q 2020.

Melbourne Secondary Industrial Rents

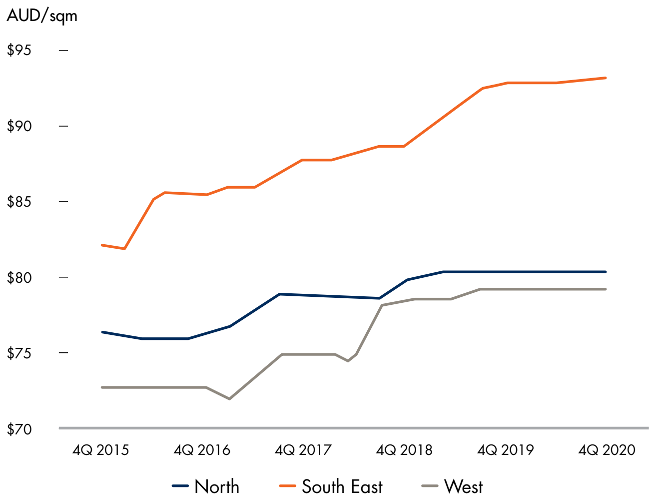


Source: JLL Research. As at 4Q 2020.

Prime Rents

Melbourne is one of the most affordable industrial & logistics markets in Australia. Average prime rents are at AUD 94 psm p.a., unchanged over 2020, while secondary net rents were AUD 74 psm p.a. Despite expected short-to-medium term economic headwinds, ongoing robust industrial demand sourced from an acceleration in e-commerce penetration and the increasing importance of consumer staples are expected to support rental growth over the medium term. JLL Research expects the Melbourne rental growth to strengthen into 2022. The South East is projected to record rental growth of 3.0% p.a. from 2022 to 2029.

Melbourne Prime Industrial Rents



Source: JLL Research. As at 4Q 2020.

Transaction Volumes and Yields

For the first time, investment sales in Melbourne surpassed the volume recorded in Sydney, totalling AUD 1.3 billion. The persistent strength of the local industrial occupier market, despite the challenging second lockdown, has encouraged capital to continue to deploy in Melbourne. The long-term confidence of investors in the Melbourne market is evidenced by the further compression of yields in both the prime and secondary space. The average prime yield midpoint sharpened by 52 bps to a new record low of 4.56% - 254 bps below the previous cyclical low – while the average secondary yield midpoint fell by 67 bps to 5.54%, also a record low.

The strong fundamentals which were in place in the Melbourne market prior to the pandemic, including strong population growth, relatively lower rental value proposition and strong state infrastructure investment, are all expected to remain or return in a post-COVID-19 world. These drivers, combined with the broader macro structural tailwinds which are supporting the industrial sector, will continue to support the continued strength of Melbourne's industrial market and encourage continued activity in the investment space.

The two largest assets which traded over the course of 2020 were a part of the ALDI Distribution Centre Portfolio, which was purchased by a JV between Charter Hall and Allianz. One was in Dandenong (South East) and the other in Derrimut (West), they were sold at line values of AUD 158.6 million and AUD 133.8 million, respectively. The next largest sale was of a parcel of three assets within Charter Hall's Drystone Industrial Estate in Truganina (West), which was acquired by GPT for AUD 120.0 million at an initial yield of 4.19% with a WALE of 8.2 years.

Melbourne financial indicators summary

	Prime Existing Net Rents (AUD psm p.a.)			Capital Value Indicator (AUD psm)			Prime Market Midpoint Yield		
	4Q 2020	Q-o-Q Change	Y-o-Y Change	4Q 2020	Q-o-Q Change	Y-o-Y Change	4Q 2020	Q-o-Q Change (bps)	Y-o-Y Change (bps)
North	$80	0.0%	0.0%	N/A	N/A	N/A	4.75%	▼	▼
West	$79	0.0%	0.0%	1,715	5.6%	11.2%	4.50%	▼	▼
South East	$93	0.0%	0.0%	2,120	5.8%	11.8%	4.50%	▼	▼

Source: JLL Research. As at 4Q 2020.

BRISBANE

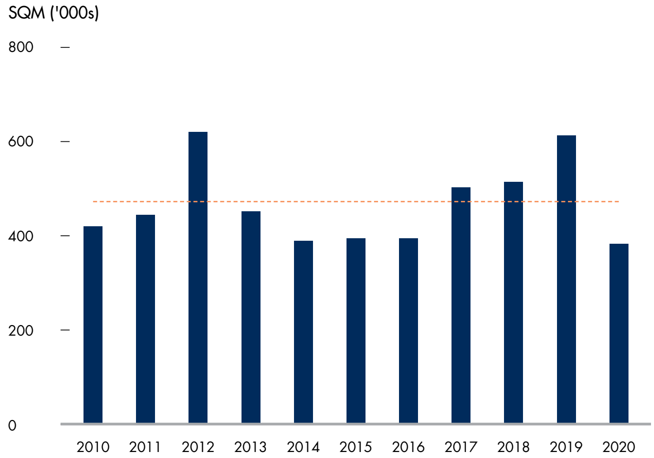
Brisbane is the third largest industrial market in Australia (11.2 million sqm of stock) across three precincts –Southern, Northern, and Trade Coast. The Southern precinct is the largest (5.7 million sqm), incorporating the city fringe and the land-rich area south of Brisbane. The precinct has become better serviced by road and rail infrastructure over the last 10 years resulting in a higher share of demand-led development activity.

The Trade Coast (3.5 million sqm) is the second largest in terms of stock and is located to the north-east of the CBD at the mouth of the Brisbane River. Tenants in the area pay a premium to be in the precinct, as it surrounds Brisbane Airport and the Port of Brisbane. The Northern precinct is characterised by its limited stock (1.8 million sqm) and a high proportion of owner occupiers which require proximity to the port.

Demand

Leasing activity was below trend in 2020, with gross annual take-up totalling 384,200 sqm. This is slightly below the 10-year annual average of 448,600 sqm. Leasing activity in 2020 was supported by the Retail Trade (37%) and Transport, Postal & Warehousing (20%) sectors, largely attributed to the expansion of major grocery retailers with Woolworths pre-leasing a new facility at 22 & 30 Seeana Place (42,000 sqm) and strong activity from 3PL providers. Manufacturing remains a key component of the demand story in Brisbane, having accounted for almost 20% of gross take-up over 2020.

Brisbane Gross Take-up



Source: JLL Research. As at 4Q 2020.

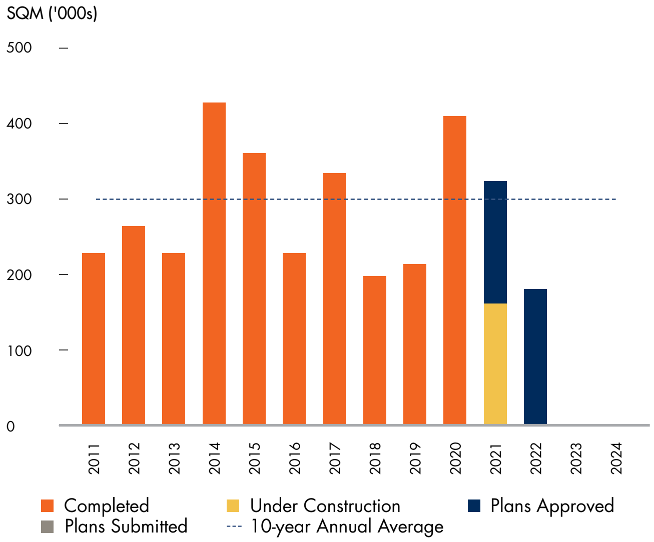
Supply

A total of 416,600 sqm of industrial floorspace was delivered in 2020, well above the 10-year annual average of 274,700 sqm. While 2020 was a significant year for new supply, the bulk of development activity was demand-led with over 75% pre-leased prior to practical completion. One of the most substantial completions in 2020 has been the headquarters for Rheinmetall Defence Australia (39,000 sqm) in the Redbank Motorway Estate, Redbank.

The supply pipeline is expected to moderate in 2021 with only 166,500 sqm of industrial & logistics floorspace under construction. Most of this stock is in the Southern precinct (88%), with one project at 12-24 Potassium Street (11,000 sqm) in the North precinct.

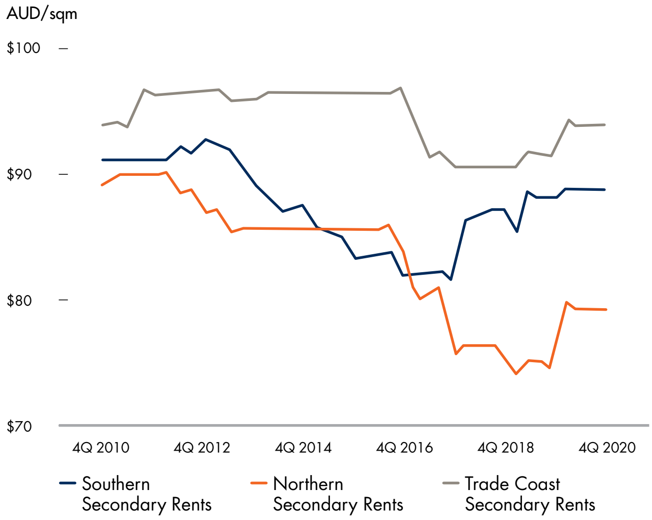
Australia Industrial Property
Market Review

Brisbane Industrial Supply Pipeline



Source: JLL Research. As at 4Q 2020.

Brisbane Secondary Industrial Rents

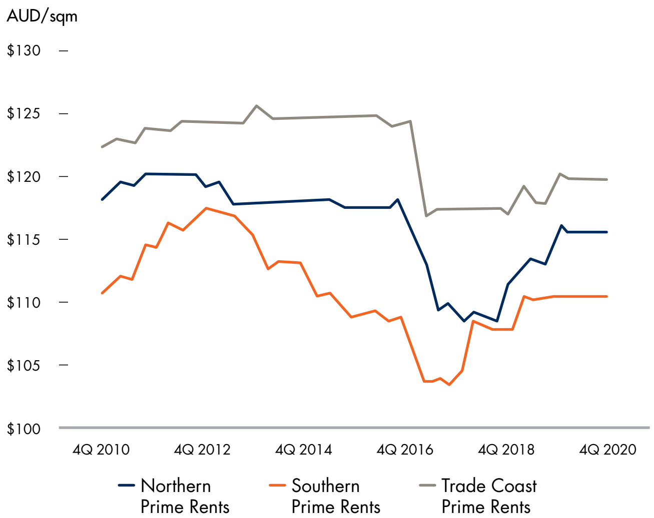


Source: JLL Research. As at 4Q 2020.

Prime Rents

Average rents across the Brisbane are the second highest of any market across both prime and secondary assets. Prime net rents average AUD 115 psm p.a., having recorded 1.2% growth over 2020, while secondary rates average AUD 87 psm p.a., and have grown by 2.4% over the past 12 months.

Brisbane Prime Industrial Rents



Source: JLL Research. As at 4Q 2020.

Transaction Volumes and Yields

The total investment sale volume recorded in the Brisbane remained relatively high in 2020 totalling AUD 1.1 billion across 26 assets. Investment activity continued to be concentrated in the South precinct (75%), with the balance split across the Northern Precinct and the Trade Coast. Recent yield spreads between Brisbane versus Sydney and Melbourne has encouraged investment into the state, particularly as investors seek value and more opportunities than what is available in both Sydney and Melbourne.

Market confidence and strong fundamentals have continued to place pressure on pricing, which has seen the average prime yield midpoint compress by 29 bps to 5.50%, and the average secondary yield midpoint compress by 46 bps to 7.25%. Notably, despite strong compression in 2020, the spread between Brisbane and Sydney/Melbourne has continued to widen throughout the year, which will underpin continued investment activity from value-seeking players.

The largest investment transaction that occurred in the Brisbane market in 2020 was the acquisition of the remaining 50% stake in Coles' refrigerated distribution centre in Parkinson (Southern) by DWS, who now own the whole asset. Frasers Logistics and Commercial Trust sold their share for AUD 152.5 million – a 12.2% premium to book value as at June 2020. There were also two assets which were part of the ALDI Distribution Centre portfolio, in Stapylton (Southern) and Brendale (Northern), which sold for AUD 147.8 million and AUD 132.5 million respectively.

Brisbane Financial Indicators Summary

	Prime Existing Net Rents (AUD psm p.a.)			Capital Value Indicator (AUD psm)			Prime Market Yield		
	4Q 2020	Q-o-Q Change	Y-o-Y Change	4Q 2020	Q-o-Q Change	Y-o-Y Change	4Q 2020	Q-o-Q Change (bps)	Y-o-Y Change (bps)
Northern	$116	0.0%	2.2%	N/A	N/A	N/A	5.50%	◀▶	▼
Southern	$110	0.0%	0.2%	1,947	0.0	3.6%	5.50%	◀▶	▼
Trade Coast	$120	0.0%	1.4%	2,120	N/A	N/A	5.50%	◀▶	▼

Source: JLL Research. As at 4Q 2020.

ADELAIDE

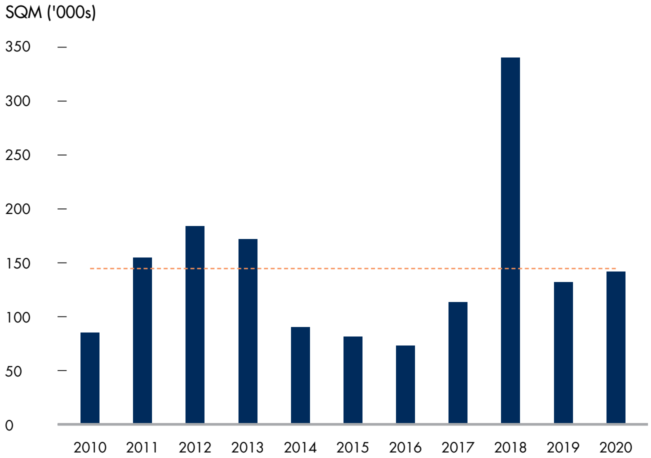
The North West is Adelaide's largest industrial precinct, with 2.3 million sqm of industrial space – 42% of Adelaide's total stock. Adelaide's North West precinct is anchored by Port Adelaide. The Outer North has 1.3 million sqm of industrial floorspace, representing 23% of Adelaide's monitored industrial & logistics stock. The balance of Adelaide's stock (1.9 million sqm) is distributed across four smaller precincts.

Demand

The Adelaide Industrial & Logistics market was resilient with gross take-up of 141,500 sqm recorded in 2020 – marginally above the 10-year average of 134,900 sqm. Transport, Postal & Warehousing sector (27.5%) was the most active in 2020, followed by Manufacturing (24.5%) and Healthcare & Social Assistance (18.2%). The Healthcare & Social Assistance sector is expected to be a more relevant source of demand for the industrial & logistics sector in 2021 and 2022.

The largest lease recorded over 2020 was a new entrant to the Adelaide market – Gensis Steel leased 180-185 Philip Highway, Elizabeth (20,000 sqm). Strong activity from the Healthcare & Social Assistance industry sector was reflected in Minda Inc leasing 301 Grand Junction Road, Ottoway (14,707 sqm) and SA Health pre-leasing a new distribution centre at 27-35 Matthews Road, Gepps Cross (11,000 sqm).

Adelaide Gross Take-up



Source: JLL Research. As at 4Q 2020.

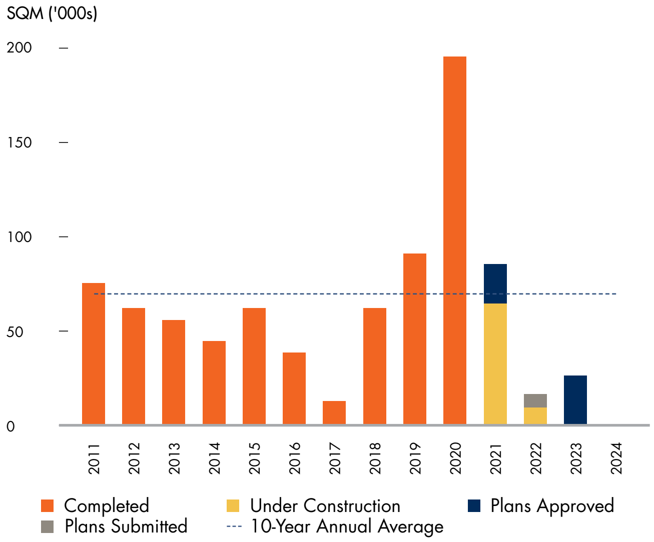
Supply

Adelaide Industrial & Logistics completions were 194,000 sqm in 2020 – well above the 10-year average of 59,400 sqm. New development activity was concentrated in the North West precinct which accounted for 87% of new supply in 2020. The completion of the Metcash Distribution Centre at 50 Port Wakefield Road, Gepps Cross (68,000 sqm) was a major contributor to the 2020 new supply figure. Adelaide's development activity was demand-led with 95% of the completed space pre-committed to upon practical completion.

The 2021 development pipeline is more comparable to the long-term average with nine projects totalling 64,800 sqm under construction and expected to complete in 2021. The largest project under construction is the Auscold Distribution Centre at 134-140 Puling Avenue, Edinburgh (14,000 sqm).

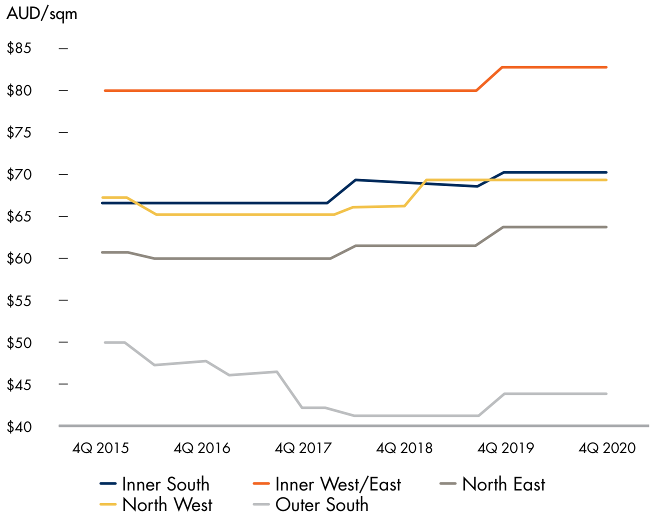
Australia Industrial Property Market Review

Adelaide Industrial Supply Pipeline



Source: JLL Research. As at 4Q 2020.

Adelaide Secondary Industrial Rents

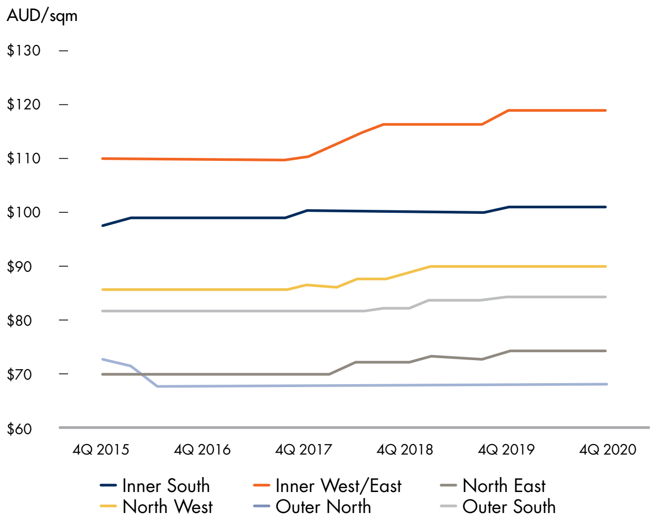


Source: JLL Research. As at 4Q 2020.

Prime Rents

Adelaide Industrial & Logistics rents were stable over 2020. Average prime existing net rents were unchanged across all precincts in 2020 at an average of AUD 89 per sqm p.a. for prime assets and AUD 66 per sqm p.a. for secondary assets. North West precinct rents are forecast to increase over 2021 and 2022.

Adelaide Prime Industrial Rents



Source: JLL Research. As at 4Q 2020.

Transaction Volumes and Yields

Adelaide recorded a third consecutive year of above-average transaction volumes in 2020, as investment sales totalled AUD 336.8 million across eight assets.

Transaction volumes in Adelaide were supported by asset divestments from corporate owner-occupiers to institutional and syndicated capital in sale-and-leaseback deals, or to developers in key inner-city residential locations. Investor demand has been stimulated by investors searching for yield and geographic diversity outside of the core Eastern Seaboard markets.

Another year of strong investment activity has resulted in significant yield compression across most precincts in Adelaide. The average prime yield midpoint sharpened by 98 bps, to 6.65%, while the average secondary yield midpoint compressed by 80 bps, to 8.18%.

One of the largest investment transactions recorded in 2020 was Rand Refrigeration's warehouse facility in Direk (Outer North), which was purchased by Moelis for AUD 63.1 million at an initial yield of 5.88%. The asset was sold with a 15-year WALE and the sale price represents a 19% premium to book value. There was also a major sale-and-leaseback portfolio between glass manufacturer O-I Glass and Charter Hall, who acquired three assets including one in Adelaide, which was sold at a line value of AUD 59.1 million.

Adelaide Financial Indicators Summary

	Prime Existing Net Rents (AUD psm p.a.)			Capital Value Indicator (AUD psm)			Prime Market Yield		
	4Q 2020	Q-o-Q Change	Y-o-Y Change	4Q 2020	Q-o-Q Change	Y-o-Y Change	4Q 2020	Q-o-Q Change (bps)	Y-o-Y Change (bps)
Inner West/East	$119	0.0%	0.0%	2,113	8.4%	16.8%	6.00%	▼	▼
North East	$84	0.0%	0.0%	N/A	N/A	N/A	6.25%	▼	▼
North West	$89	0.0%	0.0%	1,844	8.4%	18.8%	6.00%	▼	▼
Outer South	$68	0.0%	0.0%	N/A	N/A	N/A	8.00%	▼	▼
Outer North	$74	0.0%	0.0%	N/A	N/A	N/A	6.88%	▼	▼
Inner South	$101	0.0%	0.0%	N/A	N/A	N/A	6.75%	▼	▼

Source: JLL Research. As at 4Q 2020.

OPTIMISING THE RIGHT STRENGTHS

S$1.28 BILLION

AUM

Steady Growth of ALOG's Portfolio

STRONG SUPPORT FROM ARA AND SPONSOR, LOGOS

Tapping on combined strengths, resources, extended capabilities as well as Sponsor's pipeline opportunities

DEFENSIVE PORTFOLIO

Well-Positioned to Tap on Significant Growth Opportunities

ALOG Commodity Hub

Warehouse Profiles

SINGAPORE

1. ALOG Commodity Hub

2. ALOG Cold Centre

3. Pandan Logistics Hub

4. ALOG Gul LogisCentre

5. Schenker Megahub

6. ALOG Changi DistriCentre 1

7. ALOG Changi DistriCentre 2

8. Pan Asia Logistics Centre

9. Air Market Logistics Centre

10. DHL Supply Chain Advanced Regional Centre

AUSTRALIA

Queensland

11. 51 Musgrave Road

12. 196 Viking Drive

13. 203 Viking Drive

14. 223 Viking Drive

15. 11 - 19 Kellar Street

New South Wales

16. 127 Orchard Road

17. 3 Sanitarium Drive

Victoria

18. 16 - 28 Transport Drive

19. 217 - 225 Boundary Road

20. 16 - 24 William Angliss Drive

21. 151 - 155 Woodlands Drive

22. 41 - 51 Mills Road

23. 67 - 93 National Boulevard

24. 41 - 45 Hydrive Close

25. 76 - 90 Link Drive

26. 182 - 198 Maidstone Street

South Australia

27. 404 - 450 Findon Road

Warehouse Profiles

	Property	Address	Valuation as at 31 December 2020 (million)	Purchase Price (million)	Acquisition Date	Property Type
	SINGAPORE					
1	**ALOG Commodity Hub**	24 Penjuru Road	S$261.6	S$323.0	12 April 2010	Ramp-up logistics warehouse with ancillary office facilities
2	**ALOG Cold Centre**	2 Fishery Port Road	S$124.7	S$122.0	12 April 2010	Ramp-up logistics warehouse with ancillary office facilities
3	**Pandan Logistics Hub**	49 Pandan Road	S$37.0	S$66.0	3 July 2012	Ramp-up logistics warehouse with ancillary office facilities
4	**ALOG Gul LogisCentre**	15 Gul Way	S$27.1	S$55.2	1 April 2013	Ramp-up logistics warehouse with ancillary office facilities
5	**Schenker Megahub**	51 Alps Avenue	S$80.2	S$99.0	12 April 2010	Ramp-up logistics warehouse with ancillary office facilities
6	**ALOG Changi DistriCentre 1**	5 Changi South Lane	S$93.6	S$82.0	12 April 2010	Ramp-up logistics warehouse with ancillary office facilities
7	**ALOG Changi DistriCentre 2**	3 Changi South Street 3	S$15.5	S$17.7	12 April 2010	Cargo-lift logistics warehouse (partly air-conditioned) with ancillary office facilities
8	**Pan Asia Logistics Centre**	21 Changi North Way	S$34.6	S$35.2	30 April 2012	Ramp-up logistics warehouse with ancillary office facilities
9	**Air Market Logistics Centre**	22 Loyang Lane	S$11.2	S$13.0	19 August 2011	Cargo-lift logistics warehouse with ancillary office facilities
10	**DHL Supply Chain Advanced Regional Centre**	1 Greenwich Drive	S$149.2	–	8 July 2015 (TOP date)	Ramp-up logistics warehouse with ancillary office facilities
	AUSTRALIA					
	Queensland					
11	**51 Musgrave Road**	51 Musgrave Road, Coopers Plains, Queensland	S$8.7 (A$8.6)	S$11.2 (A$10.7)	27 February 2015	Single-storey logistics warehouse
12	**196 Viking Drive**	196 Viking Drive, Wacol, Queensland	S$15.8 (A$15.5)	S$15.6 (A$14.9)	15 February 2018	Single-storey warehouse with ancillary office space
13	**203 Viking Drive**	203 Viking Drive, Wacol, Queensland	S$28.9 (A$28.4)	S$27.1 (A$27.0)	23 October 2015	Single-storey logistics warehouse with two-storey office
14	**223 Viking Drive**	223 Viking Drive, Wacol, Queensland	S$11.8 (A$11.6)	S$9.6 (A$9.575)	4 December 2015	Single-storey logistics warehouse with hardstand and two-storey office building
15	**11 - 19 Kellar Street**	11 - 19 Kellar Street, Berrinba, Queensland	S$12.7 (A$12.5)	S$12.8 (A$12.2)	15 February 2018	Single-storey warehouse with ancillary office space

Leasehold Title Expiry	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Lease Type	FY2020 Gross Revenue (S$ million)	FY2019 Gross Revenue (S$ million)	Occupancy Rate as at 31 December 2020 (%)
29 years from 19 August 2006	2,295,927	2,195,837	Multi-tenant	32.8	29.6	99
30+30 years from 20 December 2005	344,681	290,674	Multi-tenant	10.0	11.1	92
30 years from 1 October 2009	329,112	303,410	Multi-tenant	3.9	4.1	100
30 years from 1 October 2003	284,384	273,616	Multi-tenant	3.5	2.6	100
30+30 years from 1 June 2005	439,956	439,956	Single-tenant	6.5	6.5	100
30+30 years from 16 August 2005	364,361	347,194	Multi-tenant	8.2	7.8	100
30+30 years from 16 February 1996	111,359	90,688	Multi-tenant	1.2	1.2	65
30 years from 1 June 2010	196,990	196,990	Single-tenant	3.6	3.5	100
30+16 years from 1 February 2007	67,564	67,564	Single-tenant	0.9	1.0	100
30 years from 16 June 2014	989,260	928,108	Multi-tenant	16.2	15.8	100
Freehold	102,172	102,172	Multi-tenant	0.5	0.5	86
Freehold	61,452	61,452	Single-tenant	1.1	1.1	100
Freehold	143,839	143,839	Single-tenant	2.2	2.2	100
Freehold	67,555	67,555	Single-tenant	0.9	0.9	100
Freehold	79,783	79,783	Single-tenant	0.4	0.9	40

Warehouse Profiles

	Property	Address	Valuation as at 31 December 2020 (million)	Purchase Price (million)	Acquisition Date	Property Type
	New South Wales					
16	**127 Orchard Road**	127 Orchard Road, Chester Hill, New South Wales	S$56.4 (A$55.5)	S$38.8 (A$37.0)	27 February 2015	Single-storey logistics warehouse distribution facility with ancillary office facilities
17	**3 Sanitarium Drive**	3 Sanitarium Drive, Berkeley Vale, New South Wales	S$40.7 (A$40.0)	S$35.6 (A$34.0)	15 February 2018	Single-storey warehouse with ancillary office space
	Victoria					
18	**16 - 28 Transport Drive**	16 - 28 Transport Drive, Somerton, Victoria	S$32.5 (A$32.0)	S$23.4 (A$22.3)	27 February 2015	Single-storey logistics warehouse with ancillary office space
19	**217 - 225 Boundary Road**	217 - 225 Boundary Road, Laverton North, Victoria	S$24.4 (A$24.0)	S$24.2 (A$22.25)	22 March 2017	Single-storey warehouse with ancillary office space
20	**16 - 24 William Angliss Drive**	16 - 24 William Angliss Drive, Laverton North, Victoria	S$19.3 (A$19.0)	S$19.6 (A$18.7)	15 February 2018	Single-storey warehouse with ancillary office space
21	**151 - 155 Woodlands Drive**	151 - 155 Woodlands Drive, Braeside, Victoria	S$17.5 (A$17.2)	S$16.8 (A$16.0)	15 February 2018	Single-storey warehouse with ancillary office space
22	**41 - 51 Mills Road**	41 - 51 Mills Road, Braeside, Victoria	S$37.4 (A$36.8)	S$30.8 (A$29.4)	15 February 2018	Single-storey warehouse with ancillary office space
23	**67 - 93 National Boulevard**	67 - 93 National Boulevard, Campbellfield, Victoria	S$30.0 (A$29.5)	S$29.2 (A$27.9)	15 February 2018	Single-storey warehouse with ancillary office space
24	**41 - 45 Hydrive Close**	41 - 45 Hydrive Close, Dandenong South, Victoria	S$13.2 (A$13.0)	S$12.5 (A$11.9)	15 February 2018	Single-storey warehouse with ancillary office space
25	**76 - 90 Link Drive**	76 - 90 Link Drive, Campbellfield, Victoria	S$13.2 (A$13.0)	S$13.2 (A$12.6)	15 February 2018	Single-storey warehouse with ancillary office space
26	**182 - 198 Maidstone Street**	182 - 198 Maidstone Street, Altona, Victoria	S$43.2 (A$42.5)	S$39.7 (A$41.2)	29 April 2019	Single-storey warehouse with ancillary office space
	South Australia					
27	**404 - 450 Findon Road**	404 - 450 Findon Road, Kidman Park, South Australia	S$40.7 (A$40.0)	S$57.4 (A$57.3)	18 December 2015	Large warehouse facility with chilled, freezer and ambient warehouse and ancillary components such as offices and a canteen

Leasehold Title Expiry	Gross Floor Area (sq ft)	Net Lettable Area (sq ft)	Lease Type	FY2020 Gross Revenue (S$ million)	FY2019 Gross Revenue (S$ million)	Occupancy Rate as at 31 December 2020 (%)
Freehold	261,242	261,242	Single-tenant	3.1	3.2	100
Freehold	298,830	298,830	Single-tenant	1.9	2.0	100
Freehold	229,047	229,047	Single-tenant	2.2	2.2	100
Freehold	216,626	216,626	Single-tenant	1.9	1.8	100
Freehold	175,714	175,714	Multi-tenant	1.3	1.3	100
Freehold	119,203	119,203	Single-tenant	1.2	1.2	100
Freehold	349,217	349,217	Multi-tenant	2.1	2.4	100
Freehold	243,350	243,350	Multi-tenant	1.7	1.7	100
Freehold	93,858	93,858	Single-tenant	0.9	0.9	100
Freehold	112,384	112,384	Single-tenant	0.7	0.7	100
Freehold	408,020	408,020	Multi-tenant	2.0	1.3	100
Freehold	632,869	632,869	Single-tenant	6.5	6.1	100

Corporate Governance

Corporate Governance Report

ARA LOGOS Logistics Trust ("**ALOG**") is a Real Estate Investment Trust ("**REIT**") listed on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 12 April 2010. ALOG is managed by ARA LOGOS Logistics Trust Management Limited (as manager of ALOG, the "**Manager**"). The Manager is a wholly-owned subsidiary of LOGOS Group ("**LOGOS**"). ARA Asset Management Limited ("**ARA**" or the "**Group**") is a majority shareholder of LOGOS, which operates as ARA's global logistics real estate platform.

ALOG was constituted by a deed of trust dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014, a first amending and restating deed dated 13 April 2016, a fourth supplemental deed dated 31 May 2018, a fifth supplemental deed dated 2 April 2020 and a sixth supplemental deed dated 28 April 2020 (the "**Trust Deed**")) entered into between the Manager, and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Cache Logistics Trust (now known as ALOG) (the "**Trustee**").

The Trustee and the Manager are independent of each other. The Trustee is responsible under the Trust Deed for the safe custody of the assets of ALOG on behalf of the unitholders of ALOG (the "**Unitholders**"). The Manager's main responsibility is to manage the assets and liabilities of ALOG in accordance with the Trust Deed and act honestly in the best interest of Unitholders. As required under the licensing regime for REIT managers, the Manager holds the Capital Markets Services ("**CMS**") Licence issued by the Monetary Authority of Singapore (the "**MAS**") to carry out REIT management activities.

The Manager is fully committed to sound corporate governance policies and practices and adheres to high standards of conduct in line with the recommendations of the Code of Corporate Governance 2018 (the "**2018 CG Code**") and the Listing Manual of the SGX-ST (the "**Listing Manual**") as well as other applicable rules and regulations.

The Manager believes that an effective corporate governance culture is critical to its performance and the success of ALOG. In particular, the Manager has an obligation to act honestly, with due care and diligence, and in the best interest of its Unitholders.

The primary role of the Manager is to set the strategic direction on, amongst others, acquisitions, divestments, asset enhancement and capital management, and subject to any feedback from recommendations made to the Trustee, execute the adopted strategy accordingly.

Other functions and responsibilities of the Manager include:

1. using its best endeavours to carry on and conduct its business and operations in a proper and efficient manner and to conduct all transactions with or for ALOG at arm's length;

2. preparing an annual budget proposal including the net income forecast, property expenditure, capital expenditure, and providing explanations for major variances from the previous year's forecasts, written commentaries on key issues and any relevant assumptions;

3. establishing a framework of prudent and effective controls which enables financial, operational, compliance and information technology risks to be managed;

4. ensuring compliance with the principles and provisions of the 2018 CG Code and other applicable laws, rules and regulations including the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), the Securities and Futures (Licensing and Conduct of Business) Regulations (the "**SF(LCB)R**"), the Listing Manual, the Code on Collective Investment Schemes issued by the MAS (the "**CIS Code**"), Appendix 6 of the CIS Code (the "**Property Funds Appendix**"), the Singapore Code on Takeovers and Mergers, the Trust Deed, the relevant MAS Notices and Guidelines and any tax rulings and all relevant contracts;

5. managing communications with Unitholders; and

6. oversight of the property management services provided by the property managers.

Corporate Governance Report

This Corporate Governance Report (this "**Report**") describes the Manager's corporate governance framework and practices. The Manager is committed to complying with the principles and provisions of the 2018 CG Code and to the extent that there are any deviations from the 2018 CG Code, such as in respect of the independence composition, the formation of a nominating committee and a remuneration committee, the disclosure of remuneration, and the implementation of absentia voting at general meetings of Unitholders, the Manager will provide explanations for such deviations and details of the alternative practices adopted by the Manager which are consistent with the intent of the relevant principles of the 2018 CG Code.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

The composition of the board of directors of the Manager (the "**Directors**", and the board of Directors, the "**Board**") as at 31 December 2020 is as follows:

Mr Lim How Teck	Chairman and Non-Executive Director
Mr Lim Lee Meng	Lead Independent Non-Executive Director and Chairman of the Audit Committee
Mr Lim Kong Puay	Independent Non-Executive Director
Mr Oh Eng Lock	Independent Non-Executive Director
Mr Stephen George Hawkins(1)	Non-Executive Director
Mr Chia Nam Toon(2)	Non-Executive Director

Notes:
(1) Mr Stephen George Hawkins was appointed as Non-Executive Director on 5 March 2020.
(2) Mr Chia Nam Toon resigned as Non-Executive Director on 31 March 2021.

The Board is entrusted with responsibility for the overall management of the Manager and its corporate governance, to establish goals for the management team of the Manager (the "**Management**"), hold the Management accountable for performance and monitor the achievement of these goals. All Directors are fiduciaries who act objectively in the best interests of ALOG. The Board sets an appropriate tone from the top and the desired organisational culture and ensures proper accountability within the Manager.

The Board is also responsible for the strategic business direction and risk management of ALOG. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance and the nomination and appointment of Directors. The Board has established a framework for the management of the Manager and ALOG and the framework comprises a system of robust internal controls, risk management processes and clear policies and procedures and sets out the code of conduct and ethics of ALOG. The Board also reviews the sustainability issues relevant to its business environment and stakeholders. Where a Director is conflicted in a matter, he or she will recuse himself or herself from the deliberations and abstain from voting on the matter.

The Board has adopted a set of prudent internal controls to safeguard Unitholders' interests and ALOG's assets. A set of internal guidelines setting out the level of authorisation and financial authority limits for operating and capital expenditure, capital management, leasing and other corporate matters facilitates operational efficiency, with oversight by the Board. Apart from matters stated below that specifically require approval from the Board, the Board approves transactions which exceed established threshold limits, and delegates its authority for transactions below those limits to the relevant Board Committee, where appropriate, and clearly communicates this to Management in writing.

Matters that are specifically reserved for the Board's decision and approval include:

- corporate strategies and policies of ALOG;
- financial restructuring;
- any material acquisitions and disposals;
- annual budget;
- release of half-year and full year results;
- audited financial statements;
- issue of new ALOG's units ("**Units**");
- income distributions and other returns to Unitholders; and
- Interested Person Transactions (i.e. as defined below) of a material nature.

BOARD COMMITTEE

The Board is supported by its Board Committee, in particular, the audit committee (the "**Audit Committee**"), to assist the Board in discharging its responsibilities and enhancing its corporate governance framework. The Board has delegated specific responsibilities to the Audit Committee and its composition, terms of reference and a summary of its activities are further described in this Report.

The Board accepts that while the Board Committee has the authority to examine particular issues in its specific area, the Board Committee shall report to the Board with its decision(s) and/or recommendation(s) and the ultimate responsibility on all matters lies with the Board.

Board Meetings

The Board meets regularly to review the Manager's key activities. Board meetings are held once every quarter (or more often if necessary). Where necessary, additional meetings would be held to address significant transactions or issues requiring the Board's attention. The Constitution of the Manager allows Directors to convene meetings via teleconferencing, video conferencing or other similar means of communication.

Prior to Board meetings and on an on-going basis, Management provides complete, adequate and timely information to the Board on ALOG's affairs and issues that require the Board's decision. Explanatory background information relating to matters brought before the Board includes quarterly investor slides, half-year and full year results announcements, budgets and documents related to the operational and financial performance of ALOG.

Board meetings for the year are scheduled in advance to facilitate the Directors' administrative arrangements and commitments. Board papers are generally circulated at least three (3) days in advance of each meeting and include background explanatory information for the Directors to prepare for the meeting and make informed decisions. Information provided to the Board include financial results, market and business developments, and business and operational information. Management also highlights key risk issues for discussion and confers with the Audit Committee and the Board regularly.

Corporate Governance Report

The CEO keeps all Board members abreast of key developments and material transactions affecting ALOG so that the Board is kept fully aware of its affairs, business, financial environment and risks faced by ALOG and the Manager. All Directors have separate, independent and unrestricted access to Management, the Company Secretary, the Internal Auditors and the External Auditors (each as defined herein), as well as other external advisers (where necessary), at all times and at the Manager's expense (where applicable).

If a Director is unable to attend the Board meetings, he or she would review the Board papers and advise the Chairman or the Chairman of the Board Committee of his or her views on the matters to be discussed and conveyed to other Directors at the meetings. Where appropriate, Management will be requested to attend meetings of the Board and the Board Committee in order to provide their input and insight into the matters being discussed, and to respond to any queries that the Directors may have.

In addition, Directors may request for briefings and discussions with Management on any aspect of ALOG's operations and may request for any additional reports and documents requiring the Board's attention. When circumstances require, Board members may exchange views outside the formal environment of Board meetings.

The company secretary of the Manager (the "**Company Secretary**") and/or its authorised designate(s) attend(s) all Board meetings and assist(s) the Board in ensuring that Board procedures and all other rules and regulations applicable to the Manager are complied with. The Company Secretary advises the Board on governance matters and works with the Chairman to ensure that information flows within the Board and the Board Committee and between Management and the Directors. The Company Secretary will also assist with professional development and training for Directors when required to do so. The appointment and the removal of the Company Secretary shall be reviewed and decided by the Board.

The Manager has in place procedures to enable Directors, whether as a group or individually, to obtain independent professional advice as and when necessary, in furtherance of their duties, at the Manager's expense. The appointment of such independent professional advisors is subject to approval by the Board.

Four Board meetings were held during the financial year ended 31 December 2020 ("**FY2020**"). The attendance of the Directors at Board meetings and Audit Committee meetings, as well as the frequency of such meetings, are set out below.

Directors' Attendance at Board and Audit Committee Meetings in FY2020

	Board Meetings		Audit Committee Meetings	
Directors	**Participation**	**Attendance/ Number of Meetings**	**Participation**	**Attendance/ Number of Meetings**
Mr Lim How Teck	Chairman	5/5	NA	–
Mr Chia Nam Toon[1]	Member	5/5	NA	–
Mr Stephen George Hawkins[2]	Member	4/5	NA	–
Mr Lim Lee Meng	Member	5/5	Chairman	4/4
Mr Lim Kong Puay	Member	5/5	Member	4/4
Mr Oh Eng Lock	Member	5/5	Member	4/4

Notes:
1. Mr Chia Nam Toon resigned as a Non-Executive Director on 31 March 2021.
2. Mr Stephen George Hawkins was appointed as a Non-Executive Director with effect from 5 March 2020.

Corporate Governance Report

Professional Development

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important impact on ALOG and its disclosure obligations, the Directors are briefed on such changes either during a Board meeting, at specially convened sessions by the External Auditors, lawyers and professionals or via circulation of Board papers. Relevant regulatory updates and news releases issued by the SGX-ST, the MAS and the Accounting and Corporate Regulatory Authority will also be circulated to the Board for information.

The Directors receive regular training and are able to participate in conferences, seminars or any training programme in connection with their duties such as those conducted by the Singapore Institute of Directors ("**SID**"), SGX-ST and REIT Association of Singapore ("**REITAS**"). A list of training courses and seminars which might be of interest is sent to the Directors for their consideration. The costs of arranging and funding the training of the Directors will be borne by the Manager. The Manager notes the requirements under the 2018 CG Code and Listing Manual on the training requirements for directors with no prior experience on listed companies ("**First-time Director**"). Mr Stephen George Hawkins and Ms Low Poh Choo were appointed as Non-Executive Directors with effect from 5 March 2020 and 5 February 2021 respectively and they have no prior experience acting as Directors of a listed company. As part of the training programme arranged for Directors and in relation to the prescribed training courses conducted by the SID, Mr Stephen George Hawkins has completed the mandatory training of the Listed Entity Director ("**LED**") Programme to acquire the relevant knowledge of what is expected of a listed company director (as required under Provision 1.2). All First-time Directors are required to undergo this mandatory training within one year from the date of their appointment. In the case of Ms Low Poh Choo, she has enrolled for the prescribed training courses and will complete them accordingly within a year from her appointment.

All approved Directors are given formal appointment letters explaining the terms of their appointment as well as their duties and obligations. An induction programme is arranged for new Directors to be briefed on the business activities of ALOG and its strategic directions and policies. This allows the Directors to understand the business of the Manager and ALOG as well as their directorship duties (including their roles as non-executive and independent directors).

BOARD COMPOSITION AND GUIDANCE

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

The Board currently comprises six members: three Non-Executive Directors and three Independent Non-Executive Directors. Non-Executive Directors make up the entire Board. Each Director is a well-respected individual from the corporate industry and/or industry circles with diverse experience and network.

The Chairman of the Board is Mr Lim How Teck.

The composition of the Board is determined using the following principles:

1. the Chairman of the Board should be a Non-Executive Director;

2. the Board should comprise Directors with a broad range of commercial experience including expertise in fund management and the property industry; and

3. at least half the Board should comprise Independent Directors.

Corporate Governance Report

The Board seeks to refresh its membership and welcomed Mr Stephen George Hawkins and Ms Low Poh Choo as Non-Executive Directors on 5 March 2020 and 5 February 2021 respectively. Ms Low is the Senior Director of ARA Financial Pte. Ltd., the corporate finance advisory arm of the ARA Group. She assists the Group Chief Executive Officer to oversee the performance and expansion of ARA's public-listed REITs. Ms Low is also a member of the ARA Group Business Development Committee which drives and coordinates all new business initiatives. Ms Low holds a Bachelor of Arts from the University of California, Berkeley, USA. The appointment of new Directors allows the Board to refresh itself in an orderly and progressive manner, in line with its Board diversity policy and in compliance with the applicable regulatory requirements.

Independence Composition

The Independent Non-Executive Directors exercise objective judgement on ALOG's affairs and are independent from Management. The independence of each Independent Director is reviewed upon appointment and thereafter annually by the Board through the annual independence declaration. The declaration makes reference to the guidelines set out in the 2018 CG Code and other applicable laws and regulations.

The assessment of a Director's independence takes into account, among others, the enhanced independence requirements and the definition of "Independent Director" as set out in the SF(LCB)R. An Independent Director is one who: (i) is independent in conduct, character and judgement, and has no relationship with the Manager, its related corporations, its shareholders who hold 5.0% or more of the voting shares (the "**Substantial Shareholders**"), or Unitholders who hold 5.0% or more of the Units (the "**Substantial Unitholders**") in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independence business judgement, in the best interests of the Unitholders; (ii) is independent from any management and business relationship with the Manager and ALOG and from every Substantial Shareholder of the Manager and any Substantial Unitholder; (iii) is not a Substantial Shareholder of the Manager or a Substantial Unitholder; (iv) has not served on the Board for a continuous period of nine years or longer; and (v) is not employed or has been employed by the Manager or ALOG or any of their related corporations in the current or any of the past three financial years and does not have an immediate family member who is employed or has been employed by the Manager or ALOG or any of their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board.

Each Independent Non-Executive Director has declared whether there were any relationships or any instances that would otherwise deem him not to be independent. None of the Independent Non-Executive Directors has served for a continuous period of nine years or longer on the Board. The independence declarations have been duly reviewed by the Board. On the basis of the declarations of independence provided, the Board has determined that these Independent Non-Executive Directors are independent as defined under the relevant regulations. Each of the Independent Non-Executive Directors has recused himself from reviewing his own independence.

All Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against their goals and objectives. Their views and opinions provide alternative perspectives to ALOG's business and enable the Board to make informed and balanced decisions. Non-Executive Directors constructively provide inputs and enable the Board to interact and work with Management to establish strategies.

When reviewing Management's proposals or decisions, the Non-Executive Directors provide their objective judgement on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors and/or Independent Non-Executive Directors meet without the presence of the Management on a needs-basis, as led by the Independent Directors, and provide updates to the Board where necessary.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of industry expertise and experience. In particular, the Board's diversity policy strives to ensure that the Board as a whole has the requisite background, and diverse experience and knowledge in business, accounting and finance and management skills critical to ALOG's businesses. The Manager has adopted the Board Diversity Policy of ARA, which has an established framework for setting the board diversity approach, including the qualitative and measurable quantitative objectives to ensure diversity of its composition. With the appointment of Ms Low Poh Choo on the Board as a Non-Executive Director on 5 February 2021, the Board has achieved gender diversity by having at least one female Board member. Collectively and individually, the Directors act in good faith and exercise due diligence and care in the course of their deliberations and, at all times, consider objectively the interests of ALOG and its Unitholders.

Corporate Governance Report

A healthy exchange of ideas and views between the Board and Management during regular meetings and updates enhances the management of ALOG. This, together with a clear separation of roles between the Chairman and the Chief Executive Officer ("**CEO**"), establishes a healthy and professional relationship between the Board and Management.

The current composition of Independent Directors has made up half of the Board notwithstanding that the Chairman is non-independent. Under the 2018 CG Code, Independent Directors shall make up a majority of the Board where the Chairman is not independent (as required under Provision 2.2). Rule 210(5)(c) of the Listing Manual, which requires independent directors to make up at least one-third of the board, will come into effect on 1 January 2022. The Board will continuously review and increase its independence composition, where necessary. Accordingly, the Board will explain and implement additional measures to enhance its independence.

Based on the assessment of its independence element, the Board is of the view that the current composition of Directors provides an appropriate level of independence, in consideration of the following factors:

(i) there are three Independent Non-Executive Directors and three Non-Executive Directors (including the Chairman), out of a total of six members. Independent Non-Executive Directors make up 50% of the Board and Non-Executive Directors make up 100% of the Board;

(ii) the Independent Non-Executive Directors have been assessed based on the independence criteria which include (a) length of service not more than nine years, (b) independence from management and business relationships with the Manager and ALOG, (c) independence from Substantial Shareholders of the Manager and Substantial Unitholders, and (d) other factors described in Principle 4 of this Report;

(iii) Mr Lim Lee Meng has been appointed as the Lead Independent Director (the "**Lead Independent Director**") given that the Chairman is a Non-Independent Director. The Lead Independent Director serves in a lead capacity to co-ordinate the activities of the non-executive members in circumstances where the Chairman is conflicted or when it is inappropriate for the Chairman to direct and address matters relating to ALOG and its Unitholders; and

(iv) interested Director(s) are required to abstain from voting when passing Board resolutions and the quorum for such matter must comprise a majority of Independent Non-Executive Directors, excluding such interested Director(s).

Based on the above assessment, the Board is of the view that the current composition of Directors, as a group, provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, and that the current Board size is appropriate, taking into consideration the nature and scope of the ALOG's operations. The Board values the benefits that diversity can bring to the Board in its deliberations by avoiding groupthink and fostering constructive debate. In addition, prior approval of the MAS is required for appointment of any Board member or the CEO. The Board will continue to review its composition to ensure that it adheres to the requirements under Principle 2. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 2 of the 2018 CG Code as a whole.

All Non-Executive Non-Independent Directors and Independent Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. The views and opinions of the Independent Directors and the Non-Executive Non-Independent Directors provide alternative perspectives to ALOG's business and enable the Board to make informed and balanced decisions. This also enables the Board to interact and work with Management to help shape the strategic process.

Profiles of the Directors and other relevant information are set out on pages 16 to 19 of this Annual Report. There were no Alternate Directors in FY2020.

Corporate
Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The roles of Chairman and CEO are separate and held by Mr Lim How Teck and Ms Karen Lee respectively. Ms Karen Lee was appointed with effect from 15 August 2020 in accordance with the succession plan. The Chairman and the CEO are not immediate family members. In addition, the Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO. The separation of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties and accountability. This ensures an appropriate balance of power, increased accountability and greater capacity of the Board for sound and independent decision making.

The Chairman leads the Board and ensures that its members work together with Management in a constructive manner to address strategies, business operations and enterprise issues. The Chairman also ensures that there is effective communication with Unitholders and promotes a culture of openness and a high standard of corporate governance. The CEO has full executive responsibilities over the business direction and day-to-day operational decisions in relation to the management of ALOG, in accordance with the objectives established by the Board. The CEO is a licensed representative approved by the MAS and is resident in Singapore.

Separately, the Lead Independent Director is available to Unitholders when they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate. The Lead Independent Director also coordinates meetings with other Independent Directors as and when required, without the presence of Management and provides feedback to the Chairman.

BOARD MEMBERSHIP

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

The Board has not established a nominating committee (as required under Provision 4.1) as the Board, taking into account the activities of ALOG and its current Board composition, considers that the objectives of a nominating committee, as required under Principle 4, are currently achieved by the Board, consistent with the intent under Principle 4 of the 2018 CG Code. Therefore, a separate committee, comprising at least three Directors (including the Lead Independent Director), a majority of whom, including the committee chairman, are independent, is not necessary (as required under Provisions 4.1 and 4.2). The Board has assessed its independence element under Principle 2 and is of the view that it can effectively perform the role of a nominating committee.

The Board performs the various functions of the nominating committee, including:

- tabling nominations for appointment and re-appointment to the Board, and reviewing as well as taking into account the succession plan and framework for the Chairman, the CEO and key management personnel;
- reviewing the structure, size, and composition of the Board;
- reviewing the overall performance and progress of the Board, the Audit Committee and the Directors;
- reviewing the independence of Board members; and
- reviewing the training and professional development of the Board and the Directors.

The Board believes that it can achieve orderly succession and renewal through continuously reviewing the appropriate composition of the Board. This is evident in the changes to the Board composition, as described under Principle 1 above.

Corporate Governance Report

Process for Appointment of New Directors

When reviewing and recommending the appointment and re-appointment of new Directors, the Board takes into consideration the current Board's size and mix, and the principles outlined in the subsequent part of this Report. The Board has put in place a process for shortlisting, evaluating and nominating candidates for appointment as Directors. The selection and appointment of candidates is evaluated through taking into account various factors including the current and mid-term needs and goals of ALOG, as well as the relevant background of the candidates and their potential contributions. Candidates may be put forward or sought through contacts and recommendations by the Directors or through external referrals where applicable.

Criteria for Appointment and Re-appointment of Directors

The Board reviews each candidate's experience and ability to contribute to the guidance of the Manager in its management of ALOG, including attributes such as complementary experience, time commitment, financial literacy, reputation and whether he or she is a fit and proper person in accordance with the Guidelines on Fit and Proper Criteria issued by MAS (which require the candidate to be competent, honest, to have integrity and be financially sound). The Board also determines whether its members as a whole have the skills, knowledge and experience required to achieve the objectives of ALOG.

The Board unanimously approves the appointment of new Directors via Board resolution upon assessing the candidates' profiles and credentials. Once appointed, the Board ensures that new Directors are aware of their duties and obligations. For re-appointment of Directors, the Board assesses the relevant Directors' performance as disclosed under Principle 5 below and these directors shall be re-elected at the Annual General Meeting of the Manager. The Board seeks to refresh its membership progressively, taking into account the balance of skills and experience, tenure and diversity, as well as benchmarking within the industry, as appropriate. No Board member is involved in any decisions relating to his or her own appointment or reappointment.

The current Board composition complies with the requirements under the SF(LCB)R where half the Board is independent. In this regard, the Board is satisfied that the current composition has sufficiently met its independence and governance and assessed that Unitholders are not required to endorse the appointment of directors at the AGM.

Review of Director's Independence

The Board itself undertakes the role of determining the independence status of the Directors (as required under Provision 4.4) which was described under Principle 2 above. The independence of each Director is reviewed prior to the appointment and thereafter, annually with reference to the principles and provisions set out in the 2018 CG Code and applicable laws and regulations.

In FY2020, the Board has reviewed the Directors' independence declarations and determined that Mr Lim Lee Meng, Mr Lim Kong Puay and Mr Oh Eng Lock are independent and are free from any of the relationships stated in the 2018 CG Code, the Listing Manual and the SF(LCB)R.

Annual Review of Directors' Time Commitments

Although the Directors have other listed company board representations and principal commitments (as set out in the Profiles of the Directors on pages 16 to 19 of this Annual Report), the Board has determined that each individual Director has been adequately carrying out his or her duties and has devoted sufficient time and attention to his or her role as a Director and to the affairs of the Manager (as required under Provisions 1.5 and 4.5) and this is being assessed as part of the Director's performance as disclosed in Principle 5 below. In FY2020, the Directors attended Board meetings, had given feedback and participated constructively when discussing the activities of ALOG. The Board has also procured written confirmations from the Directors stating that they are able to carry out their duties as Directors of the Manager and they would address any competing time commitments that may arise, despite their multiple Board representations. The Board is of the view that such external appointments do not hinder the Directors from carrying out their duties.

In view of the above, the Manager is of the view that its practice is consistent with the intent of Principle 4 of the 2018 CG Code as the Board can effectively perform the role of the nominating committee as a whole.

Corporate Governance Report

BOARD PERFORMANCE

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

The Board believes that performance of the whole Board, the Audit Committee, the Chairman and individual Directors are assessed and reflected in their proper guidance, diligent oversight, able leadership and support that they lend to Management. The Board takes the lead to steer ALOG in the appropriate direction under both favourable and challenging market conditions. Ultimately, the interests of ALOG are safeguarded and reflected in the maximisation of Unitholders' value in the long-term performance of ALOG.

As part of the Manager's commitment towards good corporate governance, the Board has implemented an objective performance criteria and a structured process in assessing the performance of the Board as a whole and of its Board Committee, as well as the contribution by the Chairman and each of its Directors (as required under Provision 5.1). This process is facilitated by the Company Secretary as an external facilitator and it encompasses the use of confidential questionnaire, laying out the performance criteria determined by the Board. This criteria includes an evaluation of the Board's oversight over the performance of ALOG, the size and composition of the Board, overall governance and risk framework, Board meeting participation, access to information, as well as standards of individual Director's conduct, independence and performance, and the upkeep of their professional development. The results are aggregated and presented during the board meetings for overall analysis, and where necessary, follow up actions are taken to enhance the effectiveness of the Board in discharging its duties and responsibilities.

For FY2020, based on the assessment of the Board and individual Director's performance, the Board is satisfied with the result and therefore approves the re-election of the Directors at the Annual General Meeting of the Manager. The Board has also taken on feedback and will arrange an annual discussion amongst its members without the presence of Management.

The Manager is of the view that its practice is consistent with the intent of Principle 5 of the 2018 CG Code as the Board can effectively undertake a formal assessment of its effectiveness as a whole and that of its Board Committee and individual Directors.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES AND LEVEL AND MIX OF REMUNERATION

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

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

The Board has assessed its independence element under Principle 2 and is of the view that the current composition of Directors provides sufficient strong independence to perform the role of a remuneration committee. Accordingly, the Board has considered that a separate remuneration committee, comprising at least three Directors and all members to be Non-Executive Directors, the majority of whom, including the committee chairman are independent, would not be necessary (as required under Provisions 6.1 and 6.2).

The Board has assessed the remuneration policies and practices of ARA, in lieu of reviewing specific remuneration packages for key management personnel (as required under Provisions 6.1 and 6.3). As a result, the Board has deemed such remuneration policies, practices and termination terms (if any) to be fair and appropriate for ALOG. Accordingly, the Manager has adopted the remuneration policies and practices of ARA, which has an established framework for the remuneration, compensation, benefits and succession planning for the Directors and key management executives of the Manager.

Corporate
Governance Report

The Manager is of the view that its practice is consistent with the intent of Principle 6 of the 2018 CG Code as the Board can effectively perform the role of the remuneration committee as a whole.

Remuneration Framework

The Manager advocates a performance-based remuneration framework. In adopting the remuneration policies and practices of ARA, the Manager ensures that such remuneration policies take into account achieving the long-term success of ALOG, which:

- comprise a variable component of key performance indicators ("**KPIs**") that are tied to the financial performance of ALOG and individuals' performance related to the organisational goals, aligning with the interests of the Unitholders;
- comprise a fixed pay component that is benchmarked against the market to maintain competitiveness; and
- attract and retain talented staff for the long term, while considering the prevailing market conditions within the industry.

Link Between Pay and Performance

A comprehensive and structured performance assessment is carried out annually for the CEO and key management executives of the Manager. At the start of the year, KPIs for the CEO and key management executives are discussed and agreed upon to ensure that such indicators are specific, measurable, result-oriented and time-bound. The KPIs could be on financial and non-financial metrics such as performance related to distribution per unit, net asset value and net property income. These KPIs serve to link the rewards to an individual's and ALOG's performance and deliver overall Unitholders' value. A mid-year review is carried out to monitor the performance and relevance of these indicators and a year-end review is carried out to measure actual performance against the KPIs. The overall assessment is based on a rating scale, where the variable year-end bonus for the CEO and key management executives are determined.

In addition to the base salary and a variable year-end bonus, designated key management executives of the REIT Manager participate in a Performance Based Bonus Scheme (the "**Scheme**"). Under the Scheme, designated key management executives of the Manager may be entitled to a pool of incentive payments based on certain performance indicators linked to the growth of ALOG and optimising the returns to Unitholders. The incentive payments are paid in cash and allocated amongst the designated key management executives based on various factors and conditions, including seniority, length of service, performance and contributions.

The remuneration of CEO and key management executives is not linked to the gross revenue of ALOG. As and when required, the Board will have access to independent remuneration consultants but did not engage any during FY2020.

In FY2020, there were no termination and post-employment benefits granted to Directors, the CEO and key management executives.

Corporate
Governance Report

DISCLOSURE OF REMUNERATION

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

The remuneration of the Directors for FY2020 comprises entirely Non-Executive Directors' fees paid entirely in cash and the details are set out below:

Name of Director	Salary (S$)	Bonus (S$)	Directors' Fees (S$)	Others (S$)	Total (S$)
Mr Lim How Teck	–	–	90,000	–	90,000
Mr Lim Lee Meng	–	–	85,000	–	85,000
Mr Lim Kong Puay	–	–	65,000	–	65,000
Mr Oh Eng Lock			65,000		65,000

Directors' fees are established annually based on the Directors' responsibilities on the Board and the Audit Committee. The Board believes that the remuneration for Directors is appropriate to attract, retain and motivate the Directors and is also appropriate to the level of contribution and takes into account the industry practices and norms for Directors to provide stewardship of the Board, while being commensurate with their efforts, responsibilities and time spent. Each Director is paid a fixed fee, and no Director is involved in deciding his or her own remuneration. The framework for determining the Directors' fees is shown in the table below:

Mainboard	
Chairman	S$90,000 per annum
Members	S$45,000 per annum
Audit Committee	
Chairman	S$40,000 per annum
Members	S$20,000 per annum

The Manager is cognisant of the requirement to disclose (i) the remuneration of the CEO and each individual Director on a named basis; (ii) the remuneration of at least the top five key management executives (who are not also Directors or the CEO), on a named basis, in bands of S$250,000. (iii) the aggregate remuneration of its CEO and top five key management executives (who are not also Directors or the CEO); and (iv) any other forms of remuneration and other payments and miscellaneous staff benefits paid to key management executives (who are not also Directors or the CEO) (as required under Provisions 8.1 and 8.3 of the 2018 CG Code). The Board has assessed and elected not to disclose the above remuneration for the following reasons:

- the competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the remuneration of its CEO and top five key management executives (who are not also Directors or the CEO) so as to minimise potential staff movement which would cause undue disruptions to the management team of ALOG;

- it is important that the Manager retains its competent and committed staff to ensure the stability and continuity of business and operations of ALOG;

- due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosures could be prejudicial to the interests of Unitholders. Conversely, the Manager is of the view that such non-disclosure will not be prejudicial to the interests of Unitholders as the information provided regarding the Manager's remuneration policies is sufficient to enable Unitholders to understand the link between remuneration paid to the CEO and the top five key management executives (who are not also Directors or the CEO) and their performance; and

- there is no misalignment between the remuneration of the CEO and key management executives and the interests of the Unitholders as their remuneration is paid out from the fees the Manager receives from ALOG, rather than borne by ALOG.

Corporate
Governance Report

The Manager is accordingly of the view that its practice is consistent with Principle 8 of the 2018 CG Code as a whole.

There are no employees of the Manager who are Substantial Shareholders of the Manager; Substantial Unitholders; or immediate family members of a Director, the CEO, a Substantial Shareholder of the Manager or a Substantial Unitholder; whose remuneration exceeds S$100,000 during the year.

The key management executives were remunerated wholly in cash in FY2020.

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

Effective risk management is a fundamental part of ALOG's business strategy. Recognising and managing risks is central to the business and serves to protect Unitholders' interests and ALOG's assets. ALOG operates within the overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved and appropriate controls and measures are put in place before the Manager proceeds with the execution.

Key risks, process owners, risk factors, mitigating actions and risk indicators are continuously identified, assessed and monitored by Management as part of ALOG's Enterprise Risk Management Framework (the "**ERM Framework**") and documented in the risk profile maintained by the Manager and reviewed quarterly by the Audit Committee and the Board. As a result, the Board determines the nature and extent of such risks identified in achieving ALOG's strategic objectives and value creation.

The ERM Framework lays out the governing policies and procedures, ensuring that the risk management and internal control systems provide reasonable assurance on the safeguarding of assets, maintenance of reliable and proper accounting records, compliance with relevant legislations and against material misstatement of losses.

Risk Management Committee

A separate risk management committee (the "**Risk Management Committee**") was established to assist the Audit Committee in assessing the adequacy of internal controls. The Risk Management Committee comprises the CEO, Head of Finance and the Head of ARA Group Governance & Sustainability Division ("**GGS**"). GGS is a corporate division of ARA, the holding company of the Manager.

The Risk Management Committee meets regularly to review the risk profile of ALOG. The Risk Management Committee, which is headed by the CEO, reports to the Audit Committee on overall risk management matters during the quarterly Audit Committee meetings.

The Risk Management Committee identifies the material risks that ALOG faces, including strategic, operational, financial, compliance and information technology risks, and sets out the appropriate mitigating actions and monitoring mechanisms to respond to these risks and changes in the external business environment. The risk profile highlights the changes in risk assessment, quantitative and qualitative factors affecting the inherent risk levels and effectiveness of mitigating controls supporting the residual risks within the risk appetite approved by the Board.

Corporate
Governance Report

The CEO and the management team are primarily responsible for maintaining the internal controls and risk management systems. Risks are proactively identified and addressed. The ownership of these risks lies with the respective departmental heads with stewardship residing with the Board. The Internal Auditors conduct reviews of the adequacy and effectiveness of the risk profiles and material internal controls, addressing financial, operational, compliance and information technology controls, as part of the audit plan approved by the Audit Committee. In addition, the External Auditors perform tests of certain controls relevant to the preparation of ALOG's financial statements. Any material non-compliance or improvements identified for the risk management processes is reported to the Audit Committee. The Audit Committee and the Board review the adequacy and effectiveness of ALOG's risk management and internal control systems.

Role of Board and Audit Committee

The Audit Committee and the Board believe that the internal controls, including financial, operational, compliance and information technology controls, risk management systems and sustainability measures put in place to manage the risks are adequate and effective and the residual risks are acceptable.

For the financial year in review, the Board has received written assurances (a) from the CEO and the Head of Finance that the financial records have been properly maintained and that the financial statements give a true and fair view of ALOG's operations and finances and (b) from the CEO and other key management executives that ALOG's risk management and internal control systems are adequate and effective.

The roles and responsibilities of a Chief Financial Officer are undertaken by the Head of Finance instead. As such, the assurance under Provision 9.2(a) of the 2018 CG Code given by the Head of Finance in lieu of a Chief Financial Officer would adequately serve the intent of Provision 9.2(a) of the 2018 CG Code. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 9 of the 2018 CG Code as a whole. In addition, an Internal Assessment Checklist (the "**1207(10) Checklist**") which captures the requirements under Rule 1207(10) of the Listing Manual had been used by Management as a guide to assess the adequacy of internal controls. The 1207(10) Checklist covers the areas of risk management, internal audit, internal controls, information technology, fraud assessment, external audit and compliance. The completed 1207(10) Checklist is reviewed by the Audit Committee, in conjunction with the reports submitted by the Internal Auditors and the External Auditors, as well as the letters of undertaking from the CEO and the Head of Finance of the Manager to give assurance on the state of internal controls.

For FY2020, the Board is satisfied with the adequacy and effectiveness of ALOG's internal controls (including financial, operational, compliance and information technology controls) and risk management systems, taking into account the nature, scale and complexity of the Manager's operations. The Board arrived at this assessment based on the ERM Framework established, the 1207(10) Checklist and the reviews conducted by the Internal Auditors and the External Auditors, together with the Management's confirmation on the adequacy and effectiveness of the internal controls. The Audit Committee has concurred with the Board's assessment. In addition, the Audit Committee has reviewed and is satisfied with the adequacy of resources and qualifications of the Manager's key management executives who are performing accounting, financial reporting and compliance roles.

ALOG has maintained proper records of the discussions and decisions of the Board and the Audit Committee.

Corporate Governance Report

Whistle-Blowing Policy

Pursuant to the Whistle-Blowing Programme which has been put in place, the Audit Committee reviews arrangements by which staff of the Manager or any other persons may, in confidence, raise their concerns to the Audit Committee about possible improprieties in matters of financial reporting or such other matters in a responsible and effective manner.

The objective of the Whistle-Blowing Programme, as approved by the Audit Committee, is to ensure that arrangements are in place for independent investigation of such concerns and allow appropriate follow-up actions to be taken.

The Audit Committee is guided by the Whistle-Blowing Programme to ensure proper conduct and closure of investigations, including handling of possible improprieties, prohibition of obstructive or retaliatory actions, confidentiality, disciplinary and civil or criminal actions. All such investigations are undertaken by the Internal Auditors based on instructions from the Audit Committee.

Details of the Whistle-Blowing Programme and arrangements are posted on ALOG's website. The website provides a feedback channel for any complainant to raise possible improprieties directly to the Audit Committee (with such complaints copied to the Head of ARA GGS) to facilitate an independent investigation of any matter raised and allow appropriate follow-up action as required. The Whistle-Blowing Policy and Code of Conduct, amongst other policies, are circulated to all new incoming staff and also covered as part of the staff's annual declaration of compliance.

AUDIT COMMITTEE

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

The Board has established an Audit Committee to assist the Board in discharging its corporate governance responsibilities. The Audit Committee's role is to assist the Board in ensuring the integrity of the financial reporting and that sound internal controls are put in place. In adhering to best practices of corporate governance, all members of the Audit Committee (including the Audit Committee Chairman) are Independent Non-Executive Directors.

The Audit Committee currently comprises three Independent Non-Executive Directors, namely:

- Mr Lim Lee Meng (Chairman)
- Mr Lim Kong Puay (Member)
- Mr Oh Eng Lock (Member)

The members of the Audit Committee bring with them professional expertise and experience in the financial, business management and consultancy fields. The Board is of the view that the Audit Committee Chairman and members are appropriately qualified, with the necessary accounting and financial management expertise and experience to discharge their responsibilities. Mr Lim Lee Meng was a former senior partner of an international accounting firm and he was previously on the boards of several Singapore-listed REITs. Mr Lim Kong Puay was formerly a senior corporate executive in the electricity and utilities sector. Mr Oh Eng Lock has extensive experience in the banking and financial sector and was formerly the CEO and an Executive Director of a listed company.

In compliance with the 2018 CG Code, the Audit Committee does not comprise any former partner or director of the incumbent External Auditors, within the previous two years or hold any financial interest in the auditing firm.

Four Audit Committee meetings were held during FY2020.

Corporate Governance Report

The Audit Committee is guided by its written terms of reference which defines its duties and scope of authority. Specifically, the duties of the Audit Committee include:

1. reviewing the annual audit plan, including the nature and scope of the internal and external audits before the commencement of these audits;

2. reviewing at least annually, the adequacy and effectiveness of the internal audit process and ALOG's system of risk management and internal controls, including financial, operational, compliance and information technology controls;

3. reviewing external and internal audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by the Management;

4. reviewing the adequacy, effectiveness, independence, scope and results of the Internal Auditors;

5. reviewing the monitoring procedures put in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Appendix;

6. reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of ALOG and any announcements relating to ALOG's financial performance;

7. reviewing the assurance from the CEO and the Head of Finance on the financial records and financial statements;

8. reviewing the Whistle-Blowing Policy and arrangements by which staff of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;

9. reviewing and discussing with the External Auditors, any suspected fraud or irregularity, or suspected infringement of any applicable law, rules or regulations, which has or is likely to have a material impact on ALOG's operating results or financial position and Management's response;

10. reviewing the adequacy, effectiveness, independence, scope and results of the External Auditors;

11. making recommendations to the Board on (i) the proposed appointment and removal of the External Auditors and (ii) reviewing the proposed fees for the External Auditors and authorising the Manager to fix the remuneration and terms of engagement of the External Auditors for the financial year; and

12. reviewing the monitoring procedures established to regulate Interested Party Transactions and Conflict of Interests (as defined below), including ensuring compliance with the provisions of the Listing Manual relating to transactions between the Trustee and an "interested person", and the provisions of the Property Funds Appendix relating to transactions between the Trustee and an "interested party" (both such types of transactions constituting "**Interested Person Transactions**"). This includes the requirement to ensure transactions undertaken are on normal commercial terms and not prejudicial to the interests of the Unitholders and that the property manager, as an interested person, is in compliance with the property management agreement.

The Audit Committee has the authority to investigate any matters within its terms of reference. It is entitled to full access and co-operation from Management and has discretion to invite any Director or any key management executive of the Manager to attend its meetings. The Audit Committee has full access to resources and is provided with regular updates from external professionals to keep abreast of changes in accounting and regulatory standards.

In FY2020, the Audit Committee had met with the Internal Auditors and the External Auditors without the presence of Management. The Internal Auditors and the External Auditors may request the Audit Committee to meet if they consider a meeting necessary. Both the Internal Auditors and the External Auditors have confirmed that they had full access and had received the co-operation and support of Management, with no restrictions placed on the scope of their audits.

Corporate Governance Report

The Audit Committee had reviewed and approved the Internal Auditors' and the External Auditors' audit plans to ensure that they were sufficiently comprehensive in scope and address the internal controls of ALOG. All audit findings and recommendations by the Internal Auditors and the External Auditors were forwarded to the Audit Committee for discussions at the meetings. The Audit Committee discussed with Management and the External Auditors on significant financial reporting matters, in particular the key audit matter associated with the valuation of investment properties. The Audit Committee concurs with the conclusion of the Management and the External Auditors on the key audit matter.

During FY2020, the Audit Committee performed an independent review of the quarterly business updates and half-yearly financial statements of ALOG. In the process, the Audit Committee reviewed the key areas of management judgement applied for adequate provisioning and disclosure, accounting policies, key audit matters and any significant changes made which have a material impact on the financials. The External Auditors also presented their salient features memorandum to the Audit Committee, covering the audit focus areas, key audit matters findings, quality and independence.

In connection with the ERM Framework under risk management, the Audit Committee had reviewed the approach taken in identifying and assessing risks and internal controls in the risk profile documented and maintained by Management.

The Audit Committee had also conducted a review of all non-audit services provided by KPMG LLP, the external auditors of ALOG (the "**External Auditors**"), and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors. The aggregate amount of audit and non-audit fees paid/payable to the External Auditors for FY2020 is disclosed on page 166 of this Annual Report.

The Audit Committee is satisfied that the resources and experience of the audit partner of KPMG LLP and her team are adequate to meet their audit obligations, given the size, nature, operations and complexity of ALOG and its subsidiaries. The Audit Committee had assessed the performance of the External Auditors based on factors such as performance and quality of their audit and independence. The External Auditors had also confirmed their independence in writing to the Audit Committee.

The Audit Committee, with the concurrence of the Board, has recommended the re-appointment of KPMG LLP as the external auditors of ALOG at the forthcoming Annual General Meeting ("**AGM**"). The Manager, on behalf of ALOG, confirms that it has complied with the requirements of Rules 712 and 715 read with 716 of the Listing Manual in respect of the suitability of the auditing firms of ALOG and its significant associated companies and subsidiaries.

The Audit Committee had reviewed the Whistle-Blowing Policy which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee is satisfied that these arrangements are in place for concerns to be raised and investigated independently, and for appropriate follow-up actions to be taken.

On a quarterly basis, Management reports details of the Interested Person Transactions to the Audit Committee. All Interested Person Transactions together with the Register of Interested Person Transactions had been reviewed by the Audit Committee.

Internal Audit Function

The Manager maintains a robust system of internal controls and risk management framework to safeguard ALOG's assets and Unitholders' interests and to provide reasonable assurance against misstatement of loss, ensure maintenance of reliable and proper accounting records and compliance with relevant legislation.

For FY2020, the internal audit function of the Manager was outsourced to Deloitte & Touche Enterprise Risk Services Pte. Ltd., a member firm of Deloitte Touche Tohmatsu Limited (the "**Internal Auditors**"). The Internal Auditors are independent of Management and report directly to the Audit Committee on audit matters and to Management on administrative matters.

Corporate Governance Report

The Audit Committee is satisfied that the Internal Auditors had met the standards set by internationally recognised professional bodies including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The Audit Committee has assessed the adequacy of the Internal Auditors and is of the view that the Internal Auditors had the relevant qualifications, appropriate standing within the Manager and adequate resources to perform their functions effectively. The Internal Auditors had also maintained their independence from the activities that they audit and had unfettered access to all ALOG's documents, records, properties and personnel, including the Audit Committee. The Audit Committee approves the appointment, removal, evaluation and fees of the Internal Auditors, and conducts an assessment of the Internal Auditors' performance during re-appointments.

The Internal Auditors conduct audits to evaluate the effectiveness of the risk management and internal control systems in ALOG, which include financial, operational, compliance controls and information technology. The internal audit plan adopts a risk-based approach covering all business of ALOG and support functions of the Manager and property managers. The audit assignments cover the design and operating effectiveness of the internal controls, as well as, compliance with the stated policies and procedures. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the Audit Committee. The Internal Auditors also report to the Audit Committee on the status of the corrective or improvement measures undertaken by Management.

In addition to the work performed by the Internal Auditors, the External Auditors also performed tests of certain controls that are relevant to the preparation of ALOG's financial statements, and they report any significant deficiencies of such internal controls to the Audit Committee.

Pursuant to Rule 1207(10C) of the Listing Manual, the Audit Committee had assessed and is satisfied with the adequacy, effectiveness, independence, scope and results of the Internal Auditors.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

ENGAGEMENT WITH SHAREHOLDERS

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

The Manager upholds a strong culture of continuous disclosure and transparent communication with Unitholders and the investing community. In the spirit of the disclosure requirements under the Listing Manual, the Manager is committed to actively engaging and keeping all Unitholders and stakeholders informed on the performance and changes in ALOG's business, which would materially affect the price of the Units, on a timely basis. The Manager's Investor Relations and Disclosure Policy promotes regular, effective and fair communication through timely and full disclosure of material information by way of public releases or announcements on the SGX-ST via SGXNET, and on ALOG's website (https://www.aralogos-reit.com/).

ALOG's website provides Unitholders with comprehensive information required to make well-informed investment decisions. Information on ALOG's business strategies and Directors' profiles can be accessed from the website. The website also features a (1) "Newsroom" link which shows current and past announcements, financial results and annual reports; (2) "Investor Relations" link which shows ALOG's distribution history, historical stock price and research coverage and (3) "Contact Us" link which includes email alerts and contact details. The Whistle-Blowing Policy is also published under the "The Manager" link. As part of the Investor Relations and Disclosure Policy, the Manager has a dedicated Investor Relations Manager who facilitates communication with Unitholders, institutional investors, analysts and media representatives. Unitholders can post their queries and feedback to the dedicated investor relations contact via email or phone.

Corporate Governance Report

Unitholders are notified in advance of the date of release of ALOG's financial results through an announcement via SGXNET. The Manager conducts regular briefings for analysts and media representatives, which generally coincide with the release of ALOG's half-yearly and full year results. During these briefings, Management will present ALOG's most recent performance. In line with the Manager's objective of transparent communication, briefing materials are also simultaneously released on the SGX-ST via SGXNET and also made available on ALOG's website.

In FY2020, Management provided institutional investors and analysts with publicly available information through group presentations, one-on-one meetings and conference calls. Management strives to maintain regular dialogue with retail investors and keep them updated on developments through participation in seminars and symposiums, timely announcements on SGXNET, ALOG's website and the general media, in order to ensure a level playing field.

Unitholders are informed of meetings through notices accompanied by Annual Reports or circulars sent to them. All Unitholders are entitled to receive the annual reports at least 14 days prior to the AGM. The Manager ensures that Unitholders are able to participate effectively and vote at the general meeting of Unitholders (the "**Unitholders' meetings**").

Before COVID-19, the Unitholders' meetings are generally and physically held in central locations which are easily accessible by public transportation. Unitholders are invited at such meetings to put forth any questions they may have on the resolutions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed to appoint in advance up to two proxies to vote on his/her behalf at the meeting through proxy forms sent to the Unitholder.

Voting at general meetings is conducted by way of electronic poll voting for all the Unitholders/proxies present at the meeting for all resolutions proposed at the general meeting. Unitholders/proxies will be briefed on the procedures involved in conducting a poll. This allows all Unitholders present or represented at the meetings to vote on a one-unit-one-vote basis. An independent scrutineer is appointed to validate the vote tabulation procedures. The voting results of all votes cast for or against each resolution is then screened at the meeting with respective percentages and these details are announced through SGXNET after the meeting.

The Directors, Audit Committee, Management and the External Auditors will be physically in attendance at these meetings to address questions raised by Unitholders. All Directors attended the general meeting held in FY2020.

In view of the COVID-19 situation and heightened safe distancing measures, the general meetings held on 3 June 2020, 23 December 2020 and 27 April 2021 were/shall be conducted wholly via electronic means. This is made in accordance with the COVID-19 (Temporary Measures) Act 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**COVID-19 Order**").

Based on the COVID-19 Order, Unitholders attend the general meetings via live audiovisual webcast or live audio-only stream and they submit questions to the Chairman of the Meeting(s) in advance of the meetings. The Manager shall address substantial and relevant questions received from Unitholders and Securities Investors Association (Singapore) prior to or at the aforesaid meetings and publish the responses to questions on SGXNET and the ALOG's corporate website.

Unitholders who wish to exercise their right to vote on any or all of the resolutions at the Unitholders' meeting were required to appoint the Chairman of the Meeting(s) as their proxy by submitting duly completed and signed proxy forms in accordance with the notice of meeting. Persons who hold Units through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), and who wish to participate in the general meeting by, among others, appointing the Chairman of the general meeting as proxy to attend, speak and vote on their behalf at the general meeting, should contact the relevant intermediary through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the general meeting.

Corporate Governance Report

An independent scrutineer is appointed to validate the proxy forms submitted by the Unitholders and the votes of all such valid proxy forms are counted and verified. The voting results of all votes cast for or against each resolution is then screened at the meeting with respective percentages and these details are announced through SGXNET after the meeting. The Company Secretary prepares the minutes of Unitholders' meetings, which incorporate substantial and relevant comments or queries relating to the agenda of the AGM from Unitholders and the corresponding responses from the Board and Management. These minutes are made publicly available on SGX-ST's website and ALOG's corporate website as soon as practicable.

The Manager has not implemented absentia voting methods such as voting via email or fax (as required under Provision 11.4) due to security, integrity and other pertinent considerations. Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings. As such, Unitholders have opportunities to communicate their views on matters affecting ALOG even when they are not in attendance at general meetings. The Manager is accordingly of the view that its practice is consistent with the intent of Principle 11 of the 2018 CG Code as a whole.

At the Unitholders' meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the AGM in the Notice of AGM, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are so "bundled," the Manager will explain the reasons and material implications in the notice of the meeting.

ALOG's current distribution policy is to distribute quarterly, at least 90% of its annual distributable income.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

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

In keeping with its commitments to good corporate governance, the Manager has put in place a Sustainable Reporting Framework, which is published on ALOG's website. In the report, the Manager focuses on ALOG's Economic, Social, and Governance ("**ESG**") impacts and its progress towards the goal of sustainable management of its real estate portfolio. The Board has set a strategic direction in ensuring good corporate governance, prudent financial management, fair employment practices and efficient utilisation of resources. The Manager believes in the importance of integrating sustainability into its business strategies and operations in achieving sustainable economic growth and delivering long-term Unitholder value.

The Manager has identified the following as their key stakeholders: Unitholders, Investors, Tenants, Third Party Service Providers, Community, Employees, Government Agencies, Industry Organisations and Associations. For FY2020, the Manager's strategy is to ensure active engagement and frequent communication with the relevant stakeholders through the various engagement channels including meetings, forums and dialogues, general meetings and announcements, investor conferences, tenant engagement events, and employee satisfaction surveys. The area of focus is to understand the stakeholders' concerns and issues which are of relevance to the material ESG factors.

The Manager is committed to upholding ALOG's sustainability practices and creating value for its stakeholders.

Stakeholders can access ALOG's Sustainability Report on ALOG's website under the "Investor Relations" link.

Corporate Governance Report

(F) ADDITIONAL INFORMATION

EXEMPTIONS IN THE LISTING MANUAL

The Manager notes the exemptions under Practice Note 4.2 of the Listing Manual, which provides that Rules 210(5)(d)(iii), 210(5)(e) and 720(5) do not apply to a REIT as long as the REIT continues to comply with the relevant provisions under the SFA and the regulations and notices made thereunder which substantively addresses the requirements under these rules (the "**SFA Provisions**"). Under the SFA Provisions, the Manager must act in the best interest of all Unitholders as a whole and give priority to their interests over the Manager's own interests and the interests of the shareholders of the Manager in the event of a conflict. The SFA Provisions also stipulate the requirements for the composition of the board, circumstances where Directors' appointment shall be endorsed by Unitholders, establishment of an Audit Committee, and criteria in which a Director of the Manager is considered independent. In this regard, the Manager has complied with all the relevant SFA Provisions for FY2020.

DEALINGS IN UNITS

Effective from 13 March 2020, ALOG has announced the change from its quarterly reporting to half-yearly, having fulfilled the requirements under the Listing Manual. In addition, ALOG shall continue to announce and distribute dividends quarterly without being accompanied by its financial statements announcement for the relevant period.

In lieu of the first and third financial quarters' detailed financial results announcements via SGXNET, the Manager shall prepare a set of investors' presentation slides which include assets/portfolio performance and highly summarised financial information relevant to the quarter's distribution ("**Investors Slides**"). These slides would be published on ALOG's website as well as announced via SGXNET.

The Manager has adopted the ARA Dealing in Securities Policy to guide its Directors, key management executives and employees (collectively referred to as the "Manager's personnel") in respect of dealings in Units.

This Policy prohibits the Manager's personnel from dealing in such Units:

1. during the "black-out period" which is defined as two weeks prior to the quarterly release of Investors Slides (i.e. at Quarter 1 and 3) and one month before the date of announcement of half-year and full year results and (where applicable) any property valuations, and ending on the date of announcement of the relevant results or property valuations; and

2. at any time whilst in possession of unpublished material or price-sensitive information.

The Manager's personnel are also prohibited from communicating price-sensitive information to any persons and to avoid, and be seen to avoid, the actual or potential conflict between personal interest and duty to the Unitholders. The Manager confirmed that its Directors, key management executives and employees have adhered to the policy for dealing in the Units for FY2020.

The Manager makes announcements on the SGX-ST in respect of any changes to its unitholding interest in ALOG within one business day. The Manager will not deal in Units during the period commencing two weeks and one month before the public announcement of ALOG's quarterly investors slides and half-year and full year results respectively and (where applicable) any property valuations, and ending on the date of announcement of the said information. The Manager confirmed that it has complied with Rule 1207(19) of the Listing Manual.

Corporate Governance Report

DEALING WITH CONFLICTS OF INTEREST

The Manager has instituted the following procedures to deal with potential conflict of interest issues:

1. the Manager shall be a dedicated manager to ALOG and will not manage any other REIT which invests in the same type of properties as ALOG;

2. all management personnel will be employed and will work exclusively for the Manager and will not hold other executive positions in other firms;

3. all resolutions in writing of the Directors in relation to matters concerning ALOG must be approved by a majority of the Directors, including at least one Independent Non-Executive Director;

4. at least half of the Board shall comprise Independent Non-Executive Directors;

5. in respect of matters in which a Director or his associates have an interest, direct or indirect, the interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Non-Executive Directors and must exclude such interested Director;

6. in respect of matters in which ARA and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by ARA and/or its subsidiaries to the Board to represent their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Non-Executive Directors and must exclude nominee Directors of ARA and/or its subsidiaries; and

7. it is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee with an interested person of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee with an interested person of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an interested person of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such interested person.

The Directors of the Manager owe a fiduciary duty to ALOG to act in the best interests of ALOG, in relation to decisions affecting ALOG when they are voting as a member of the Board. In addition, the Directors and executive officers of the Manager are expected to act with integrity at all times. The Manager has established a conflicts of interest policy for its employees and major service providers to ensure that any conflicts of interest or potential conflicts of interest are disclosed and approvals are sought where required.

DEALING WITH INTERESTED PERSON TRANSACTIONS

Review Procedures for Interested Person Transactions

The Manager has established internal control procedures to ensure that all Interested Person Transactions will be undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of ALOG and its Unitholders. As a general rule, the Manager must demonstrate to the Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from independent parties not related to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix).

Corporate
Governance Report

The Manager maintains a register to record all Interested Person Transactions which are entered into by ALOG and the basis thereof, including any quotations from unrelated parties as well as independent valuations obtained for the purposes of such Interested Person Transactions. The Manager incorporates into its internal audit plan a review of all Interested Person Transactions entered into by ALOG.

In addition, the following procedures will be undertaken:

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

2. transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of ALOG's latest audited net tangible assets will be subject to the review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager. The Manager will, in compliance with Rule 905 of the Listing Manual, announce any Interested Person Transaction if such transaction, either individually or when aggregated with other Interested Person Transactions entered into with the same interested person during the same financial year, is 3.0% or more of ALOG's latest audited net tangible assets; and

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

Where matters concerning ALOG relate to transactions entered into or to be entered into by the Trustee with an interested person, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on an arm's length basis, are on normal commercial terms, are not prejudicial to the interest of ALOG and its Unitholders, and are in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual relating to the transaction in question.

Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an interested person. If the Trustee is to enter into any agreement with an interested person, the Trustee will review the terms of such agreement to ensure compliance with the requirements relating to Interested Person Transactions in the Listing Manual and the Property Funds Appendix (in each case, as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to REITs.

ALOG will announce any Interested Person Transaction in accordance with the Listing Manual if such transaction, by itself or when aggregated with other Interested Person Transactions (each equal to or exceeding S$100,000 in value) entered into with the same interested person during the same financial year, is 3.0% or more of ALOG's latest audited net tangible assets. The aggregate value of all Interested Person Transactions which are subject to Rules 905 and 906 of the Listing Manual in a particular financial year will be disclosed in ALOG's annual report for that financial year.

Corporate
Governance Report

Role of the Audit Committee for Interested Person Transactions and Internal Control Procedures

All Interested Person Transactions will be subject to regular periodic reviews by the Audit Committee. The Manager's internal control procedures are intended to ensure that Interested Person Transactions are conducted on an arm's length basis and are under normal commercial terms and are not prejudicial to Unitholders. Where an interested person is engaged as property management agent or marketing agent for the Trust's properties, the Audit Committee will satisfy itself at least once every two (2) to five (5) years, that the Manager has (i) periodically reviewed the compliance of the agent with the terms of the agreement; and (ii) taken remedial actions where necessary and has documented the reasons for its conclusion.

The Manager maintains a register to record all Interested Person Transactions (and the bases, including any quotations from unrelated parties and the independent valuations obtained to support such bases), which are entered into by ALOG. The Manager will incorporate into its internal audit plan a review of all Interested Person Transactions entered into by ALOG. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Appendix and the Listing Manual have been complied with. The Audit Committee will periodically review all Interested Person Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Appendix and the Listing Manual. The review will include the examination of the nature of the transaction and the supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he/she is required to abstain from participating in the review and approval process in relation to that transaction.

The Manager will disclose in ALOG's annual reports the aggregate value of Interested Person Transactions conducted during the relevant financial year.

Material Contracts

There are no material contracts entered into by ALOG or any of its subsidiaries that involve the interests of the CEO, any Director or any controlling Unitholder, except as disclosed in this Annual Report.

Financial Statements

Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of ARA LOGOS Logistics Trust (formerly known as Cache Logistics Trust) (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289, of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of ARA LOGOS Logistics Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014, a first amending and restating deed dated 13 April 2016, a fourth supplemental deed dated 31 May 2018, a fifth supplemental deed dated 2 April 2020 and a sixth supplemental deed dated 28 April 2020) (collectively, the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 102 to 174 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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

Authorised signatory

Singapore
23 March 2021

Statement by the Manager

In the opinion of the directors of ARA LOGOS Logistics Trust Management Limited (the "Manager"), the accompanying financial statements of ARA LOGOS Logistics Trust (formerly known as Cache Logistics Trust) (the "Trust") and its subsidiaries (the "Group") set out on pages 102 to 174 comprising the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 December 2020, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of the Group and the Trust as at 31 December 2020, the total return, distributable income, movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
ARA LOGOS Logistics Trust Management Limited

Stephen George Hawkins
Director

Singapore
23 March 2021

Independent Auditors' Report

Unitholders of ARA LOGOS Logistics Trust

(formerly known as Cache Logistics Trust)
(Constituted in the Republic of Singapore pursuant to the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014, a first amending and restating deed dated 13 April 2016, a fourth supplemental deed dated 31 May 2018, a fifth supplemental deed dated 2 April 2020 and a sixth supplemental deed dated 28 April 2020))

Report on the audit of the financial statements

Opinion

We have audited the financial statements of ARA LOGOS Logistics Trust (formerly known as Cache Logistics Trust) (the "Trust") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position and consolidated portfolio statement of the Group and the statement of financial position and portfolio statement of the Trust as at 31 December 2020, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and consolidated statement of cash flows of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 102 to 174.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, portfolio statement, statement of total return, distribution statement and statement of movement in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position and the portfolio holdings of the Group and the financial position and the portfolio holdings of the Trust as at 31 December 2020 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year then ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 Reporting Framework for Unit Trusts ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA").

Basis for opinion

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

Independent
Auditors' Report

Key audit matters

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

Valuation of investment properties
(Refer to Note 4 to the financial statements)

Risk:

As at 31 December 2020, the Group has twenty-seven (2019: twenty-seven) properties (collectively "investment properties"). These investment properties are stated at their fair values which amounted to approximately $1.36 billion (2019: $1.33 billion).

These investment properties are stated at their fair values based on valuations performed by independent external valuers engaged by the Group.

The valuation of investment properties requires significant judgement in deciding on the assumptions to be used. These valuations are highly sensitive to the key assumptions made, which may be subject to estimation uncertainties.

The external valuers of the Australia properties had in their valuation reports highlighted that given the unprecedented set of circumstances on which to base a judgement, a higher degree of caution should be exercised when relying on the valuations. Due to the unknown future impact that the Coronavirus Disease 2019 ("COVID-19") pandemic might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

How the matter was addressed in our audit:

We assessed the Group's process for appointing independent external valuers, the determination of their scope of work and the review and acceptance of the valuations reported by the external valuers.

We evaluated the independence, objectivity and competency of the valuers and read their terms of engagement to ascertain whether there are matters that might have affected the scope of their work and their objectivity.

We reviewed the appropriateness of the valuation methodologies adopted and the reasonableness of the assumptions and estimates made. We challenged the appropriateness of the assumptions used, and also benchmarked them against other market comparables where applicable. In respect of any assumptions falling outside the expected range, we have carried out further procedures and, where necessary, held further discussions with the valuers to understand the effects of additional factors that were taken into account in the valuations. We also discussed with the valuers to understand how they have considered the implications of COVID-19 and market uncertainty in the valuations.

We also reviewed the adequacy of the disclosures in the financial statements concerning the inherent degree of subjectivity and uncertainty in the key assumptions applied in the valuations.

Independent Auditors' Report

Our findings:

The Group has a process for the appointment and determination of the scope of work of valuers and in reviewing and accepting the independent valuations. The valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

In determining the fair values of the Group's investment properties, the valuers have adopted the Capitalisation Approach, the Discounted Cash Flow Analysis method and the Direct Comparison method. These valuation methodologies used are in line with generally accepted market practices. The key assumptions applied were generally within range of market data available at the date of valuation. Where the assumptions were outside the expected range, the additional factors considered by the external valuers were consistent with other corroborative evidence. The key assumptions, including the risks of estimation uncertainty, are appropriately disclosed in the financial statements.

Other information

ARA LOGOS Logistics Trust Management Limited, the manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

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

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

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

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

Independent
Auditors' Report

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

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

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

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

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

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

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

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

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

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lim Jek.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
23 March 2021

Statements of Financial Position

As at 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Non-current assets					
Investment properties	4	1,355,864	1,333,939	909,525	929,315
Plant and equipment	5	520	788	520	788
Subsidiaries	6	–	–	188,710	187,786
Trade and other receivables	7	–	262	112,202	161,765
		1,356,384	1,334,989	1,210,957	1,279,654
Current assets					
Trade and other receivables	7	20,684	8,206	17,774	33,281
Derivative assets	11	9,001	210	9,001	210
Cash and cash equivalents	8	26,397	15,259	17,383	8,907
		56,082	23,675	44,158	42,398
Total assets		1,412,466	1,358,664	1,255,115	1,322,052
Current liabilities					
Trade and other payables	9	20,321	18,474	15,612	14,617
Interest-bearing borrowings	10	69,456	113,277	66,915	67,500
Amount due to subsidiaries		–	–	29	41
Derivative liabilities	11	2,796	126	2,796	–
Provision	12	–	–	–	–
Lease liabilities	21	3,310	3,190	3,310	3,190
		95,883	135,067	88,662	85,348
Non-current liabilities					
Trade and other payables	9	3,052	3,734	2,968	3,734
Interest-bearing borrowings	10	449,311	396,562	307,635	396,562
Derivative liabilities	11	12,613	7,516	12,050	7,516
Lease liabilities	21	71,515	74,825	71,515	74,825
		536,491	482,637	394,168	482,637
Total liabilities		632,374	617,704	482,830	567,985
Net assets		780,092	740,960	772,285	754,067
Represented by:					
Unitholders' funds		678,545	639,413	670,738	652,520
Perpetual securities holders' funds	13	101,547	101,547	101,547	101,547
		780,092	740,960	772,285	754,067
Units in issue and to be issued ('000)	14	1,186,966	1,085,819	1,186,966	1,085,819
Net asset value per Unit ($)	23	0.57	0.59	0.57	0.60

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

Statements of Total Return

Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Gross revenue	16	117,432	113,555	86,865	83,190
Property expenses	17	(27,442)	(27,711)	(21,281)	(22,250)
Net property income		89,990	85,844	65,584	60,940
Dividend income		–	–	17,721	18,662
Other income		–	25	–	25
Finance income		30	146	3,354	6,483
Finance expenses		(19,842)	(21,638)	(17,219)	(18,988)
Net financing costs	18	(19,812)	(21,492)	(13,865)	(12,505)
Manager's fees	19	(7,747)	(7,777)	(7,747)	(7,777)
Trustee fees		(556)	(557)	(389)	(396)
Valuation fees		(135)	(113)	(40)	(35)
Other trust expenses	20	(3,117)	(2,051)	(2,002)	(1,119)
Foreign exchange gain/(loss)		7,980	(2,504)	7,879	(2,416)
		(3,575)	(13,002)	(2,299)	(11,743)
Net income		66,603	51,375	67,141	55,379
Net change in fair value of investment properties	4	(16,830)	(57,312)	(25,486)	(62,741)
Net change in fair value of financial derivatives		(3,006)	304	(3,006)	304
Total return for the year before tax and distribution		46,767	(5,633)	38,649	(7,058)
Tax expense	22	(2,136)	(2,025)	(2,136)	(2,025)
Total return for the year after tax, before distribution		44,631	(7,658)	36,513	(9,083)
Total return for the year after tax, before distribution, attributable to:					
Unitholders of the Trust and perpetual securities holders		44,631	(7,658)	36,513	(9,083)
Earnings per Unit (cents)	24				
Basic		3.53	(1.21)[(1)]	2.79	(1.34)[(1)]
Diluted		3.50	(1.20)[(1)]	2.78	(1.34)[(1)]

(1) The figures have been restated for the effect of the bonus element of the preferential offering of 91,112,930 Units which were issued on 25 January 2021.

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

Distribution Statements

Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Amount available for distribution to Unitholders at beginning of year		14,954	16,191	14,954	16,191
Total return for the year after tax, before distribution, attributable to Unitholders/perpetual securities holders		44,631	(7,658)	36,513	(9,083)
Less: Amount reserved for distribution to perpetual securities holders		(5,515)	(5,500)	(5,515)	(5,500)
Net tax and other distribution adjustments	A	(2,615)	46,089	26,567	72,625
Taxable income		36,501	32,931	57,565	58,042
Tax-exempt income		21,064	25,111	–	–
Capital distribution		1,263	1,728	1,263	1,728
Income available for distribution		73,782	75,961	73,782	75,961
Distributions made during the year:					
Distribution of 1.502 cents per Unit for the period from 1 October 2018 to 31 December 2018		–	(16,178)	–	(16,178)
Distribution of 1.513 cents per Unit for the period from 1 January 2019 to 31 March 2019		–	(16,333)	–	(16,333)
Distribution of 1.321 cents per Unit for the period from 1 April 2019 to 30 June 2019		–	(14,283)	–	(14,283)
Distribution of 1.313 cents per Unit for the period from 1 July 2019 to 30 September 2019		–	(14,213)	–	(14,213)
Distribution of 1.376 cents per Unit for the period from 1 October 2019 to 31 December 2019		(14,941)	–	(14,941)	–
Distribution of 0.997 cents per Unit for the period from 1 January 2020 to 31 March 2020		(10,854)	–	(10,854)	–
Distribution of 1.326 cents per Unit for the period from 1 April 2020 to 30 June 2020		(14,465)	–	(14,465)	–
Distribution of 2.109 cents per Unit for the period from 1 July 2020 to 10 November 2020		(23,047)	–	(23,047)	–
Total distributions made during the year		(63,307)	(61,007)	(63,307)	(61,007)
Amount available for distribution to Unitholders at end of the year		10,475	14,954	10,475	14,954
Distribution per Unit (cents)	24	5.220(1)	5.486(2)	5.220(1)	5.486(2)

(1) The DPU of 5.220 cents includes the accounting adjustment (effect of the bonus element) which takes into account the preferential offering issuance on 25 January 2021 (the "Preferential Offering"). The actual DPU paid out to Unitholders for the year was 5.250 cents.
(2) The figures have been restated for the effect of the bonus element of the Preferential Offering.

Distribution Statements

Year ended 31 December 2020

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Note A				
Net tax and other distribution adjustments comprise:				
Manager's fees paid/payable in Units	5,810	5,833	5,810	5,833
Trustee fees	389	395	389	395
Amortisation/write-off of transaction costs	987	927	987	927
Commitment fee	110	128	110	128
Land rent	(6,030)	(6,028)	(6,030)	(6,028)
Interest expense on lease liabilities	2,840	2,956	2,840	2,956
Net change in fair value of investment properties	16,830	57,312	25,486	62,741
Net change in fair value of financial derivatives	3,006	(304)	3,006	(304)
Depreciation	290	490	290	490
Net foreign exchange (gain)/loss	(7,436)	2,589	(7,436)	2,589
51 Alps Avenue compensation amount (1)	–	2,503	–	2,503
Net profit from subsidiaries	(20,525)	(21,106)	–	–
Other items	1,114	394	1,115	395
Net tax and other distribution adjustments	(2,615)	46,089	26,567	72,625

(1) The amount retained (net of relevant expenses) relates to the compensation received for the shortfall in rental, compared to market rent and the recovery of legal costs incurred in the legal proceedings in respect of the property at 51 Alps Avenue, Singapore. The amount retained (net of relevant expenses), attributable to the rental period from 1 September 2016 to 31 March 2019 was distributed during the year ended 31 December 2019.

Statements of Movements in Unitholders' Funds

Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Unitholders' funds					
Balance at the beginning of year		639,413	713,157	652,520	725,030
Total return for the year after tax, before distribution		44,631	(7,658)	36,513	(9,083)
Less: Amount reserved for distribution to perpetual securities holders		(5,515)	(5,500)	(5,515)	(5,500)
Effective portion of changes in fair value of cash flow hedge		(4,971)	(2,693)	(4,533)	(2,753)
Foreign currency translation reserve					
Translation differences from financial statements of foreign entities		13,234	(2,719)	–	–
Net gain/(loss) recognised directly in Unitholders' funds		8,263	(5,412)	(4,533)	(2,753)
Unitholders' transactions					
Units issued:					
– Private placement		50,000	–	50,000	–
– Manager's base fees paid in Units		3,604	3,724	3,604	3,724
Units to be issued:					
– Manager's base fees payable in Units		1,265	1,211	1,265	1,211
– Manager's performance fees payable in Units		941	898	941	898
Issue expenses in relation to the private placement		(750)	–	(750)	–
Distributions to Unitholders		(63,307)	(61,007)	(63,307)	(61,007)
Net decrease in net assets resulting from Unitholders' transactions		(8,247)	(55,174)	(8,247)	(55,174)
Balance at the end of year		678,545	639,413	670,738	652,520
Perpetual securities holders' funds					
Balance at the beginning of year		101,547	101,547	101,547	101,547
Amount reserved for distribution to perpetual securities holders		5,515	5,500	5,515	5,500
Distribution to perpetual securities holders		(5,515)	(5,500)	(5,515)	(5,500)
Balance at the end of year	13	101,547	101,547	101,547	101,547

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

Portfolio Statements

As at 31 December 2020

Group				Committed occupancy rate as at		Carrying value as at		% of net assets attributable to Unitholders as at	
Description of property	Type	Lease term for underlying land	Location	31 December 2020 %	31 December 2019 %	31 December 2020 $'000	31 December 2019 $'000	31 December 2020 %	31 December 2019 %
Singapore									
ALOG Commodity Hub	Logistics	29 years wef 19 August 2006	24 Penjuru Road, Singapore	99	93	261,600	277,400	38.6	43.5
ALOG Cold Centre	Logistics	30 years wef 20 December 2005[1]	2 Fishery Port Road, Singapore	92	85	124,700	124,700	18.4	19.6
Schenker Megahub	Logistics	30 years wef 1 June 2005[1]	51 Alps Avenue, Singapore	100	100	80,200	81,200	11.8	12.8
ALOG Changi DistriCentre 1	Logistics	30 years wef 16 August 2005[1]	5 Changi South Lane, Singapore	100	99	93,600	93,600	13.8	14.6
ALOG Changi DistriCentre 2	Logistics	30 years wef 16 February 1996[1]	3 Changi South Street 3, Singapore	65	69	15,500	15,500	2.3	2.4
Air Market Logistics Centre	Logistics	30 years wef 1 February 2007[2]	22 Loyang Lane, Singapore	100	100	11,200	11,200	1.7	1.8
Pan Asia Logistics Centre	Logistics	30 years wef 1 June 2010	21 Changi North Way, Singapore	100	100	34,600	34,400	5.1	5.4
Pandan Logistics Hub	Logistics	30 years wef 1 October 2009	49 Pandan Road, Singapore	100	76	37,000	37,000	5.5	5.8
ALOG Gul LogisCentre	Logistics	30 years wef 1 October 2003	15 Gul Way, Singapore	100	100	27,100	27,100	4.0	4.2
DHL Supply Chain Advanced Regional Centre	Logistics	30 years wef 16 June 2014	1 Greenwich Drive, Tampines LogisPark, Singapore	100	100	149,200	149,200	22.0	23.3
Australia									
127 Orchard Road, Chester Hill, New South Wales, Australia	Logistics	Freehold	127 Orchard Road, Chester Hill, New South Wales, Australia	100	100	56,421	48,169	8.3	7.5
16 – 28 Transport Drive, Somerton, Victoria, Australia	Logistics	Freehold	16 – 28 Transport Drive, Somerton, Victoria, Australia	100	100	32,531	28,335	4.8	4.4
51 Musgrave Road, Coopers Plains, Queensland, Australia	Logistics	Freehold	51 Musgrave Road, Coopers Plains, Queensland, Australia	86	86	8,743	7,934	1.3	1.2
203 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	203 Viking Drive, Wacol, Queensland, Australia	100	100	28,871	26,257	4.3	4.1
223 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	223 Viking Drive, Wacol, Queensland, Australia	100	100	11,792	10,862	1.7	1.7
Balance carried forward						973,058	972,857	143.6	152.3

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

Portfolio Statements

As at 31 December 2020

Group (continued)				Committed occupancy rate as at		Carrying value as at		% of net assets attributable to Unitholders as at	
Description of property	Type	Lease term for underlying land	Location	31 December 2020 %	31 December 2019 %	31 December 2020 $'000	31 December 2019 $'000	31 December 2020 %	31 December 2019 %
Balance brought forward						973,058	972,857	143.6	152.3
Australia (continued)									
404-450 Findon Road, Kidman Park, South Australia, Australia	Logistics	Freehold	404-450 Findon Road, Kidman Park, South Australia, Australia	100	100	40,664	44,864	6.0	7.0
217-225 Boundary Road, Laverton North, Victoria, Australia	Logistics	Freehold	217-225 Boundary Road, Laverton North, Victoria, Australia	100	100	24,398	23,612	3.6	3.7
182-198 Maidstone Street, Altona, Victoria, Australia	Logistics	Freehold	182-198 Maidstone Street, Altona, Victoria, Australia	100	76	43,206	37,780	6.4	5.9
11-19 Kellar Street, Berrinba, Queensland, Australia	Logistics	Freehold	11-19 Kellar Street, Berrinba, Queensland, Australia	40	100	12,708	11,523	1.9	1.8
3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia	Logistics	Freehold	3 Sanitarium Drive, Berkeley Vale, New South Wales, Australia	100	100	40,664	34,946	6.0	5.5
67-93 National Boulevard, Campbellfield, Victoria, Australia	Logistics	Freehold	67-93 National Boulevard, Campbellfield, Victoria, Australia	100	100	29,990	28,571	4.4	4.5
41-51 Mills Road, Braeside, Victoria, Australia	Logistics	Freehold	41-51 Mills Road, Braeside, Victoria, Australia	100	100	37,360	31,641	5.5	4.9
76-90 Link Drive, Campbellfield, Victoria, Australia	Logistics	Freehold	76-90 Link Drive, Campbellfield, Victoria, Australia	100	100	13,216	11,712	1.9	1.8
41-45 Hydrive Close, Dandenong, Victoria, Australia	Logistics	Freehold	41-45 Hydrive Close, Dandenong, Victoria, Australia	100	100	13,216	11,712	1.9	1.8
196 Viking Drive, Wacol, Queensland, Australia	Logistics	Freehold	196 Viking Drive, Wacol, Queensland, Australia	100	100	15,757	14,356	2.3	2.2
16-24 William Angliss Drive, Laverton North, Victoria, Australia	Logistics	Freehold	16-24 William Angliss Drive, Laverton North, Victoria, Australia	100	100	19,315	16,293	2.8	2.5
151-155 Woodlands Drive, Braeside, Victoria, Australia	Logistics	Freehold	151-155 Woodlands Drive, Braeside, Victoria, Australia	100	100	17,487	16,057	2.6	2.5
Investment properties						1,281,039	1,255,924	188.9	196.4
Investment properties – Right-of-use assets						74,825	78,015	11.0	12.2
Total investment properties						1,355,864	1,333,939	199.9	208.6
Other assets and liabilities (net)						(575,772)	(592,979)	(84.9)	(92.7)
Net assets of Group						780,092	740,960	115.0	115.9
Perpetual securities holders' funds						(101,547)	(101,547)	(15.0)	(15.9)
Unitholders' funds						678,545	639,413	100.0	100.0

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

Portfolio Statements

As at 31 December 2020

Trust

Description of property	Type	Lease term for underlying land	Location	Committed occupancy rate as at 31 December 2020 %	Committed occupancy rate as at 31 December 2019 %	Carrying value as at 31 December 2020 $'000	Carrying value as at 31 December 2019 $'000	% of net assets attributable to Unitholders as at 31 December 2020 %	% of net assets attributable to Unitholders as at 31 December 2019 %
Singapore									
ALOG Commodity Hub	Logistics	29 years wef 19 August 2006	24 Penjuru Road, Singapore	99	93	261,600	277,400	39.0	42.5
ALOG Cold Centre	Logistics	30 years wef 20 December 2005[1]	2 Fishery Port Road, Singapore	92	85	124,700	124,700	18.6	19.1
Schenker Megahub	Logistics	30 years wef 1 June 2005[1]	51 Alps Avenue, Singapore	100	100	80,200	81,200	12.0	12.4
ALOG Changi DistriCentre 1	Logistics	30 years wef 16 August 2005[1]	5 Changi South Lane, Singapore	100	99	93,600	93,600	14.0	14.3
ALOG Changi DistriCentre 2	Logistics	30 years wef 16 February 1996[1]	3 Changi South Street 3, Singapore	65	69	15,500	15,500	2.3	2.4
Air Market Logistics Centre	Logistics	30 years wef 1 February 2007[2]	22 Loyang Lane, Singapore	100	100	11,200	11,200	1.6	1.7
Pan Asia Logistics Centre	Logistics	30 years wef 1 June 2010	21 Changi North Way, Singapore	100	100	34,600	34,400	5.2	5.3
Pandan Logistics Hub	Logistics	30 years wef 1 October 2009	49 Pandan Road, Singapore	100	76	37,000	37,000	5.5	5.7
ALOG Gul LogisCentre	Logistics	30 years wef 1 October 2003	15 Gul Way, Singapore	100	100	27,100	27,100	4.0	4.2
DHL Supply Chain Advanced Regional Centre	Logistics	30 years wef 16 June 2014	1 Greenwich Drive, Tampines LogisPark, Singapore	100	100	149,200	149,200	22.2	22.9
Investment properties						834,700	851,300	124.4	130.5
Investment properties – Right-of-use assets						74,825	78,015	11.2	12.0
Total investment properties						909,525	929,315	135.6	142.5
Other assets and liabilities (net)						(137,240)	(175,248)	(20.5)	(26.9)
Net assets of Trust						772,285	754,067	115.1	115.6
Perpetual securities holders' funds						(101,547)	(101,547)	(15.1)	(15.6)
Unitholders' funds						670,738	652,520	100.0	100.0

(1) The Trust has an option to renew the land lease for a further term of 30 years upon expiry.
(2) The Trust has an option to renew the land lease for a further term of 16 years upon expiry.

Portfolio Statements

As at 31 December 2020

Note:

Investment properties mainly comprise logistics warehouse properties under master lease arrangements and multi-tenanted lease arrangements.

The carrying amounts of the investment properties as at 31 December 2020 are based on the independent valuations undertaken by CBRE Pte. Ltd. and CBRE Valuations Pty Limited (2019: Edmund Tie & Company (SEA) Pte Ltd and CBRE Valuations Pty Limited) (the "Independent Valuers").

Valuations are determined in accordance with the property valuation standards required under the SGX Listing Manual, and the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year, in accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. The Independent Valuers have the appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on the capitalisation approach, discounted cash flow analysis method and/or the direct comparison method (2019: capitalisation approach and discounted cash flow analysis method).

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Total return after taxation before distribution		44,631	(7,658)
Adjustments for:			
Net change in fair value of investment properties		16,830	57,312
Net change in fair value of financial derivatives		3,006	(304)
Manager's fees paid/payable in Units	A	5,810	5,833
Depreciation of plant and equipment		290	490
Net financing costs		19,812	21,492
Foreign exchange (gain)/loss		(7,980)	2,504
Tax expense		2,136	2,025
		84,535	81,694
Changes in:			
– Trade and other receivables		(191)	(1,766)
– Trade and other payables		1,506	2,855
– Provision		–	(664)
Cash generated from operations		85,850	82,119
Tax paid		(2,136)	(2,420)
Net cash from operating activities		83,714	79,699
Cash flows from investing activities			
Interest received		30	145
Capital expenditure on investment properties		(7,235)	(8,435)
Acquisition of investment property		–	(39,498)
Purchase of plant and equipment		–	(4)
Deposit paid		(21,044)	–
Net cash used in investing activities		(28,249)	(47,792)
Cash flows from financing activities			
Proceeds from private placement		50,000	–
Issue expenses paid in relation to private placement		(750)	–
Interest paid on borrowings		(16,216)	(17,656)
Financing costs paid		(721)	–
Proceeds from borrowings		184,442	84,700
Repayment of borrowings		(187,305)	(45,800)
Interest paid on lease liabilities		(2,840)	(2,956)
Payment of lease liabilities		(3,190)	(3,073)
Distributions to Unitholders		(63,307)	(61,007)
Distributions to perpetual securities holders		(5,515)	(5,500)
Net cash used in financing activities		(45,402)	(51,292)
Net increase/(decrease) in cash and cash equivalents		10,063	(19,385)
Cash and cash equivalents at 1 January		15,259	33,338
Effect of exchange rate fluctuations on cash held		1,075	1,306
Cash and cash equivalents at 31 December		26,397	15,259

A Significant non-cash transactions

The total Manager's fees paid/payable in Units for the year ended 31 December 2020 amounted to approximately $5,810,000 (2019: $5,833,000). This comprises 10,649,430 (2019: 7,937,174) Units, of which 6,968,268 (2019: 4,964,095) Units were issued during the year and another 3,681,162 (2019: 2,973,079) Units will be issued to the Manager by the Trust subsequent to the reporting date.

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 23 March 2021.

1 General

ARA LOGOS Logistics Trust (formerly known as Cache Logistics Trust) (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 11 February 2010 (as amended by a first supplemental deed dated 18 March 2010, a second supplemental deed dated 29 September 2014, a first amending and restating deed dated 13 April 2016, a fourth supplemental deed dated 31 May 2018, a fifth supplemental deed dated 2 April 2020 and a sixth supplemental deed dated 28 April 2020) (collectively the "Trust Deed") entered into between ARA LOGOS Logistics Trust Management Limited (formerly known as ARA Trust Management (Cache) Limited), as manager of the Trust (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited, as trustee of the Trust (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 (collectively the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust changed its name from Cache Logistics Trust to ARA LOGOS Logistics Trust with effect from 28 April 2020.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 12 April 2010 and was included in the Central Provident Fund ("CPF") Investment Scheme on 12 April 2010.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Group and the Trust are those relating to investments in income producing real estate and real estate related assets, which are used or predominantly used for logistics purposes in Asia Pacific, with the primary objective of providing Unitholders with regular and stable distributions and long-term capital growth.

The Group has entered into several service agreements in relation to the management of the Trust and its property operations. The fee structures of these services are as follows:

1.1 Property Manager's fees

ARA LOGOS Property Management Pte. Ltd. (formerly known as Cache Property Management Pte Ltd) (the "Property Manager") is entitled under the property management agreements to the following management fees:

For Singapore Properties:

- a property management fee of 2.0% per annum of gross revenue of each property; and
- a lease management fee of 1.0% per annum of gross revenue of each property.

For Australia Properties:

- a property and lease management fee of 2.0% per annum of net rental income of each property.

The property management fee and the lease management fee are payable to the Property Manager in the form of cash.

Notes to the
Financial Statements

1 General (continued)

1.2 Manager's fees

Pursuant to the Trust Deed, the Manager is entitled to the following manager's fees:

- a base fee of 0.5% per annum of the value of the consolidated assets; and
- a performance fee of 1.5% per annum of the net property income.

The Manager may elect to receive the base fee and performance fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). The Manager has in year ended 31 December 2020 elected to receive 75% (2019: 75%) of the manager's fees in the form of Units, and 25% (2019: 25%) in cash.

1.3 Trustee fees

Under the Trust Deed, the Trustee fee is presently charged at 0.03% (2019: 0.03%) per annum of the value of all the assets of the Trust (the "Deposited Property"), subject to a minimum of $15,000 (2019: $15,000) per month, excluding out-of-pocket expenses and GST. The maximum fee is 0.25% (2019: 0.25%) per annum of the value of the Deposited Property.

The actual fee payable to the Trustee will be determined between the Manager and the Trustee from time to time.

The Trustee and Manager have also engaged a third party to provide wholesale trustee and custodian services for the Australian subsidiaries. Under the service agreements, the fees payable for each subsidiary range A$6,300 to A$36,000 (2019: A$6,250 to A$37,000) per annum.

1.4 Acquisition fees

Pursuant to the Trust Deed, the Manager is entitled to receive an acquisition fee of 1.0% of the acquisition price of any real estate purchased plus any other payments in addition to the acquisition price. The Manager may elect to receive the fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). In the event that the acquisition is from an interested party, the fee shall be paid in Units. Such Units shall not be sold within one year from the date of their issuance.

1.5 Divestment fees

Pursuant to the Trust Deed, the Manager is entitled to receive a divestment fee of 0.5% of the sale price of the real estate sold or divested, plus any other payments in addition to the sale price. The Manager may elect to receive the fee in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). In the event that the divestment is to an interested party, the fee shall be paid in Units. Such Units shall not be sold within one year from the date of their issuance.

Notes to the Financial Statements

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 Reporting Framework for Unit Trusts issued by the Institute of Singapore Chartered Accountants ("ISCA"), and the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies adopted to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS"). The changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on a historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Trust's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year is included in the following note:

- Note 4 – Investment properties

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer of the Manager.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Audit Committee of the Manager.

Notes to the
Financial Statements

2 Basic of preparation (continued)

2.4 Use of estimates and judgements (continued)

Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Notes 4, 10, 11 and 15.

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following FRS, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business (Amendments to FRS 103)*
- *Definition of Material (Amendments to FRS 1 and FRS 8)*

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

Notes to the Financial Statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any Non-Controlling Interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess in negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the statement of total return. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(v) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in the statement of total return. However, foreign currency differences arising from the translation of (i) an equity investment designated as at fair value through other comprehensive income ("FVOCI") and (ii) qualifying cash flow hedges to the extent that the hedges are effective, are recognised in other comprehensive income ("OCI").

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the cumulative amount in the foreign currency translation reserve is reclassified to the statement of total return as part of the gain or loss on disposal.

3.3 Investment properties

Investment properties are properties held mainly to earn rental income and are not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

These properties are measured at cost on initial recognition and subsequently at fair value thereafter with any change therein recognised in the statement of total return. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair values of investment properties are determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under the Property Funds Appendix of the CIS Code issued by the MAS; and
- where the Manager proposes to issue new units for subscription or to redeem existing Units unless the investment properties have been valued not more than 6 months ago.

When an investment property is disposed of, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount of the assets when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties are not depreciated. The properties are subject to continued maintenance and are regularly revalued on the basis described above.

Investment properties that are expected to be recovered primarily through divestment rather than through continuing use, are classified as held for sale and accounted for as current assets. These investment properties are measured at fair value and any increase or decrease on revaluation is credited or charged directly to the statement of total return as a net change in fair value of investment properties. Upon disposal, the resulting gain or loss recognised in the statement of total return is the difference between net disposal proceeds and the carrying amount of the property.

Notes to the
Financial Statements

3 Significant accounting policies (continued)

3.4 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Manager.

(ii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation on plant and equipment is recognised as an expense in the statement of total return and calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Fixtures and fittings	3 years
• Plant, machinery and improvements	2 to 20 years
• Office equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted if appropriate.

(iii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the statement of total return as incurred.

(iv) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in the statement of total return.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.5 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at fair value through other comprehensive income ("FVOCI") if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the
Financial Statements

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to the Manager. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the Manager's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Manager;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Notes to the
Financial Statements

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of total return. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of total return.

Notes to the
Financial Statements

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of total return unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the statement of total return.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of total return.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the statement of total return. Directly attributable transaction costs are recognised in the statement of total return as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of total return.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of total return.

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right set off to the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(v) Unitholders' funds

Unitholders' funds represent the residual interest in the Group's net assets upon termination and are classified as equity. Expenses incurred in the issuance of Units in the Trust are deducted directly against Unitholders' funds.

(vi) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.5 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in hedging reserve in Unitholders' Funds. The effective portion of changes in the fair value of the derivative that is recognised in hedging reserve is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Unitholders' Funds until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

(vii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with financial institutions which are subject to an insignificant risk of changes in value.

3.6 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.6 Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.6 Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.8 Dividend income

Dividend income is recognised in the statement of total return on the date that the Group's right to receive payment is established.

3.9 Expenses

(i) Property expenses

Property expenses comprise property management fees and lease management fees (using the applicable formula stipulated in Note 1.1), reimbursable expenses payable to the Property Manager and other property expenses in relation to the investment properties.

Property expenses are recognised as and when incurred and recorded on an accrual basis.

(ii) Manager's fees

Manager's fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.2.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.9 Expenses (continued)

(iii) Trustee fees

Trustee fees are recognised as and when services are rendered and recorded on an accrual basis using the applicable formula stipulated in Note 1.3.

(iv) Foreign currency gains and losses

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either net foreign exchange gain or net foreign exchange loss and recognised within 'other trust expenses' on the statement of total return depending on whether foreign currency movements are in a net gain or net loss position.

3.10 Government grants

Government grants are recognised when there is reasonable assurance that they will be received and the Group comply with the conditions associated with the grants.

Government grants relating to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received, and the group will comply with the conditions associated with the grant. These grants are then recognised in the statement of total return as 'Other income' on a systematic basis over the useful life of the asset.

3.11 Finance income and expenses

Finance income comprises interest income. Finance expenses include interest expense on borrowings, lease liabilities, derivative financial instruments, commitment fees and amortisation of transaction costs incurred on borrowings.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of total return using the effective interest method.

3 Significant accounting policies (continued)

3.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 4.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.12 Leases (continued)

(i) As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of total return if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'plant and equipment' and lease liabilities in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in FRS 109 to the net investment in the lease (see Note 3.6(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received from investment properties under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.13 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the carrying amount of the investment property is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainly related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.13 Income tax (continued)

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust. Subject to meeting the terms and conditions of the tax ruling issued by IRAS which includes a distribution of at least 90% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust that is distributed to Unitholders. Any portion of the taxable income that is not distributed to Unitholders will be taxed on the Trustee.

In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with the IRAS, such adjustments are taken up as an adjustment to the amount distributed for the next distribution following the agreement with the IRAS. Under the COVID-19 relief measures announced by IRAS, the Trust will have until 31 December 2021 (or any extension allowed) to distribute at least 90% of the annual taxable income derived in the financial year ended 31 December 2020.

Although the Trust is not taxed on its taxable income distributed, the Trustee and the Manager are required to deduct income tax at the prevailing corporate tax rate from the distributions made to Unitholders that are made out of the taxable income of the Trust (the "tax transparency treatment"), except:

(i) where the beneficial owners are individuals (whether resident or non-resident) who receive such distribution as investment income (excluding income received through a partnership or from the carrying on of a trade, business, or profession) or Qualifying Unitholders, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; or

(ii) where the beneficial owners are Qualifying foreign non-individual Unitholders, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made up to 31 December 2025, unless the concession is extended; or

(iii) where the beneficial owners are Qualifying non-resident funds, the Trustee and the Manager will deduct Singapore income tax at the reduced rate of 10% for distributions made during the period from 1 July 2019 to 31 December 2025.

A Qualifying Unitholder is a Unitholder who is:

- a Singapore-incorporated company which is a tax resident in Singapore;
- a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club, and a trade and industry association);
- a Singapore branch of a foreign company;
- an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap 145);
- an agent bank or Supplementary Retirement Scheme ("SRS") operators acting as a nominee for individuals who have purchased Units within the CPF Investment Scheme ("CPFIS") or the SRS respectively and the distributions received from the Trust are returned to CPF accounts; or
- a real estate investment trust exchange-traded fund ("REIT ETF") which have been accorded the tax transparency treatment.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.13 Income tax (continued)

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

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

A qualifying non-resident fund is a fund that qualifies for tax exemption under section 13CA, 13X or 13Y of the Income Tax Act that is not a resident in Singapore and:

- does not have any permanent establishment in Singapore (other than the fund manager in Singapore); or
- carries on any operation in Singapore through a permanent establishment in Singapore (other than the fund manager in Singapore), but the funds used to acquire the units in the REIT are not obtained from that operation in Singapore.

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

3.14 Earnings per Unit

The Group presents basic and diluted earnings per Unit ("EPU") data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Trust by the weighted-average number of Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders of the Trust and the weighted-average number of Units outstanding for the effects of all dilutive potential Units.

3.15 Perpetual securities

The perpetual securities may be redeemed at the option of the Trust. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer of the Manager, who is the Group's chief operating decision maker, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results that are reported to the Chief Executive Officer of the Manager include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3 Significant accounting policies (continued)

3.17 New standards and interpretations and revised recommended accounting practice not yet adopted

New standards and interpretations

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Trust's statement of financial position.

- FRS 117 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Covid-19-Related Rent Concessions* (Amendment to FRS 116)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRSs 2018 – 2020*

Revised recommended accounting practice

In July 2020, ISCA issued a revised version of RAP 7 which will become effective for the Group's financial statements for the year ending 31 December 2021, and has not been applied in preparing these financial statements. The application of the revised RAP 7 is not expected to have a significant impact on the financial statements of the Group.

4 Investment properties

	2020 $'000	2019 $'000
Group		
At 1 January	1,333,939	1,269,026
Recognition of right-of-use assets on initial application of FRS 116	–	81,029
Adjusted balance at 1 January	1,333,939	1,350,055
Acquisition of an investment property (1)	–	39,498
Capital expenditure capitalised	7,235	8,435
Straight-line effective rent adjustment	19	(137)
Effect of movement in exchange rates	31,501	(6,659)
Remeasurement of lease liability due to revised lease payments	–	59
	1,372,694	1,391,251
Changes in fair values during the year (2)	(16,830)	(57,312)
At the end of the year	1,355,864	1,333,939

Notes to the Financial Statements

4 Investment properties (continued)

	2020 $'000	2019 $'000
Trust		
At 1 January	929,315	905,800
Recognition of right-of-use assets on initial application of FRS 116	–	81,029
Adjusted balance at 1 January	929,315	986,829
Capital expenditure capitalised	5,378	5,300
Straight-line effective rent adjustment	318	(132)
Remeasurement of lease liability due to revised lease payments	–	59
	935,011	992,056
Changes in fair values during the year [3]	(25,486)	(62,741)
At 31 December	909,525	929,315

(1) Includes an acquisition fee paid to the Manager of $396,000 in 2019.
(2) Represents changes in fair values on investment properties of $13.6 million (2019: $54.2 million) and changes in fair values on right-of-use assets of $3.2 million (2019: $3.1 million).
(3) Represents changes in fair values on investment properties of $22.3 million (2019: $59.6 million) and changes in fair values on right-of-use assets of $3.2 million (2019: $3.1 million).

Security

As at the reporting date, certain investment properties have been pledged as security for loan facilities granted by financial institutions to the Group (see Note 10). The aggregate carrying amount of the pledged investment properties are as follows:

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Investment properties	372,431	110,695	–	–

Measurement of fair value

The fair values of investment properties were determined by external, independent valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

In determining the fair value of investment properties, the independent external valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Manager has exercised its judgement and is satisfied that the valuation techniques and estimates used are reflective of current market conditions.

The valuation reports are prepared in accordance with recognised appraisal and valuation standards.

As at 31 December 2020, the valuation reports of the Group's properties in Australia included a 'market volatility clause' or a 'material uncertainty clause' due to the disruption to the market at that date caused by the COVID-19 outbreak. The inclusion of these clauses in the valuation reports indicate that given the unprecedented set of circumstances on which to base a judgement, a higher degree of caution should be exercised when relying on the valuations. Due to the unknown future impact that COVID-19 might have on the real estate market, the external valuers have also recommended to keep the valuation of these properties under frequent review.

The valuers have considered the capitalisation approach, discounted cash flows analysis method and/or direct comparison method (2019: capitalisation approach and discounted cash flows analysis method) in arriving at the valuation as at the reporting date.

Notes to the
Financial Statements

4 Investment properties (continued)

The capitalisation approach capitalises an income stream into a present value using a single-year capitalisation rate. The income stream used is adjusted for market rentals currently being achieved for comparable investment properties and recent leasing transactions. The discounted cash flow analysis method involves the estimation and projection of an income stream over a period and discounting the income stream with a rate of return to arrive at the market value. The discounted cash flow analysis method requires the valuers to assume a rental growth rate indicative of market and the selection of a target rate of return consistent with current market requirements. 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.

The fair value measurement for investment properties based on the inputs to the valuation techniques used is categorised as a Level 3 fair value in the fair value hierarchy.

	2020 $'000	2019 $'000
Group		
Fair value of investment properties (based on valuation reports)	1,281,039	1,255,924
Add: Carrying amount of lease liabilities	74,825	78,015
Carrying amount of investment properties	1,355,864	1,333,939
Trust		
Fair value of investment properties (based on valuation reports)	834,700	851,300
Add: Carrying amount of lease liabilities	74,825	78,015
Carrying amount of investment properties	909,525	929,315

The following table shows the significant unobservable inputs used in the valuation models:

Type	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties consisting of logistics warehouse properties for leasing	**Group** • Capitalisation rates of 5.00% to 7.75% (2019: 5.50% to 7.75%) • Terminal yield rates of 5.25% to 8.00% (2019: 5.75% to 8.00%) • Discount rates of 6.25% to 8.00% (2019: 6.75% to 8.50%) • Adjusted price per square foot of $101 to $373 (2019: not applicable) **Trust** • Capitalisation rates of 5.50% to 6.50% (2019: 6.00% to 6.50%) • Terminal yield rates of 5.75% to 6.75% (2019: 6.25% to 6.75%) • Discount rates of 7.75% (2019: 8.00%) • Adjusted price per square foot of $101 to $373 (2019: not applicable)	The estimated fair values would increase/(decrease) if: • the capitalisation rates were lower/(higher); • the terminal yield rates were lower/(higher); • the discount rates were lower/(higher); or • the adjusted price per square foot was higher/(lower).

Notes to the
Financial Statements

5 Plant and equipment

	Fixtures and fittings $'000	Plant, machinery and improvements $'000	Office equipment $'000	Total $'000
Group				
Cost				
At 1 January 2019	11	4,093	46	4,150
Additions	–	–	4	4
At 31 December 2019	11	4,093	50	4,154
Additions	–	–	25	25
Disposals	–	–	(7)	(7)
At 31 December 2020	11	4,093	68	4,172
Accumulated depreciation				
At 1 January 2019	5	2,837	34	2,876
Depreciation	2	482	6	490
At 31 December 2019	7	3,319	40	3,366
Depreciation	2	282	6	290
Disposals	–	–	(4)	(4)
At 31 December 2020	9	3,601	42	3,652
Carrying amounts				
At 1 January 2019	6	1,256	12	1,274
At 31 December 2019	4	774	10	788
At 31 December 2020	2	492	26	520
Trust				
Cost				
At 1 January 2019	11	4,093	46	4,150
Additions	–	–	4	4
At 31 December 2019	11	4,093	50	4,154
Additions	–	–	25	25
Disposals	–	–	(7)	(7)
At 31 December 2020	11	4,093	68	4,172
Accumulated depreciation				
At 1 January 2019	5	2,837	34	2,876
Depreciation	2	482	6	490
At 31 December 2019	7	3,319	40	3,366
Depreciation	2	282	6	290
Disposals	–	–	(4)	(4)
At 31 December 2020	9	3,601	42	3,652
Carrying amounts				
At 1 January 2019	6	1,256	12	1,274
At 31 December 2019	4	774	10	788
At 31 December 2020	2	492	26	520

6 Subsidiaries

	Trust	
	2020 $'000	2019 $'000
Equity investments, at cost	190,090	189,166
Advances to a subsidiary	3,420	3,420
	193,510	192,586
Less: Accumulated impairment losses	(4,800)	(4,800)
	188,710	187,786

The advances to a subsidiary are unsecured, interest-free and have no fixed terms of repayment. The settlement of these advances is neither planned nor likely to occur in the foreseeable future and hence are classified as non-current.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Ownership interest 2020 %	2019 %
Details of the subsidiaries directly held by the Trust are set out below:			
ARA LOGOS (Australia) Pte Ltd (formerly known as Cache (Australia) Pte Ltd) [1]	Singapore	100	100
Cache Singapore One Pte Ltd [1]	Singapore	100	100
The Trust Company (Australia) Limited as trustee for Cache Logistics Trust Australia [3]	Australia	100	100
Details of subsidiaries held by Cache Singapore One Pte Ltd are set out below:			
CWT Cayman (Jinshan) Limited [2]	The Cayman Islands	100	100
CWT Jinshan (Hong Kong) Limited [4]	Hong Kong	–	100
Details of subsidiaries held by The Trust Company (Australia) Limited as trustee for Cache Logistics Trust Australia are set out below:			
The Trust Company Limited as trustee for Chester Hill (NSW) Trust [3]	Australia	100	100
The Trust Company Limited as trustee for Somerton (VIC) Trust [3]	Australia	100	100
The Trust Company Limited as trustee for Coopers Plains (QLD) Trust [3]	Australia	100	100
The Trust Company Limited as trustee for Wacol (QLD) Trust [3]	Australia	100	100
The Trust Company Limited as trustee for Wacol 2 (QLD) Trust [3]	Australia	100	100

Notes to the
Financial Statements

6 Subsidiaries (continued)

Name of subsidiaries	Country of incorporation	Ownership interest 2020 %	2019 %
Details of subsidiaries held by The Trust Company (Australia) Limited as trustee for Cache Logistics Trust Australia are set out below: (continued)			
The Trust Company Limited as trustee for Kidman Park (SA) Trust (3)	Australia	100	100
The Trust Company Limited as trustee for Laverton (VIC) Trust (3)	Australia	100	100
The Trust Company Limited as trustee for Altona Trust (3)	Australia	100	100
The Trust Company Limited as trustee for ESIP Trust (3)	Australia	100	100
Details of subsidiaries held by The Trust Company Limited as trustee for ESIP Trust are set out below:			
Perpetual Corporate Trust Limited as trustee for Berrinba Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Berkeley Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Campbellfield Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Braeside Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Hydrive Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Link Drive Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Wacol Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Westlink Trust (3)	Australia	100	100
Perpetual Corporate Trust Limited as trustee for Woodlands Trust (3)	Australia	100	100

(1) Audited by KPMG LLP, Singapore.
(2) Not required to be audited by the laws of the country of incorporation.
(3) For consolidation purposes, this entity is audited by other member firms of KPMG International.
(4) Liquidated during 2020.

7 Trade and other receivables

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current				
Trade receivables	1,791	2,165	1,479	1,486
Other receivables	821	1,898	340	589
Deposits	12,948	711	12,948	711
Amounts due from subsidiaries (non-trade)	–	–	49	27,715
	15,560	4,774	14,816	30,501
Prepayments	5,124	3,432	2,958	2,780
	20,684	8,206	17,774	33,281
Non-current				
Amounts due from subsidiaries (non-trade)	–	–	112,202	161,765
Other receivables	–	262	–	–
	–	262	112,202	161,765
	20,684	8,468	129,976	195,046

As at 31 December 2020, included in amounts due from subsidiaries (non-trade) are loans to a subsidiary amounting to $112,202,000 (2019: $161,765,000) which are unsecured, interest-bearing ranging from 2.7% to 3.6% (2019: 3.6% to 4.7%) per annum and repayable on demand. The settlement of these loans is neither planned nor likely to occur within the next twelve months from the reporting date and hence are classified as non-current. The remaining amounts are unsecured, interest-free and repayable on demand.

The Group and the Trust's exposure to credit and currency risk relating to trade and other receivables is disclosed in Note 15.

8 Cash and cash equivalents

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Cash at bank	26,397	15,259	17,383	8,907

Notes to the
Financial Statements

9 Trade and other payables

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current				
Trade payables	2,303	3,564	1,439	3,404
Grant payable	979	–	979	–
Interest payable	2,563	2,927	2,293	2,741
Security deposits	2,377	1,420	2,377	1,420
Income received in advance	2,084	2,431	1,247	1,453
Accrued operating expenses	10,015	8,132	7,277	5,599
	20,321	18,474	15,612	14,617
Non-current				
Security deposits	2,965	2,926	2,965	2,926
Income received in advance	–	808	–	808
Other payables	87	–	3	–
	3,052	3,734	2,968	3,734
	23,373	22,208	18,580	18,351

The exposure of the Group and the Trust to liquidity and currency risk relating to trade and other payables is disclosed in Note 15.

10 Interest-bearing borrowings

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Secured borrowings	144,865	45,808	–	–
Less: Unamortised transaction costs	(648)	(31)	–	–
	144,217	45,777	–	–
Unsecured borrowings	377,000	467,500	377,000	467,500
Less: Unamortised transaction costs	(2,450)	(3,438)	(2,450)	(3,438)
	374,550	464,062	374,550	464,062
Maturity of borrowings				
Within 1 year	69,456	113,277	66,915	67,500
After 1 year but within 5 years	449,311	396,562	307,635	396,562
	518,767	509,839	374,550	464,062

Notes to the
Financial Statements

10 Interest-bearing borrowings (continued)

Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
2020					
Uncommitted short-term credit facility (1)	SGD	SOR* + Margin	2021	6,000	6,000
Credit facilities (1)	SGD	SOR* + Margin	2021	8,000	8,000
Term loan facility (1)	SGD	SOR* + Margin	2021	53,000	52,915
Credit facilities (2)	AUD	BBSY# + Margin	2021	2,541	2,541
Term loan facility (1)	SGD	SOR* + Margin	2023	110,000	109,652
Term loan facility (1)	SGD	SOR* + Margin	2024	200,000	197,983
Term loan facility (2)	AUD	BBSY# + Margin	2025	142,324	141,676
				521,865	518,767
2019					
Uncommitted short-term credit facility (1)	SGD	SOR* + Margin	2020	19,900	19,900
Credit facilities (1)	SGD	SOR* + Margin	2020	47,600	46,956
Term loan facility (3)	AUD	BBSY# + Margin	2020	33,057	33,050
Term loan facility (3)	AUD	BBSY# + Margin	2020	12,751	12,727
Term loan facility (1)	SGD	SOR* + Margin	2021	90,000	89,702
Term loan facility (1)	SGD	SOR* + Margin	2023	110,000	109,487
Term loan facility (1)	SGD	SOR* + Margin	2024	200,000	198,017
				513,308	509,839
Trust					
2020					
Uncommitted short-term credit facility (1)	SGD	SOR* + Margin	2021	6,000	6,000
Credit facilities (1)	SGD	SOR* + Margin	2021	8,000	8,000
Term loan facility (1)	SGD	SOR* + Margin	2021	53,000	52,915
Term loan facility (1)	SGD	SOR* + Margin	2023	110,000	109,652
Term loan facility (1)	SGD	SOR* + Margin	2024	200,000	197,983
				377,000	374,550
2019					
Uncommitted short-term credit facility (1)	SGD	SOR* + Margin	2020	19,900	19,900
Credit facilities (1)	SGD	SOR* + Margin	2020	47,600	46,956
Term loan facility (1)	SGD	SOR* + Margin	2021	90,000	89,702
Term loan facility (1)	SGD	SOR* + Margin	2023	110,000	109,487
Term loan facility (1)	SGD	SOR* + Margin	2024	200,000	198,017
				467,500	464,062

* Swap Offer Rate
\# Bank Bill Swap Rate

(1) Unsecured term loan and credit facilities.
(2) Secured term loan facilities and credit facilities – The facilities are secured by way of a legal mortgage and charges over 13 Australia properties.
(3) Secured term loan facilities – The facilities are secured by way of a legal mortgage and charges over 4 Australia properties.

Notes to the
Financial Statements

10 Interest-bearing borrowings (continued)

Terms and debt repayment schedule (continued)

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities and derivative financial instruments, including estimated interest payments and excluding the impact of netting agreements, and trade and other payables:

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2020					
Non-derivative financial liabilities					
Floating rate term loans	518,767	(545,154)	(77,504)	(467,650)	–
Trade and other payables ^	21,289	(21,289)	(18,237)	(3,052)	–
Lease liabilities	74,825	(102,359)	(6,031)	(24,122)	(72,206)
	614,881	(668,802)	(101,772)	(494,824)	(72,206)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	12,613	(12,696)	(5,639)	(7,057)	–
Interest rate swaps at fair value through statement of total return (net-settled)	1,797	(2,153)	(2,153)	–	–
Forward foreign exchange contracts	999				
– Inflow	–	14,597	14,597	–	–
– Outflow	–	(15,606)	(15,606)	–	–
	999	(1,009)	(1,009)	–	–
2019					
Non-derivative financial liabilities					
Floating rate term loans	509,839	(555,023)	(126,340)	(428,683)	–
Trade and other payables ^	18,969	(18,969)	(16,043)	(2,926)	–
Lease liabilities	78,015	(108,390)	(6,031)	(24,122)	(78,237)
	606,823	(682,382)	(148,414)	(455,731)	(78,237)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	7,642	(7,661)	(3,259)	(4,402)	–
Forward foreign exchange contracts	(210)				
– Inflow	–	14,295	14,295	–	–
– Outflow	–	(14,073)	(14,073)	–	–
	(210)	222	222	–	–

Notes to the Financial Statements

10 Interest-bearing borrowings (continued)

Terms and debt repayment schedule (continued)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 2 to 5 years $'000	Cash flows: More than 5 years $'000
Trust					
2020					
Non-derivative financial liabilities					
Floating rate term loans	374,550	(392,039)	(72,988)	(319,051)	–
Trade and other payables ^	17,333	(17,333)	(14,365)	(2,968)	–
Lease liabilities	74,825	(102,359)	(6,031)	(24,122)	(72,206)
	466,708	(511,731)	(93,384)	(346,141)	(72,206)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	12,050	(12,463)	(5,500)	(6,963)	–
Interest rate swaps at fair value through statement of total return (net-settled)	1,797	(2,153)	(2,153)	–	–
Forward foreign exchange contracts	999				
– Inflow	–	14,597	14,597	–	–
– Outflow	–	(15,606)	(15,606)	–	–
	999	(1,009)	(1,009)	–	–
2019					
Non-derivative financial liabilities					
Floating rate term loans	464,062	(528,724)	(80,141)	(448,583)	–
Trade and other payables ^	16,090	(16,090)	(13,164)	(2,926)	–
Lease liabilities	78,015	(108,390)	(6,031)	(24,122)	(78,237)
	558,167	(653,204)	(99,336)	(475,631)	(78,237)
Derivative financial instruments					
Interest rate swaps used for hedging (net-settled)	7,516	(7,524)	(3,122)	(4,402)	–
Forward foreign exchange contracts	(210)				
– Inflow	–	14,295	14,295	–	–
– Outflow	–	(14,073)	(14,073)	–	–
	(210)	222	222	–	–

^ Excludes income received in advance

Notes to the Financial Statements

10 Interest-bearing borrowings (continued)

Terms and debt repayment schedule (continued)

The maturity analysis above shows the contractual undiscounted cash flows of the Group and the Trust's financial liabilities on the basis of their earliest possible contractual maturity. The cash inflows/(outflows) disclosed for derivative financial instruments relate to those instruments held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement. Net-settled derivative financial assets are included in the maturity analysis as they are held to hedge the cash flow variability of the Group's floating rate loans.

The interest payments on floating rate term loans in the table above reflects market forward interest rates at the period end and these amounts may change as market interest rates changes.

The exposure of the Group and the Trust to currency, liquidity and interest rate risks that relates to interest-bearing borrowings is disclosed in Note 15.

Measurement of fair values

The carrying amounts of interest-bearing borrowings which are all re-priceable within 1 to 3 months from the reporting date approximate their corresponding fair values.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows:

	Liabilities			Derivatives (assets)/ liabilities held to hedge long-term borrowings		Total
	Interest-bearing borrowings $'000	Interest payable $'000	Lease liabilities $'000	Interest rate swaps used for hedging-liabilities $'000	Interest rate swaps and forward foreign exchange contracts at fair value through statement of total return $'000	$'000
Group						
Balance at 1 January 2020	509,839	2,927	78,015	7,642	(210)	598,213
Changes from financing cash flows						
Proceeds from borrowings	184,442	–	–	–	–	184,442
Repayment of borrowings	(187,305)	–	–	–	–	(187,305)
Interest paid	–	(16,216)	(2,840)	–	–	(19,056)
Transaction costs paid	(721)	–	–	–	–	(721)
Payment of lease liabilities	–	–	(3,190)	–	–	(3,190)
Total changes from financing cash flows	(3,584)	(16,216)	(6,030)	–	–	(25,830)

Notes to the
Financial Statements

10 Interest-bearing borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows: (continued)

	Liabilities			Derivatives (assets)/ liabilities held to hedge long-term borrowings		Total
	Interest-bearing borrowings $'000	Interest payable $'000	Lease liabilities $'000	Interest rate swaps used for hedging-liabilities $'000	Interest rate swaps and forward foreign exchange contracts at fair value through statement of total return $'000	$'000
Group (continued)						
The effect of changes in foreign exchange rates	11,362	–	–	–	–	11,362
Changes in fair value	–	–	–	4,971	3,006	7,977
Other changes						
Liability-related						
Amortisation/write-off of transaction costs	1,150	–	–	–	–	1,150
Interest expense – bank loans	–	10,847	–	–	–	10,847
Interest expense – interest rate swaps	–	4,837	–	–	–	4,837
Commitment fee	–	164	–	–	–	164
Interest expense – lease liabilities	–	–	2,840	–	–	2,840
Others	–	4	–	–	–	4
Total liability-related other changes	1,150	15,852	2,840	–	–	19,842
Balance at 31 December 2020	518,767	2,563	74,825	12,613	2,796	611,564

Notes to the Financial Statements

10 Interest-bearing borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities are as follows: (continued)

	Liabilities			Derivatives (assets)/ liabilities held to hedge long-term borrowings		Total
	Interest-bearing borrowings $'000	Interest payable $'000	Lease liabilities $'000	Interest rate swaps used for hedging-liabilities $'000	Interest rate swaps and forward foreign exchange contracts at fair value through statement of total return $'000	$'000
Group						
Adjusted balance at 1 January 2019	470,180	2,930	81,029	4,948	94	559,181
Changes from financing cash flows						
Proceeds from borrowings	84,700	–	–	–	–	84,700
Repayment of borrowings	(45,800)	–	–	–	–	(45,800)
Interest paid	–	(17,656)	(2,956)	–	–	(20,612)
Payment of lease liabilities	–	–	(3,073)	–	–	(3,073)
Total changes from financing cash flows	38,900	(17,656)	(6,029)	–	–	15,215
The effect of changes in foreign exchange rates	(270)	–	–	–	–	(270)
Changes in fair value	–	–	–	2,694	(304)	2,390
Other changes						
Liability-related						
Amortisation/write-off of transaction costs	1,029	–	–	–	–	1,029
Interest expense – bank loans	–	15,906	–	–	–	15,906
Interest expense – interest rate swaps	–	1,617	–	–	–	1,617
Commitment fee	–	128	–	–	–	128
Remeasurement of lease liabilities due to revised lease payment	–	–	59	–	–	59
Interest expense – lease liabilities	–	–	2,956	–	–	2,956
Others	–	2	–	–	–	2
Total liability-related other changes	1,029	17,653	3,015	–	–	21,697
Balance at 31 December 2019	509,839	2,927	78,015	7,642	(210)	598,213

11 Derivative assets/(liabilities)

	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Current assets				
Forward foreign exchange contracts	–	210	–	210
Forward purchase contracts	9,001	–	9,001	–
Non-current liabilities				
Interest rate swaps used for hedging	(12,613)	(7,516)	(12,050)	(7,516)
Current liabilities				
Forward foreign exchange contracts	(999)	–	(999)	–
Interest rate swaps:				
– used for hedging	–	(126)	–	–
– at fair value through statement of total return	(1,797)	–	(1,797)	–
	(6,408)	(7,432)	(5,845)	(7,306)

Interest rate swaps

The Group uses interest rate swaps to manage its exposure to interest rate movements on its floating rate interest-bearing term loans by swapping the interest expense on a proportion of the term loans from floating rates to fixed rates.

As at 31 December 2020, the Group has entered into interest rate swaps with a total notional amount of $360,664,000 (2019: $324,904,000) to provide fixed rate funding for terms of 3 to 5 years (2019: 3 to 5 years) at interest rates ranging from 0.63% to 2.38% (2019: 1.82% to 2.55%) per annum.

During the year ended 31 December 2020, hedge accounting was discontinued in respect of certain (2019: nil) interest rate swaps as they no longer met the criteria for hedge accounting. The changes in the fair value of these interest rate swaps were recognised immediately in the statement of total return.

Forward foreign exchange contracts

The Group manages its exposure to foreign currency movements on net income denominated in Australian dollars ("A$") from its investments in Australia by using forward foreign exchange contracts.

As at 31 December 2020, forward exchange contracts with an aggregate notional amount of A$15,300,000 (2019: A$14,900,000) with maturity of less than one year (2019: less than one year) were outstanding.

Forward purchase contracts

The forward purchase contracts relate to the deposits paid in relation to the proposed acquisition of 49.5% and 40.0% interest in two property funds.

Master netting or similar agreements

The Group's interest rate swap and forward foreign exchange contract transactions are entered into under International Swaps and Derivatives Association Master Agreements ("ISDA Master Agreements") with various bank counterparties. The derivative financial instruments presented above are not offset in the statement of financial position as the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreements. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements

11 Derivative assets/(liabilities) (continued)

Master netting or similar agreements (continued)

As at 31 December 2020 and at 31 December 2019, the Group's derivative financial assets and liabilities do not have any balances that are eligible for offsetting under the enforceable master netting arrangements.

Measurement of fair value

The fair values of financial derivatives (other than the forward purchase contracts) are based on broker quotes at the reporting date and are categorised within Level 2 of the fair value hierarchy.

The fair values of the forward purchase contracts have been determined by the Manager based on internal valuations based on the valuations of the underlying assets held by the property funds. The fair values are categorised within Level 3 of the fair value hierarchy. The significant judgements and assumptions to the valuations relate to the valuations of the underlying assets held by the underlying funds. No gains or losses of fair value were recognised during the years ended 31 December 2020 and 31 December 2019.

12 Provision

	Group and Trust	
	2020	**2019**
	$'000	**$'000**
At beginning of year	–	664
Provision utilised	–	(639)
Provision reversed	–	(25)
At end of year	–	–

The provision of the Group and Trust relates to top-up payments to be made by the Trust to a third party for any shortfall of guaranteed rental income amount in respect of the divestment of Hi-Speed Logistics Centre. Pursuant to the terms of the deed of income support agreement entered into, the Trust provided income support on Hi-Speed Logistics Centre for 1 year from 18 May 2018, of up to $1,380,000. The unutilised provision was reversed to the statement of total return in 2019.

13 Perpetual securities

On 1 February 2018, the Trust issued $100.0 million perpetual securities under the $1.0 billion Multicurrency Debt Issuance Programme established by the Trust. The key terms and conditions of the perpetual securities are as follows:

- the perpetual securities will confer a right to receive distribution payments at a rate of 5.5% per annum with the first distribution rate reset falling on 1 February 2023 and subsequent resets occurring every five years thereafter;
- 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.

Notes to the
Financial Statements

13 Perpetual securities (continued)

The perpetual securities may be redeemed at the option of the Trust. Distributions to the perpetual securities holders will be payable semi-annually in arrears on a discretionary basis and will be non-cumulative. Accordingly, the perpetual securities are classified as equity. The expenses relating to the issue of the perpetual securities are deducted against the proceeds from the issue.

As at 31 December 2020, the $101.5 million (2019: $101.5 million) presented in the statements of financial position of the Group and the Trust represent the carrying value of the $100.0 million (2019: $100.0 million) perpetual securities issued, net of issue costs and includes the total return attributable to the perpetual securities holders from the last distribution date.

14 Units in issue and to be issued

	Group and Trust	
	2020 Number of Units '000	2019 Number of Units '000
Units in issue:		
At the beginning of year	1,085,819	1,077,881
Units issued:		
– Private placement	90,498	–
– Manager's base fees paid in Units	6,968	4,965
Units to be issued:		
– Manager's base fees payable in Units	2,110	1,707
– Manager's performance fees payable in Units	1,571	1,266
Total issued and to be issued Units at the end of year	1,186,966	1,085,819

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust and available for purposes of such distribution less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust; and
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is the lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

The Unitholders cannot give any directions to the Manager or the Trustee (whether at a meeting of Unitholders or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- the Trust ceasing to comply with the Listing Manual issued by the SGX-ST or the Property Funds Appendix; or
- the exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter for which the agreement of either or both the Trustee and the Manager is required under the Trust Deed.

14 Units in issue and to be issued (continued)

A Unitholder's liability is limited to the amount paid or payable for any Units. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Group exceed its assets.

15 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Financial risk management objectives and policies

Exposure to credit, liquidity and market risks arise in the normal course of the Group's business. The Group has written policies and guidance which set out its overall business strategies and its general risk management philosophy.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The carrying amounts of the following financial assets represent the Group's and Trust's maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Advances to a subsidiary	–	–	3,420	3,420
Amounts due from subsidiaries (non-trade)	–	–	112,251	189,480
Trade and other receivables*	15,560	4,774	14,767	2,786
Derivative assets:				
– forward foreign exchange contracts	–	210	–	210
– forward purchase contracts	9,001	–	9,001	–
Cash and cash equivalents	26,397	15,259	17,383	8,907
	50,958	20,243	156,822	204,803

* Excludes prepayments and amounts due from subsidiaries (non-trade)

15 Financial instruments (continued)

Credit risk (continued)

Amount due from subsidiaries

The Trust held non-trade receivables from its subsidiaries of $112,251,000 (2019: $189,480,000) at 31 December 2020. These balances are amounts lent to subsidiaries to satisfy their funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default, these balances are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12-month expected credit loss basis and the amount of the allowance is immaterial.

Trade receivables

The Manager has established credit limits for tenants and monitors their balances on an ongoing basis. Credit evaluations are performed by the Property Manager before lease agreements are entered into with tenants.

The following table provides information amount the exposure to credit risk for trade receivables at the reporting date:

	2020		2019	
	Gross carrying amount $'000	**Impairment loss allowance $'000**	**Gross carrying amount $'000**	**Impairment loss allowance $'000**
Group				
Not past due	1,350	–	1,758	–
Past due 31 – 60 days	42	–	266	–
Past due 61 – 90 days	45	(2)	137	–
More than 90 days past due	466	(110)	4	–
	1,903	(112)	2,165	–
Trust				
Not past due	1,254	–	1,478	–
Past due 31 – 60 days	–	–	3	–
Past due 61 – 90 days	3	–	1	–
More than 90 days past due	222	–	4	–
	1,479	–	1,486	–

Movement in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment loss in respect of trade receivables during the year was as follows:

	Group		Trust	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
At 1 January	–	–	–	–
Impairment loss recognised	112	–	–	–
At 31 December	112	–	–	–

Trade receivables comprise mainly rental receivables. Generally, the tenants have provided security deposits amounting to 1 to 12 months rental in the form of a bankers' guarantee or cash. Based on historical default rates, the Manager believes that, apart from the above, no additional impairment loss allowance is necessary in respect of trade receivables as these receivables mainly arose from tenants that have good credit standing with the Group and the Group holds sufficient security deposits as collateral and hence, ECL is not material.

Notes to the Financial Statements

15 Financial instruments (continued)

Credit risk (continued)

Other receivables and Deposits

Impairment on other receivables and deposits has been measured on the 12-month expected loss basis which reflect the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents

Cash and cash equivalents are placed with financial institutions which are regulated. Loss allowance on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risks based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Derivative assets – forward foreign exchange contracts

Transactions involving derivative financial instruments are entered only with bank counterparties that are regulated. The Group considers that its forward foreign exchange contracts have low credit risks based on the external credit ratings of the counterparties. The amount of the allowance on forward foreign exchange contracts was negligible.

Derivative assets – forward purchase contracts

Deposits paid in relation to the proposed acquisition of 49.5% and 40.0% interest in two property funds. The Group considers that its forward purchase contracts have low credit risks as the transactions will likely be completed in March 2021. The amount of the allowance on forward purchase contracts was negligible.

Liquidity risk

Liquidity risk refer to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

As at 31 December 2020, the Group had committed and undrawn facilities comprising $69.7 million (2019: $17.4 million) from revolving credit facilities with a panel of banks.

The Trust established a $1.0 billion Multicurrency Debt Issuance Programme (the "Debt Issuance Programme") in 2017. Under the Debt Issuance Programme, the Trust may from time to time issue notes and/or perpetual securities in series or tranches. As at 31 December 2020, $100.0 million (2019: $100.0 million) perpetual securities were issued under the Debt Issuance Programme.

The Group has bank loans which contain certain covenants. Any breach of covenants may require the Group to repay the loans earlier than indicated in Note 10.

Notes to the Financial Statements

15 Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Group's total return or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, utilising interest rate and currency hedging strategies where appropriate.

Currency risk

At the reporting date, the Group's and Trust's exposure to currency risk was as follows:

	2020 AUD $'000	2019 AUD $'000
Group		
Cash and cash equivalents	6,154	4,883
Net statement of financial position exposure	6,154	4,883
Trust		
Cash and cash equivalents	6,154	4,883
Amounts due from subsidiaries	112,202	189,438
Net statement of financial position exposure	118,356	194,321

A 10% strengthening of the Singapore Dollar against the following currencies would increase/(decrease) total return (before any tax effect) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and Trust considered to be reasonably possible at the end of the reporting period. The analysis assumes all other variables, in particular interest rates, remain constant.

	Total return	
	2020 AUD $'000	2019 AUD $'000
Group		
AUD	(615)	(488)

A 10% strengthening of the Singapore Dollar against the following currencies would increase/(decrease) total return (before any tax effect) by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and Trust considered to be reasonably possible at the end of the reporting period. The analysis assumes all other variables, in particular interest rates, remain constant.

	Total return	
	2020 AUD $'000	2019 AUD $'000
Trust		
AUD	(11,836)	(19,432)

A 10% weakening of the SGD against the above currencies would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Notes to the
Financial Statements

15 Financial instruments (continued)

Market risk (continued)

Interest rate risk

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts. If a hedging relationship is directly affected by uncertainty arising from interest rate benchmark reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and

- differences in repricing dates between the swaps and the borrowings.

Hedging relationships that are impacted by interest rate benchmark reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding interest rate benchmark reform transition. For further details, see 'Managing interest rate benchmark reform and associated risks' below.

A. Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting.

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

Derivatives

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to SOR. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

Notes to the Financial Statements

15 Financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

A. Managing interest rate benchmark reform and associated risks (continued)

Hedge accounting

The Group has evaluated the extent to which its cash flow hedging relationships are subject to uncertainty driven by IBOR reform as at 31 December 2020. The Group's hedged items and hedging instruments continue to be indexed to IBOR benchmark rates which are SOR. These benchmark rates are quoted each day and the IBOR cash flows are exchanged with its counterparties as usual.

The Group's SOR cash flow hedging relationships extend beyond the anticipated cessation date for IBOR. However, there is uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. Such uncertainty may impact the hedging relationship. The Group applies the amendments to FRS 109 issued in December 2019 to those hedging relationships directly affected by IBOR reform.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to Singapore-dollar SOR using available quoted market rates for SOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOR on a similar basis.

The Group's exposure to Singapore-dollar SOR designated in hedging relationships is $320,000,000 nominal amount at 31 December 2020, representing both the nominal amount of the hedging interest rate swap and the principal amount of the Group's hedged SGD-denominated secured bank loan liabilities maturing in 2021 to 2024.

The Group is actively engaging with lenders to include appropriate fall-back provisions in its floating-rate liabilities with maturities after December 2021. We expect that the hedging instrument will be modified as outlined under 'Derivatives' above.

Exposure to interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing borrowings. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group has entered into interest rate swaps to achieve an appropriate mix of fixed and floating exposures in respect of its interest-bearing borrowings (see Note 10).

Notes to the
Financial Statements

15 Financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

A. Managing interest rate benchmark reform and associated risks (continued)

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Nominal amount		Trust Nominal amount	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Variable rate instruments				
Financial assets	26,397	15,259	17,383	8,907
Financial liabilities	(521,865)	(513,308)	(377,000)	(467,500)
Effect of interest rate swaps	360,664	342,904	320,000	320,000
	(134,804)	(155,145)	(39,617)	(138,593)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect total return.

Cash flow sensitivity analysis for variable rate instruments

A change of 25 (2019: 25) basis points ("bp") in interest rate at the reporting date would increase/(decrease) total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Total return		Unitholders' funds	
	25 bp increase $'000	25 bp decrease $'000	25 bp increase $'000	25 bp decrease $'000
Group				
2020				
Financial assets	66	(66)	–	–
Financial liabilities	(348)	364	181	(97)
Cash flow sensitivity (net)	(282)	298	181	(97)
2019				
Financial assets	38	(38)	–	–
Financial liabilities	(426)	426	556	125
Cash flow sensitivity (net)	(388)	388	556	125

Notes to the Financial Statements

15 Financial instruments (continued)

Market risk (continued)

Interest rate risk (continued)

	Total return		Unitholders' fund	
	25 bp increase $'000	25 bp decrease $'000	25 bp increase $'000	25 bp decrease $'000
Trust				
2020				
Financial assets	43	(43)	–	–
Financial liabilities	(87)	104	146	(101)
Cash flow sensitivity (net)	(44)	61	146	(101)
2019				
Financial assets	22	(22)	–	–
Financial liabilities	(369)	369	553	151
Cash flow sensitivity (net)	(347)	347	553	151

Capital management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise Unitholder's value. In order to maintain or achieve an optimal capital structure, the Group will endeavour to employ an appropriate mix of debt and equity in financing acquisitions and assets enhancements, and utilise interest rate and currency hedging strategies where appropriate. The Manager reviews this policy on a continuous basis.

On 16 April 2020, the MAS announced that the Aggregate Leverage Limit (as defined in the Property Funds Appendix of the CIS Code) for Singapore REITs ("S-REITs") will be raised from 45% to 50% with immediate effect. In its public consultation in 2019, the MAS had proposed for S-REITs to have a new minimum Interest Coverage Ratio ("ICR") of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, the MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation.

As at 31 December 2020, the Group's Aggregate Leverage ratio was 39.0% (2019: 40.1%) and was compliance with the Aggregate Leverage limit during the year.

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Notes to the Financial Statements

15 Financial instruments (continued)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments $'000	Mandatorily at FVTPL $'000	Financial asset at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
31 December 2020									
Financial assets measured at fair value									
Forward purchase contracts	–	9,001	–	–	9,001	–	–	9,001	9,001
Financial assets not measured at fair value									
Trade and other receivables ^	–	–	15,560	–	15,560				
Cash and cash equivalents	–	–	26,397	–	26,397				
	–	–	41,957	–	41,957				
Financial liabilities measured at fair value									
Forward foreign exchange contracts	(999)	–	–	–	(999)	–	(999)	–	(999)
Interest rate swaps used for hedging	(12,613)	–	–	–	(12,613)	–	(12,613)	–	(12,613)
Interest rate swaps at fair value through statement of total return	(1,797)	–	–	–	(1,797)	–	(1,797)	–	(1,797)
	(15,409)	–	–	–	(15,409)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(3,052)	(3,052)	–	–	(2,855)	(2,855)
Trade and other payables (current) ^^	–	–	–	(18,237)	(18,237)				
Interest-bearing borrowings	–	–	–	(518,767)	(518,767)				
Lease liabilities	–	–	–	(74,825)	(74,825)				
	–	–	–	(614,881)	(614,881)				

^ Excludes prepayments
^^ Exclude income received in advance

Notes to the Financial Statements

15 Financial instruments (continued)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments $'000	Mandatorily at FVTPL $'000	Financial asset at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
31 December 2019									
Financial assets measured at fair value									
Forward foreign exchange contracts	–	210	–	–	210	–	210	–	210
Financial assets not measured at fair value									
Trade and other receivables ^	–	–	4,774	–	4,774				
Cash and cash equivalents	–	–	15,259	–	15,259				
	–	–	20,033	–	20,033				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	(7,642)	–	–	–	(7,642)	–	(7,642)	–	(7,642)
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,926)	(2,926)	–	–	(2,632)	(2,632)
Trade and other payables (current) ^^	–	–	–	(16,043)	(16,043)				
Interest-bearing borrowings	–	–	–	(509,839)	(509,839)				
Lease liabilities	–	–	–	(78,015)	(78,015)				
	–	–	–	(606,823)	(606,823)				

^ Excludes prepayments
^^ Exclude income received in advance

15 Financial instruments (continued)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments $'000	Mandatorily at FVTPL $'000	Financial asset at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust									
31 December 2020									
Financial assets measured at fair value									
Forward purchase contracts	–	9,001	–	–	9,001	–	–	9,001	9,001
Financial assets not measured at fair value									
Advances to a subsidiary	–	–	3,420	–	3,420				
Trade and other receivables ^	–	–	127,018	–	127,018				
Cash and cash equivalents	–	–	17,383	–	17,383				
	–	–	147,821	–	147,821				
Financial liabilities measured at fair value									
Forward foreign exchange contracts	(999)	–	–	–	(999)	–	(999)	–	(999)
Interest rate swaps used for hedging	(12,050)	–	–	–	(12,050)	–	(12,050)	–	(12,050)
Interest rate swaps at fair value through statement of total return	(1,797)	–	–	–	(1,797)	–	(1,797)	–	(1,797)
	(14,846)	–	–	–	(14,846)				
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,968)	(2,968)	–	–	(2,771)	(2,771)
Trade and other payables (current) ^^	–	–	–	(14,365)	(14,365)				
Interest-bearing borrowings	–	–	–	(374,550)	(374,550)				
Lease liabilities	–	–	–	(74,825)	(74,825)				
	–	–	–	(466,708)	(466,708)				

^ Excludes prepayments
^^ Exclude income received in advance

Notes to the
Financial Statements

15 Financial instruments (continued)

Accounting classifications and fair values (continued)

	Carrying amount					Fair value			
	Fair value – hedging instruments $'000	Mandatorily at FVTPL $'000	Financial asset at amortised cost $'000	Other financial liabilities $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust									
31 December 2019									
Financial assets measured at fair value									
Forward foreign exchange contracts	–	210	–	–	210	–	210	–	210
Financial assets not measured at fair value									
Advances to a subsidiary	–	–	3,420	–	3,420				
Trade and other receivables ^	–	–	192,266	–	192,266				
Cash and cash equivalents	–	–	8,907	–	8,907				
	–	–	204,593	–	204,593				
Financial liabilities measured at fair value									
Interest rate swaps used for hedging	(7,516)	–	–	–	(7,516)	–	(7,516)	–	(7,516)
Financial liabilities not measured at fair value									
Trade and other payables (non-current)	–	–	–	(2,926)	(2,926)	–	–	(2,632)	(2,632)
Trade and other payables (current) ^^	–	–	–	(13,164)	(13,164)				
Interest-bearing borrowings	–	–	–	(464,062)	(464,062)				
Lease liabilities	–	–	–	(78,015)	(78,015)				
	–	–	–	(558,167)	(558,167)				

^ Excludes prepayments

^^ Exclude income received in advance

15 Financial instruments (continued)

Determination of fair value

Financial instruments not measured at fair value

The following table shows the valuation technique and the significant unobservable inputs used in the determination of fair value of the Level 3 financial instruments not measured at fair value:

Financial instrument	Valuation technique
Other financial liabilities*	Discounted cash flows**

* Other financial liabilities include trade and other payables and exclude interest-bearing borrowings and lease liabilities.
** It is assumed that inputs considered as observable used in the valuation technique are significant to the fair value measurement.

Financial instruments for which fair value is equal to the carrying amount

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of their relative short period to maturity or where the effect of discounting is immaterial.

Transfers between levels of the fair value hierarchy

During the years ended 31 December 2020 and 31 December 2019, there were no transfers between the levels of the fair value hierarchy.

16 Gross revenue

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Rental income (1)	105,596	99,186	79,334	73,655
Other operating income	11,525	14,369	7,220	9,535
Other income (2)	311	–	311	–
	117,432	113,555	86,865	83,190

(1) Includes rental waiver and cash grant top-up given by the Group to eligible tenants.

(2) Relates to the net effect of grant income of $3,854,000 (2019: nil) and grant expense of $3,543,000 (2019: nil) recognised in relation to the rental relief for eligible tenants from the Singapore government as part of the COVID-19 relief measures.

Notes to the Financial Statements

17 Property expenses

	Note	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Property and lease management fees (including reimbursable expenses) paid/payable to the Property Manager		4,499	4,391	3,441	3,924
Other fees paid/payable to the Property Manager		1,703	1,012	1,559	974
Depreciation of plant and equipment	5	290	490	290	490
Utilities		5,639	5,801	5,132	5,079
Property tax		6,744	7,353	6,744	7,353
Land tax		3,027	2,936	–	–
Others		5,540	5,728	4,115	4,430
		27,442	27,711	21,281	22,250

18 Net financing costs

	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
Interest income:				
– bank deposits	30	146	13	35
– intercompany loan	–	–	3,341	6,448
Finance income	30	146	3,354	6,483
Interest expense:				
– bank loans	(10,847)	(15,906)	(8,706)	(13,679)
– interest rate swaps	(4,837)	(1,617)	(4,573)	(1,296)
– lease liabilities	(2,840)	(2,956)	(2,840)	(2,956)
Commitment fee	(164)	(128)	(110)	(128)
Amortisation/write-off of transaction costs	(1,150)	(1,029)	(987)	(927)
Others	(4)	(2)	(3)	(2)
Finance expenses	(19,842)	(21,638)	(17,219)	(18,988)
Net financing costs	(19,812)	(21,492)	(13,865)	(12,505)

Notes to the
Financial Statements

19 Manager's fees

	Group and Trust 2020 $'000	2019 $'000
Manager's base fees	6,492	6,580
Manager's performance fees	1,255	1,197
	7,747	7,777

Included in Manager's fees of the Group and the Trust are Manager's fees paid/payable in Units for the year ended 31 December 2020 amounting to approximately $5,810,000 (2019: $5,833,000). This comprises 10,649,430 (2019: 7,937,174) Units, of which 6,968,268 (2019: 4,964,095) Units were issued during the year ended 31 December 2020 and another 3,681,162 (2019: 2,973,079) Units will be issued to the Manager by the Trust subsequent to the reporting date.

20 Other trust expenses

Included in other trust expenses are:

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Audit fees paid/payable to:				
– auditors of the Trust	340	231	332	223
– other auditors	133	137	–	–
Non-audit fees paid/payable to:				
– auditors of the Trust	55	101	55	101
– other auditors	282	135	–	–

21 Leases

Leases as lessee

The Trust leases land in respect of certain properties from JTC Corporation. The leases typically range from 29 to 30 years, with an option to renew the lease after that date. The annual land rent payable is based on the market land rent in the relevant year of the lease term. However, the lease agreements limit any increase in the annual land rent from year to year to 5.5% of the annual land rent for the immediate preceding year.

Information about leases for which the Group and the Trust is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that meet the definition of investment property are presented within investment properties (see Note 4).

Notes to the Financial Statements

21 Leases (continued)

Amounts recognised in the statement of financial position

	Note	Group and Trust 2020 $'000	2019 $'000
Lease liabilities			
– Non-current		71,515	74,825
– Current		3,310	3,190
		74,825	78,015

Amounts recognised in the statement of total return

	Note	Group and Trust 2020 $'000	2019 $'000
Interest expense on lease liabilities	18	2,840	2,956

Amounts recognised in statement of cash flows

	Group 2020 $'000	2019 $'000
Total cash outflow for leases	3,190	3,073

Extension options

Some of the land leases with JTC Corporation contain an extension option for a further term on the same terms and conditions with that of the first term of the land lease, provided that JTC Corporation determines that there is no existing breach or non-observance of any terms and conditions of the land lease obligation prior to the expiry of the first term of the land lease. As a result, the related lease payments associated with the extension options on the land leases have not been included within lease liabilities. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Leases as lessor

The Group leases out its investment properties (see Note 4). All leases are classified as operating leases from a lessor perspective.

Notes to the
Financial Statements

21 Leases (continued)

Operating leases

The Group leases out its investment properties. Investment properties are held for use by tenants under operating leases. Generally, the leases contain an initial non-cancellable period of between 3 to 10 years and subsequent renewals are negotiated with the lessee to reflect market rentals. None of the leases contain contingent rental arrangements. The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date and excluding prevailing market rent adjustments.

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Less than 1 year	97,079	92,027	72,583	69,504
1 to 2 years	69,299	73,542	52,119	53,595
2 to 3 years	46,418	52,475	32,557	36,743
3 to 4 years	33,586	34,593	24,670	21,759
4 to 5 years	27,912	28,665	21,860	20,348
More than 5 years	10,582	32,358	2,549	19,220
Total lease receivables	284,876	313,660	206,338	221,169

22 Tax expense

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Current tax expense				
Withholding tax	2,136	2,025	2,136	2,025

Reconciliation of effective tax rate

	Group		Trust	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Total return for the year before tax	46,767	(5,633)	38,649	(7,058)
Tax using the Singapore tax rate of 17% (2019: 17%)	7,950	(958)	6,570	(1,200)
Non-tax deductible items	8,886	17,241	7,159	15,652
Non-taxable income	(6,688)	(6,100)	(3,581)	(4,269)
Tax transparency	(10,148)	(10,183)	(10,148)	(10,183)
Withholding tax	2,136	2,025	2,136	2,025
	2,136	2,025	2,136	2,025

Notes to the
Financial Statements

23 Net asset value per Unit

	Note	Group 2020	Group 2019	Trust 2020	Trust 2019
Net asset value per Unit is based on:					
Net assets attributable to Unitholders ($'000)		678,545	639,413	670,738	652,520
Total Units issued and to be issued at 31 December ('000)	14	1,186,966[1]	1,085,819	1,186,966[1]	1,085,819

(1) Units issued and to be issued as at 31 December 2020 excludes 91,112,930 preferential offering Units which were issued on 25 January 2021.

24 Earnings and distribution per Unit

(a) Basic earnings per Unit

Basic earnings per Unit is based on:

	Group 2020 $'000	Group 2019 $'000
Total return for the year after tax attributable to Unitholders of the Trust and perpetual securities holders	44,631	(7,658)
Less: Amount reserved for distribution to perpetual securities holders	(5,515)	(5,500)
Total return for the year after tax, attributable to Unitholders of the Trust	39,116	(13,158)
	Number of Units '000	**Number of Units [1] '000**
Issued Units at the beginning of year	1,085,819	1,077,881
Effect of creation of new Units:		
– issued as payment of Manager's base fees	3,742	2,507
– Private placement	12,610	–
– to be issued as payment of Manager's base and performance fees payable in Units	10	8
Adjustment for effect of preferential offering	7,385	7,239
Weighted average number of issued and issuable Units at the end of year	1,109,566	1,087,635

(1) The figures have been restated for the effect of the bonus element of the preferential offering of 91,112,930 Units which were issued on 25 January 2021.

Notes to the Financial Statements

24 Earnings and distribution per Unit (continued)

(b) Diluted earnings per Unit

The calculation of diluted earnings per Unit for the Group was based on the total return for the year attributable to Unitholders and a weighted average number of Units outstanding adjusted for the effects of all dilutive potential Units.

	Group	
	2020 Number of Units '000	**2019 [1] Number of Units '000**
Weighted average number of Units used in calculation of basic earnings per Unit	1,109,566	1,087,635
Weighted average number of unissued Units from Manager's base and performance fees	6,897	5,459
Weighted average number of Units outstanding used in calculation of diluted earnings per Unit	1,116,463	1,093,094

(1) The figures have been restated for the effect of the bonus element of the preferential offering of 91,112,930 Units which were issued on 25 January 2021.

(c) Distribution per Unit

The distribution per Unit relates to the distributions in respect of the relevant financial year and incorporates for the effect of the bonus element of the preferential offering of 91,112,930 Units which were issued on 25 January 2021. The distribution relating to the last period of the financial year was paid subsequent to the reporting date (see Note 29).

25 Operating segments

The Manager considers the business from a geographical segment perspective. Geographically, the Manager manages and monitors the business by 2 countries: Singapore and Australia.

All geographical locations are in the business of investing in logistics warehouse properties, which is the only business segment of the Group.

The Manager assesses the performance of the geographical segments based on a measure of Net Property Income ("NPI"). Interest income and finance expenses are not allocated to the segments as certain treasury activities are centrally managed by the Group.

Notes to the Financial Statements

25 Operating segments (continued)

The segment information provided to the Manager for the reportable segments are as follows:

	Singapore $'000	Australia $'000	Total $'000
2020			
Gross revenue	86,865	30,567	117,432
Property expenses	(21,281)	(6,161)	(27,442)
Net property income	65,584	24,406	89,990
Net change in fair value of investment properties	(25,486)	8,656	(16,830)
Net change in fair value of financial derivatives	(3,006)	–	(3,006)
Unallocated amounts:			
– Interest income			30
– Borrowing costs			(19,842)
– Unallocated costs [1]			(3,575)
Total return for the year before tax			46,767
Tax expense	–	(2,136)	(2,136)
Total return for the year after tax			44,631
Assets and liabilities			
Segment assets			
– Investment properties	909,525	446,339	1,355,864
– Others	44,630	11,969	56,599
	954,155	458,308	1,412,463
Unallocated assets [2]			3
Consolidated total assets			1,412,466
Segment liabilities	482,801	149,561	632,362
Unallocated liabilities [3]			12
Consolidated total liabilities			632,374
2019			
Gross revenue	83,190	30,365	113,555
Property expenses	(22,250)	(5,461)	(27,711)
Net property income	60,940	24,904	85,844
Net change in fair value of investment properties	(62,741)	5,429	(57,312)
Net change in fair value of financial derivatives	304	–	304
Unallocated amounts:			
– Other income			25
– Interest income			146
– Borrowing costs			(21,638)
– Unallocated costs [1]			(13,002)
Total return for the year before tax			(5,633)
Tax expense	–	(2,025)	(2,025)
Total return for the year after tax			(7,658)

Notes to the
Financial Statements

25 Operating segments (continued)

	Singapore $'000	Australia $'000	Total $'000
2019			
Assets and liabilities			
Segment assets			
– Investment properties	929,315	404,624	1,333,939
– Others	15,471	9,250	24,721
	944,786	413,874	1,358,660
Unallocated assets (2)			4
Consolidated total assets			1,358,664
Segment liabilities	567,945	49,747	617,692
Unallocated liabilities (3)			12
Consolidated total liabilities			617,704

(1) Unallocated costs include Manager's fees, Trustee fees and other trust expenses.
(2) Unallocated assets include other receivables.
(3) Unallocated liabilities include accrued operating expenses.

26 Commitments

	Group 2020 $'000	Group 2019 $'000	Trust 2020 $'000	Trust 2019 $'000
(a) Capital commitments:				
Capital expenditure contracted but not provided for	3,455	3,226	1,575	3,226

(b) On 26 October 2020, the Group entered into a sale and purchase agreement with third parties to acquire four logistics properties located in Australia. On the same date, the Group entered into an implementation deed with third parties to agree on the implementation of certain transaction steps and key rights and obligations of the parties in relation to the proposed acquisition of one logistics property in Australia and acquisitions of 49.5% and 40.0% interest in two property funds respectively. The total acquisition outlay, including estimated transaction costs, is estimated to be approximately S$441.2 million. These transactions are expected to complete in March 2021.

Notes to the Financial Statements

27 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in mainly financial and operating decisions, or vice-versa or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager and the Property Manager are indirect subsidiaries of a substantial Unitholder of the Trust.

In the normal course of operations of the Group, Manager's fees and Trustee's fees were paid or are payable to the Manager and Trustee respectively.

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions:

	Group		Trust	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Property and lease management fees (including reimbursable expenses) paid/payable to the Property Manager	(4,499)	(4,391)	(3,441)	(3,924)
Other fees paid/payable to the Property Manager [1]	(1,703)	(1,012)	(1,559)	(974)
Acquisition fees paid to the Manager	–	(396)	–	(396)
Investment management fees paid/payable to a related corporation of ARA Asset Management Limited	(186)	(205)	–	–
Investment management fees paid/payable to LOGOS REIT Investment Management Pty Ltd	(139)	–	–	–

(1) Marketing commissions and service fees for property tax savings

Notes to the Financial Statements

28 Financial ratios

	Group	
	2020	2019
	%	%
Expenses to weighted average net assets [(1)]		
– including performance component of Manager's fees	1.6	1.6
– excluding performance component of Manager's fees	1.4	1.5
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 expenses, interest expenses, unrealised foreign exchange (gain)/loss and tax expense.

(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.

29 Subsequent events

On 25 January 2021, the Trust issued 91,112,930 Units from the preferential offering and raised gross proceeds of approximately $50.0 million.

On 26 January 2021, the Manager declared a distribution of 0.818 cents per Unit in respect of the period from 11 November 2020 to 31 December 2020 to be paid on 26 February 2021.

On 15 February 2021, the Group has entered into a facility agreement with DBS Bank Ltd., DBS Bank Ltd., Australia Branch, Credit Suisse AG, Singapore Branch and Citibank N.A., Singapore Branch pursuant to which the Group has obtained term and revolving loan facilities of up to $130.0 million and a term loan facility of up to A$120.0 million.

Statistics of Unitholdings

ISSUED AND FULLY PAID UP UNITS

As at 16 March 2021

Dates	Events	No of units	Price	Amount (S$)
28 April 2020	Asset Management Fees	2,866,286	0.4069[(1)]	1,166,292
28 July 2020	Asset Management Fees	2,140,856	0.5649[(1)]	1,209,370
27 October 2020	Asset Management Fees	1,961,126	0.6269[(1)]	1,229,430
11 November 2020	Private Placement	90,498,000	0.5525	50,000,145
25 January 2021	Preferential Offering	91,112,930	0.5525	50,339,894
26 January 2021	Asset Management Fees	3,681,162	0.5991[(1)]	2,205,384

Note:
(1) 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 on the SGX-ST for the last 10 business days of the relevant period in which the base fee accrues and in the case of the performance fee, the last 10 business days of relevant financial year.

There were 1,278,078,909 Units (Voting Rights: is One Vote per Unit) outstanding as at 16 March 2021.

There is only one class of Units.

The market capitalisation was S$907.4 million based on a closing unit price of S$0.71 on 16 March 2021.

DISTRIBUTION OF UNITHOLDINGS

As at 16 March 2021

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	36	0.31	1,517	0.00
100 – 1,000	524	4.49	445,235	0.04
1,001 – 10,000	4,636	39.73	26,090,959	2.04
10,001 – 1,000,000	6,426	55.06	349,707,024	27.36
1,000,001 AND ABOVE	48	0.41	901,834,174	70.56
Total	**11,670**	**100.00**	**1,278,078,909**	**100.00**

Statistics of Unitholdings

TWENTY LARGEST UNITHOLDERS
As at 16 March 2021

No.	Name of Unitholder	No. of Units	%
1	DBS NOMINEES (PRIVATE) LIMITED	354,207,716	27.71
2	CITIBANK NOMINEES SINGAPORE PTE LTD	181,606,684	14.21
3	HSBC (SINGAPORE) NOMINEES PTE LTD	81,261,658	6.36
4	RAFFLES NOMINEES (PTE.) LIMITED	62,369,079	4.88
5	DBSN SERVICES PTE. LTD.	40,648,041	3.18
6	PHILLIP SECURITIES PTE LTD	21,811,234	1.71
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	16,151,529	1.26
8	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	9,345,313	0.73
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	9,321,635	0.73
10	DB NOMINEES (SINGAPORE) PTE LTD	9,182,588	0.72
11	OCBC SECURITIES PRIVATE LIMITED	8,899,036	0.70
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,742,216	0.68
13	BPSS NOMINEES SINGAPORE (PTE.) LTD.	8,642,904	0.68
14	KGI SECURITIES (SINGAPORE) PTE. LTD.	8,103,671	0.63
15	ABN AMRO CLEARING BANK N.V.	7,072,600	0.55
16	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,651,872	0.44
17	KO WOON HONG	5,589,000	0.44
18	UOB KAY HIAN PRIVATE LIMITED	5,357,556	0.42
19	TEO YEW HWA	4,878,200	0.38
20	IFAST FINANCIAL PTE. LTD.	4,416,502	0.35
	TOTAL	**853,259,034**	**66.76**

FREE FLOAT

Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10.0% of its listed securities is at all times held by the public. Based on the information available to the Manager as at 16 March 2021, approximately 88.7% of the Units in ALOG are held in public hands. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

Statistics of Unitholdings

SUBSTANTIAL UNITHOLDERS

As at 16 March 2021

Name	No. of Units Direct	No. of Units Deemed	% of Units
LOGOS Units No. 1 Ltd	140,032,348	–	10.96%
LOGOS Property Group Limited[(1)]	–	140,032,348	10.96%
ARA Logistics Venture I Limited[(2)]	–	140,032,348	10.96%
ARA Logistics Partners Limited[(2)]	–	140,032,348	10.96%
ARA Logistics (Holdings) Pte. Ltd.[(2)]	–	140,032,348	10.96%
Athena Logistics Holding Ltd[(3)]	–	140,032,348	10.96%
ARA Asset Management Limited[(4)]	–	140,032,348	10.96%
ARA Investment (Cayman) Limited[(5)]	–	140,032,348	10.96%
ARA Asset Management Holdings Pte. Ltd.[(6)]	–	140,032,348	10.96%
Straits Equities Holdings (One) Pte. Ltd.[(7)]	–	140,032,348	10.96%
The Straits Trading Company Limited[(7)]	–	140,032,348	10.96%
The Cairns Pte. Ltd.[(8)]	–	140,032,348	10.96%
Raffles Investments Private Limited[(8)]	–	140,032,348	10.96%
Tecity Pte. Ltd.[(8)]	–	140,032,348	10.96%
Aequitas Pte. Ltd.[(8)]	–	140,032,348	10.96%
Tan Chin Tuan Pte. Ltd.[(8)]	–	140,032,348	10.96%
Dr Tan Kheng Lian[(8)]	–	140,032,348	10.96%
Alexandrite Gem Holdings Limited[(9)]	–	140,032,348	10.96%
WP Global LLC[(9)]	–	140,032,348	10.96%
Warburg Pincus Partners II, LP.[(9)]	–	140,032,348	10.96%
Warburg Pincus Partners GP LLC[(9)]	–	140,032,348	10.96%
Warburg Pincus & Co.[(9)]	–	140,032,348	10.96%
Lim Hwee Chiang[(10)]	1,270,900	141,303,308	11.16%

Notes:

(1) As LOGOS Property Group Limited holds the entire issued share capital of LOGOS Units No. 1 Ltd, it is therefore treated as having an interest in the Units held by LOGOS Units No. 1 Ltd.

(2) LOGOS Units No. 1 Ltd is a subsidiary of LOGOS Property Group Limited, which is in turn a subsidiary of ARA Logistics Venture I Limited. ARA Logistics Venture I Limited is a subsidiary of ARA Logistics Partners Limited which is in turn a subsidiary of ARA Logistics (Holdings) Pte. Ltd.. Accordingly, each of ARA Logistics Venture I Limited, ARA Logistics Partners Limited and ARA Logistics (Holdings) Pte. Ltd. are deemed to be interested in the Units held by LOGOS Units No. 1 Ltd.

(3) Athena Logistics Holding Ltd, wholly-owned by certain private equity funds which are limited partnerships ("**the Funds**") managed by Warburg Pincus LLC, a New York limited liability company, holds more than 20% of the issued share capital of ARA Logistics Venture I Limited. It is accordingly also deemed interested in the Units.

(4) ARA Asset Management Limited holds 100% of the shares of ARA Logistics (Holdings) Pte. Ltd.

(5) ARA Investment (Cayman) Limited holds 100% of the shares of ARA Asset Management Limited.

(6) ARA Asset Management Holdings Pte. Ltd. ("**ARA Holdings**") holds 100% of the shares of ARA Investment (Cayman) Limited.

(7) The Straits Trading Company Limited ("**STC**"), through its wholly-owned subsidiary, Straits Equities Holdings (One) Pte. Ltd., holds more than 20% of the voting rights in ARA Holdings. Accordingly, STC and Straits Equities Holdings (One) Pte. Ltd. are therefore deemed to be interested in the Units held by ARA Holdings.

(8) STC, through its wholly-owned subsidiary, Straits Equities Holdings (One) Pte. Ltd., holds more than 20% of the voting rights in ARA Asset Management Holdings Pte. Ltd.. The Cairns Pte. Ltd. ("**Cairns**") holds more than 50% of the voting rights of STC. Each of Raffles Investments Private Limited ("**Raffles**"), Tecity Pte. Ltd. ("**Tecity**") and Tan Chin Tuan Pte. Ltd. ("**TCT**") holds not less than 20% of the voting rights of Cairns. Aequitas Pte. Ltd. ("**Aequitas**") holds more than 50% of the voting rights of Raffles. Dr Tan Kheng Lian holds more than 50% of the voting rights of TCT. By virtue of this, each of Cairns, Raffles, Tecity, TCT, Aequitas and Dr Tan Kheng Lian has a deemed interest in the Units held by LOGOS Units No. 1 Ltd.

(9) Alexandrite Gem Holdings Limited ("**AGHL**") holds more than 20% of the voting rights of ARA Holdings. Accordingly, AGHL, through ARA Holdings, is deemed interested in all the Units which ARA Holdings is deemed interested in. AGHL is wholly-owned by the Funds managed by Warburg Pincus LLC, a New York limited liability company. Warburg Pincus XII, L.P., a Delaware limited partnership ("**WP XII GP**"), and Warburg Pincus China GP, L.P, a Delaware limited partnership. ("**WPC GP**"), are the general partners of the Funds. WP Global LLC, a Delaware limited liability company ("**WP Global**"), is the general partner of each of WP XII GP and WPC GP. Warburg Pincus Partners II, L.P., a Delaware limited partnership ("**WPP II**") is the managing member of WP Global. Warburg Pincus Partners GP LLC, a Delaware limited liability company ("**WPP GP LLC**"), is the general partner of WPP II. Warburg Pincus & Co., a New York general partnership ("**WP**"), is the managing member of WPP GP LLC. By virtue of this, each of WP Global, WPP II, WPP GP LLC and WP has a deemed interest in all the Units which ARA Holdings is deemed interested in.

Statistics of Unitholdings

(10) Lim Hwee Chiang holds 100% of the shares in JL Investment Group Limited ("**JLIG**") and in JL Investment Group II Limited ("**JLIG II**"). Lim Hwee Chiang holds 19.85% of the shares of ARA Holdings through JLIG and had on 2 June 2020 acquired shares in ARA Holdings through JLIG II (the "**ARA Shares**") which resulted in Lim Hwee Chiang holding more than 20.0% interest in ARA Holdings. ARA Holdings holds 100% of the shares of ARA Investment (Cayman) Limited, which holds 100% of the shares of ARA Asset Management Limited, which in turn holds 100% of the shares of ARA Logistics (Holdings) Pte. Ltd. LOGOS Units No. 1 Ltd. holds Units and is a subsidiary of LOGOS Property Group Limited, which is in turn a subsidiary of ARA Logistics Venture I Limited. ARA Logistics Venture I Limited is a subsidiary of ARA Logistics Partners Limited, which is in turn a subsidiary of ARA Logistics (Holdings) Pte. Ltd. Accordingly, Lim Hwee Chiang is therefore deemed to be interested in the Units held by LOGOS Units No. 1 Ltd. Apart from the deemed interest in the Units arising from the transaction described above, Lim Hwee Chiang also holds 0.10% of the Units directly and has a deemed interest in 0.10% of the Units held by Citibank Nominees Singapore Pte. Ltd (as nominee of JL Philanthropy Ltd). The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr. Lim is the settlor of JL Charitable Settlement.

Unitholdings of Directors of the Manager
As at 21 January 2021

	Number of Units	
Directors	**Direct**	**Deemed**
Lim How Teck	1,800,000	–
Lim Lee Meng	–	–
Lim Kong Puay	–	–
Oh Eng Lock	23,600	–
Stephen George Hawkins	–	–
Chia Nam Toon	–	–

Additional Information

INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL OF THE SGX-ST) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS (COLLECTIVELY "RELATED PARTY TRANSACTIONS")

The Related Party Transactions during the financial period and which fall within the Listing Manual of the SGX-ST and the Property Funds Appendix are:

NAME OF INTERESTED PERSON	NATURE OF RELATIONSHIP	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS DURING THE FINANCIAL YEAR UNDER REVIEW (EXCLUDING TRANSACTIONS LESS THAN $100,000 AND TRANSACTIONS CONDUCTED UNDER UNITHOLDERS' MANDATE PURSUANT TO RULE 920) S$'000	AGGREGATE VALUE OF ALL INTERESTED PERSON TRANSACTIONS CONDUCTED UNDER UNITHOLDERS' MANDATE PURSUANT TO RULE 920 (EXCLUDING TRANSACTIONS LESS THAN $100,000) S$'000
ARA LOGOS Logistics Trust Management Limited			
– Manager's fees[(1)]	Manager of ALOG (the "**Manager**")	7,747	–
ARA & Its Subsidiaries or Associates			
– Investment management fee	Associate of controlling shareholder of the Manager	1,089	–
– Property management fee[(2)]	Associate of controlling shareholder of the Manager	9,109	–
– Other fees paid/payable to property manager[(3)]	Associate of controlling shareholder of the Manager	1,703	–
HSBC Institutional Trust Services (Singapore) Limited			
– Trustee's fees	Trustee of ALOG	389	–
LOGOS Property Group Limited & Its Subsidiaries or Associates			
– Acquisitions and Fund Investments[(4)]	Controlling shareholder of the Manager, and its subsidiaries or associate	404,400	–

Notes:

(1) The Manager has opted to receive 75% of the Manager's fees in Units for the year ended 31 December 2020 ("**FY2020**"). Crystallisation of the Performance Fee, which may be payable in the form of Units or in the form of cash out of the Deposited Property, is made no more frequent than once every Financial Year. Excludes all property manager's fees.

(2) This includes the estimated full value of S$4.6 million payable to ARA LOGOS Property Management Pte. Ltd., the property manager (the "**Property Manager**"), pursuant to the property management agreement entered into between the Manager, the Trustee and the Property Manager dated 17 February 2020 for its entire duration from 27 February 2020 to 18 December 2022 for the management of the Australia portfolio. The remaining value reflects the fees of S$4.5 million paid in FY2020 for the management of the Singapore and Australia portfolios (please see Note 17 on page 165 of this Annual Report for further details).

(3) Marketing commissions and service fees for property tax savings.

(4) Based on the agreed purchase price of the Acquisitions and Fund Investments, which comprise of five logistics properties in Queensland, Australia (being, (1) 8 Curlew Street, Port of Brisbane, (2) 1-5 & 2-6 Bishop Drive, Port of Brisbane, (3) 53 Peregrine Drive, Port of Brisbane, (4) Corner Heron Drive and Curlew Street, Port of Brisbane and (5) 47 Logistics Place, Larapinta, and fund investments of 49.5% interest in the New LAIVS Trust and 40.0% interest in the Oxford Property Fund, and for which Unitholder approval was sought and received on 23 December 2020.

Additional Information

FEES PAYABLE TO THE MANAGER

The Manager is committed to delivering value to the stakeholders of ARA LOGOS Logistics Trust, in addition to its key responsibilities in managing and maintaining the long term interests of all Unitholders.

The Manager is entitled to the following fees for the management of ARA LOGOS Logistics Trust, which cover an extensive scope of functions including but not limited to asset management (including asset enhancements), financing, investment management, marketing and investor relations:

(1) a Base Fee of 0.5% per annum of the value of the properties of ARA LOGOS Logistics Trust (as defined under Clause 15.1.1 of the Trust Deed). Pursuant to Clause 15.1.4 of the Trust Deed, the Base Fee is paid monthly or quarterly, in arrears, in the form of cash and/or Units, as the Manager may elect. The Base Fee which is based on a fixed percentage of the value of assets of the Trust, commensurates with the complexity and efforts required of the Manager in managing the Trust; and

(2) a performance fee equal to 1.5% per annum of the Net Property Income of ARA LOGOS Logistics Trust or any special purpose vehicles for each financial year (as defined under Clause 15.1.2 in the Trust Deed). The performance fee is paid in the form of cash and/or Units, as the Manager may elect. The performance fee methodology is reflective of the alignment of interests between the Manager and the Unitholders in incentivising the Manager to drive higher income yields for ARA LOGOS Logistics Trust. The Manager is incentivised to review the growth potential of the assets in the portfolio, and improve the long-term performance of such assets on a sustainable basis (as opposed to taking excessive short-term risks) through proactive management including undertaking effective leasing strategies and asset enhancement/ repositioning initiatives and achieving cost efficiencies.

In accordance with the Code on Collective Investment Schemes dated 1 January 2016 ("CIS Code"), crystallisation of the Performance Fee should be no more frequent than once a year. Therefore, with effect from FY2016, the Performance Fee payable in the form of Units and/or cash will be paid on an annual basis in arrears, subsequent to the end of the applicable financial year.

In addition, the Manager is entitled to an acquisition fee[1] which is paid in the form of cash or Units as the Manager may elect after the completion of an acquisition. The Manager is also entitled to a divestment fee[1] which is paid in cash after the completion of a divestment. Details of the fee structure of the acquisition fee and divestment fee are set out in Note 1 to the Financial Statements herein (and Clauses 15.2.1(i) and (ii) of the Trust Deed). The acquisition fee and divestment fee payable to the Manager are to recognise the Manager's efforts in actively seeking potential opportunities to acquire new properties and/or unlocking the underlying value of existing properties within its asset portfolio through divestments to optimise returns to Unitholders. The Manager provides these services over and above the provision of ongoing management services with an aim to generate long term benefits for the Unitholders.

Note:

(1) In the case of an interested party transaction, the fee is paid in the form of Units at the prevailing market price and such Units should not be sold within one year from their date of issuance as stipulated in the CIS Code.

Additional Information

PERCENTAGE OF TOTAL OPERATING EXPENSES TO NET ASSETS

	S$'000
Total operating expenses[1]	38,997
Net Assets	780,092
Percentage of total operating expenses to Net Assets	5.0%

The total operating expenses incurred by ALOG amounted to approximately S$39.0 million, equivalent to 5.0% of ALOG's net assets as at 31 December 2020.

(1) Including all fees and charges paid to the Trustee, Manager, related parties and land rent paid that was excluded from the property expenses due to the adoption of FRS 116 Leases effective 1 January 2019.

SUBSCRIPTION OF UNITS IN ALOG

As at 31 December 2020, an aggregate of 1,183,284,817 Units were in issue. A further 91,112,930 Units were issued for the preferential offering on 25 January 2021. On 26 January 2021, ALOG issued 2,110,406 Units to the Manager in satisfaction of its base management fees for the period from 1 October 2020 to 31 December 2020 and 1,570,756 Units in satisfaction of its performance management fees for the full year ended 31 December 2020.

NON-DEAL ROAD SHOW

There was no non-deal roadshow expenses incurred during the year ended 31 December 2020 and 31 December 2019.

ARA LOGOS
LOGISTICS TRUST

MANAGED BY
ARA LOGOS Logistics Trust Management Limited

50 Collyer Quay
#05-05 OUE Bayfront
Singapore 049321
Tel: (65) 6491 0088

www.aralogos-reit.com

MIX
Paper from responsible sources
FSC www.fsc.org
FSC™ C158351