

**CIRCULAR DATED 22 JUNE 2023**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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If you have sold or transferred all your Units, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



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

Managed by

**AIMS APAC REIT MANAGEMENT LIMITED**

(Company Registration No. 200615904N)

**CIRCULAR TO UNITHOLDERS IN RELATION TO:**

- (1) THE PROPOSED UNIT BUY-BACK SUPPLEMENT TO THE TRUST DEED;**
- (2) THE PROPOSED ADOPTION OF THE UNIT BUY-BACK MANDATE; AND**
- (3) THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED**

**Independent Financial Adviser to the Independent Directors and the Audit, Risk and Compliance Committee of AIMS APAC REIT Management Limited and HSBC Institutional Trust Services (Singapore) Limited  
(as trustee of AIMS APAC REIT)**

**Deloitte & Touche Corporate Finance Pte Ltd**

**IMPORTANT DATES AND TIMES FOR UNITHOLDERS**

Last date and time for submission of Proxy Forms	: <b>21 July 2023 (Friday) at 2:00 p.m.</b>
Date and time of Annual General Meeting	: <b>24 July 2023 (Monday) at 2:00 p.m.</b>
Place of Annual General Meeting	: <b>Big Picture Theatre</b> <b>168 Robinson Road, Capital Tower</b> <b>Singapore 068912</b>

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# CORPORATE INFORMATION

**Directors of AIMS APAC REIT Management Limited (the "Directors"):** Mr George Wang (Chairman, Non-Executive Non-Independent Director)  
Mr Chia Nam Toon (Non-Executive Lead Independent Director)  
Mr Chong Teck Sin (Non-Executive Independent Director)  
Ms Vivienne Zhaohui Yu (Non-Executive Independent Director)  
Mr Peter Michael Heng (Non-Executive Independent Director)

**Registered Office of the Manager** : 1 Raffles Place  
#39-03 One Raffles Place  
Singapore 048616

**Trustee of AIMS APAC REIT (the "Trustee"):** HSBC Institutional Trust Services (Singapore) Limited  
10 Marina Boulevard  
#48-01, Marina Bay Financial Centre  
Singapore 018983

**Legal Adviser to the Manager** : Allen & Gledhill LLP  
One Marina Boulevard #28-00  
Singapore 018989

**Legal Adviser to the Trustee** : Shook Lin & Bok LLP  
1 Robinson Road  
#18-00 AIA Tower  
Singapore 048542

**Independent Financial Adviser to the Independent Directors and the Audit, Risk and Compliance Committee of the Manager and to the Trustee** : Deloitte & Touche Corporate Finance Pte Ltd

**Unit Registrar and Unit Transfer Office** : Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632



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

#### Directors of the Manager

Mr George Wang (Chairman, Non-Executive Non-Independent Director)  
Mr Chia Nam Toon (Non-Executive Lead Independent Director)  
Mr Chong Teck Sin (Non-Executive Independent Director)  
Ms Vivienne Zhaohui Yu (Non-Executive Independent Director)  
Mr Peter Michael Heng (Non-Executive Independent Director)

#### Registered Office

1 Raffles Place  
#39-03 One Raffles Place  
Singapore 048616

22 June 2023

To: Unitholders of AIMS APAC REIT ("AA REIT")

Dear Sir/Madam

## 1 SUMMARY OF APPROVALS SOUGHT

AIMS APAC REIT Management Limited, as manager of AA REIT (the "Manager") is seeking approval from Unitholders for the following:

- (a) Extraordinary Resolution 1: the proposed unit buy-back supplement to the trust deed constituting AIMS APAC REIT dated 5 December 2006 (as amended and restated) (the "**Trust Deed**");
- (b) Ordinary Resolution 4: the proposed adoption of a unit buy-back mandate; and
- (c) Extraordinary Resolution 2: the proposed development management fee supplement to the Trust Deed.

Extraordinary Resolution 1 relates to the proposed supplement to the Trust Deed to include provisions regarding the repurchase and redemption of units of AA REIT ("**Units**") in the manner set out in **Annex A** of this Circular (the "**Unit Buy-Back Supplement**").

As the Unit Buy-Back Supplement is required for the proposed adoption of the mandate for the Manager to exercise its powers to procure the repurchases of Units for and on behalf of AA REIT without the prior specific approval of Unitholders in a general meeting (the "**Unit Buy-Back Mandate**"), the proposed adoption of the Unit Buy-Back Mandate under Ordinary Resolution 4 is conditional upon the Unit Buy-Back Supplement being approved by Unitholders under Extraordinary Resolution 1.

The approval of the Unit Buy-Back Supplement under Extraordinary Resolution 1 however, is not conditional upon the Unit Buy-Back Mandate under Ordinary Resolution 4 being approved by Unitholders. Accordingly, the Manager will proceed with the Unit Buy-Back Supplement even if Unitholders do not approve the Unit Buy-Back Mandate.

Extraordinary Resolution 2 relates to the proposed supplement to the Trust Deed to include provisions for the purpose of facilitating the undertaking of development projects by the Manager on behalf of AA REIT in the manner as set out in **Annex B** of this Circular (the "**Development Management Fee Supplement**"). The Development Management Fee Supplement constitutes an interested person transaction.

## 2 THE PROPOSED UNIT BUY-BACK SUPPLEMENT

### 2.1 Background

In respect of the repurchase of Units, the Trust Deed currently provides, among others, that for so long as AA REIT is listed, in the event the Manager decides to make any offer to repurchase Units that the repurchase price for a Unit shall be based on the Net Asset Value of the Deposited Property<sup>1</sup> or otherwise in accordance with the provisions of the Trust Deed and applicable laws, regulations or the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.

In connection with the proposed adoption of the Unit Buy-Back Mandate, the Manager is seeking Unitholders' approval under Clause 28.2 of the Trust Deed to supplement the Trust Deed for the purposes of, among others:

- (i) allowing the Manager to repurchase Units under a unit buy-back mandate, subject to approval from the Unitholders;
- (ii) providing the Manager with the discretion to determine the repurchase price for a repurchase of Units under a unit buy-back mandate; and
- (iii) setting out other general terms and conditions for the repurchase of Units by the Manager under a unit buy-back mandate.

The full text of the Unit Buy-Back Supplement is set out in **Annex A** of this Circular.

### 2.2 Rationale for the Unit Buy-Back Supplement

The Unit Buy-Back Supplement is necessary for the adoption of the Unit Buy-Back Mandate as it would provide the Manager with the ability and the flexibility to undertake repurchases of Units, under a Unit Buy-Back Mandate, during the period such mandate is in force and in accordance with the provisions of the Trust Deed and all applicable laws and regulations, including but not limited to the Listing Manual.

## 3 THE PROPOSED UNIT BUY-BACK MANDATE

### 3.1 The Proposed Unit Buy-Back Mandate

Subject to Unitholders' approval of Extraordinary Resolution 1, the Manager intends to seek the approval of Unitholders for the proposed Unit Buy-Back Mandate at the AGM under Ordinary Resolution 4.

### 3.2 Rationale for the Unit Buy-Back Mandate

The approval of the Unit Buy-Back Mandate authorising the Manager to repurchase Units for and on behalf of AA REIT would give the Manager the flexibility to undertake repurchases of Units of up to the 10.0% limit described in paragraph 3.3.1 of this Circular at any time, during the period when the Unit Buy-Back Mandate is in force ("**Unit Buy-Back**").

The rationale for seeking the Unit Buy-Back Mandate is as follows:

- (i) the Unit Buy-Back Mandate would be a flexible and cost-effective capital management tool to enhance return on equity for Unitholders and/or the net asset value ("**NAV**") per Unit; and

<sup>1</sup> "**Net Asset Value of the Deposited Property**" means at any time the Value of the Deposited Property, less the Liabilities. The term "**Value**", except where otherwise expressly stated, means with reference to any Authorised Investment (as defined in the Trust Deed) or the Deposited Property, its value for the time being as determined pursuant to Clause 6 of the Trust Deed (e.g. valuation of the Authorised Investment by an approved valuer). The term "**Authorised Investment**" refers to, among others, real estate (whether freehold or leasehold, in or outside of Singapore), real estate related assets and any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any real estate or any building thereon. The term "**Deposited Property**" means all the assets of AA REIT, including all its Authorised Investments (as defined in the Trust Deed) for the time being held or deemed to be held upon the trusts of the Trust Deed. The term "**Liabilities**" means all the liabilities of AA REIT whether incurred directly by HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT (the "**Trustee**") or directly through a special purpose vehicle or the Manager (including liabilities accrued but not yet paid) and any provision which the Manager decides in consultation with the auditors of AA REIT should be taken into account in determining the liabilities of AA REIT.

- (ii) the Unit Buy-Back Mandate, when exercised at appropriate times, would help mitigate short-term market volatility, offset the effects of short-term speculative trading of the Units and bolster market confidence in the Units.

While the Unit Buy-Back Mandate would authorise Unit Buy-Backs of up to the said 10.0% limit during the period when the Unit Buy-Back Mandate is in force, Unitholders should note that the Manager may not necessarily repurchase Units, and Unit Buy-Backs may not necessarily be carried out to the entire 10.0% limit as authorised by Unitholders.

Repurchases of Units will be made only when the Manager considers it to be in the best interests of AA REIT and the Unitholders.

Rule 723 of the Listing Manual requires AA REIT to ensure that at least 10.0% of its Units are at all times held by the public (the "**Public Float**"). As at 9 June 2023, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), the Public Float is approximately 70.7% and accordingly, the Manager is of the view that the orderly trading and the listing status of the Units on the SGX-ST is not likely to be affected by the Unitholders' approval of the Unit Buy-Back Mandate and the repurchases of Units thereunder.

### 3.3 Authority and Limits on the Unit Buy-Back Mandate

The authority conferred on the Manager and the limits placed on the repurchases of Units by the Manager under the Unit Buy-Back Mandate are set out below:

#### 3.3.1 Maximum Limit

The total number of Units which may be repurchased pursuant to the Unit Buy-Back Mandate is limited to that number of Units representing not more than 10.0% of the total number of issued Units as at the date of the AGM.<sup>2</sup>

**FOR ILLUSTRATIVE PURPOSES ONLY:** On the basis of 725,038,894 Units in issue as at the Latest Practicable Date, and assuming that no further Units are issued on or prior to the AGM at which the Unit Buy-Back Mandate is approved, not more than 72,503,889 Units (representing 10.0% of the issued Units) may be repurchased by the Manager pursuant to the Unit Buy-Back Mandate during the Mandate Duration (as defined herein).

#### 3.3.2 Duration of Authority

Unless revoked or varied by Unitholders in a general meeting, the Unit Buy-Back Mandate, if approved by Unitholders, will be in force from the period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and expiring on the earliest of the following dates:

- (i) the date on which the next annual general meeting of AA REIT is held;
- (ii) the date by which the next annual general meeting of AA REIT is required by applicable laws and regulations or the provisions of the Trust Deed to be held; or
- (iii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated,

(the "**Mandate Duration**").

<sup>2</sup> Pursuant to the Listing Manual, a unit buy-back shall not exceed 10.0% of the total number of issued units excluding treasury units and subsidiary holdings in each class as at the date of the resolution passed by unitholders for the unit buy-back. For the avoidance of doubt, AA REIT does not hold any treasury units and there are no subsidiary holdings as none of the subsidiaries of AA REIT hold any Units. There is also only one class of units in AA REIT.

Under the Trust Deed and the prevailing laws and regulations of Singapore, AA REIT is required to convene an annual general meeting of Unitholders once every calendar year and not more than 15 months after the holding of the last preceding annual general meeting, and in any case within four months from the financial year end of AA REIT.

The authority conferred on the Manager under the Unit Buy-Back Mandate to repurchase Units may be renewed at the next annual general meeting of Unitholders. When seeking the approval of Unitholders for any subsequent Unit buy-back mandate, the Manager shall disclose details of each Unit buy-back made during the Mandate Duration in respect of the Unit buy-back mandate immediately preceding such Unit buy-back mandate being sought, including the total number of Units repurchased, the repurchase price per Unit or the highest and lowest prices paid for such repurchases of Units, where relevant, and the total consideration paid for such repurchases.

### 3.3.3 Manner of Repurchase

Repurchases of Units may be made by way of:

- (i) market repurchase(s) ("**Market Repurchases**"); and/or
- (ii) off-market repurchase(s) ("**Off-Market Repurchases**").

Market Repurchases refer to repurchases of Units by the Manager effected on the SGX-ST and/or, as the case may be, such other stock exchange for the time being on which the Units may be listed and quoted, through one or more duly licensed stockbrokers appointed by the Manager for the purpose.

Off-Market Repurchases refer to repurchases of Units by the Manager (which are not Market Repurchases) made under an equal access scheme or schemes for the repurchase of Units from Unitholders in accordance with the Trust Deed, as proposed to be supplemented by the Unit Buy-Back Supplement. In this regard, an Off-Market Repurchase must satisfy all the following conditions:

- (i) offers for the repurchase or acquisition of Units shall be made to every person who holds Units to repurchase or acquire the same percentage of their Units;
- (ii) all of the above-mentioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers shall be the same, except that there shall be disregarded:
  - (a) differences in consideration attributable to the fact that offers may relate to Units with different accrued distribution entitlements;
  - (b) differences in consideration attributable to the fact that the offers may relate to Units with different amounts remaining unpaid; and
  - (c) differences in the offers introduced solely to ensure that each Unitholder is left with a whole number of Units.

Additionally, the Listing Manual provides that, in making an Off-Market Repurchase, the Manager must issue an offer document to all Unitholders which must contain, *inter alia*:

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed Unit repurchases;

- (iv) the consequences, if any, of Unit repurchases by the Manager that will arise under the Singapore Code on Take-overs and Mergers (the "**Code**") or other applicable takeover rules;
- (v) whether the Unit repurchases, if made, could affect the listing of the Units on the SGX-ST;
- (vi) details of any Unit repurchases made by the Manager in the previous 12 months (whether Market Repurchases or Off-Market Repurchases in accordance with an equal access scheme), giving the total number of Units repurchased, the repurchase price per Unit or the highest and lowest prices paid for the repurchases, where relevant, and the total consideration paid for the repurchases; and
- (vii) whether the Units repurchased by the Manager will be cancelled or kept as treasury Units.

#### 3.3.4 Repurchase Price

The Manager has the discretion to determine the repurchase price for a repurchase of Units under a Unit buy-back mandate, subject to such repurchase price not exceeding 105.0% of the Average Closing Price (as defined herein) of the Units for both a Market Repurchase (in accordance with Rule 884 of the Listing Manual) and an Off-Market Repurchase, excluding brokerage, stamp duty, commission, applicable goods and services tax and other related expenses ("**Related Expenses**") of such repurchase (the "**Maximum Price**").

For the purposes of this paragraph 3.3.4:

"**Average Closing Price**" means the average of the closing market prices of the Units over the last five Market Days (as defined herein), on which transactions in the Units were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the date of the Market Repurchase(s) or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase(s);

"**date of the making of the offer**" means the date on which the Manager makes an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase calculated on the foregoing basis) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase.

#### 3.4 Status of Repurchased Units

Under the Trust Deed (as proposed to be supplemented by the Unit Buy-Back Supplement), a Unit repurchased by way of a Unit buy-back shall be deemed cancelled immediately on repurchase (and all rights and privileges attached to such Unit will expire on such cancellation).

#### 3.5 Reporting Requirements

Rule 886 of the Listing Manual specifies that an issuer shall notify the SGX-ST of all repurchases or acquisitions of its Units not later than 9.00 a.m.:

- (i) in the case of a Market Repurchase, on the Market Day following the day on which the Market Repurchase was made; or
- (ii) in the case of an Off-Market Repurchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer for the Off-Market Repurchase.

The notification of any such repurchases of Units to the SGX-ST (in the form of an announcement on the SGXNet) shall be in such form and shall include such details as the SGX-ST may prescribe.



The Manager shall make arrangements with the appointed stockbrokers and/or custodians to ensure that they provide the Manager in a timely fashion the necessary information which will enable the Manager to make the notifications to the SGX-ST.

### 3.6 Sources of Funds

The Manager may only apply funds for the repurchase of Units as provided in the Trust Deed (as proposed to be supplemented by the Unit Buy-Back Supplement) and in accordance with the applicable laws and regulations in Singapore. The Manager may not repurchase Units for a consideration other than in cash.

The Manager intends to utilise AA REIT's internal sources of funds, external borrowings or a combination of both to finance the Manager's repurchase of Units on behalf of AA REIT pursuant to the Unit Buy-Back Mandate, subject always to the requirements of the applicable laws and/or regulations in force at the relevant time.

### 3.7 Financial Effects

It is not possible for the Manager to calculate realistically or quantify the impact of repurchases of Units that may be made pursuant to the Unit Buy-Back Mandate on the NAV per Unit and distribution per Unit ("DPU") as the resultant effect would depend on, among others, the aggregate number of Units repurchased and the repurchase prices paid for such Units.

AA REIT's total number of issued Units will be diminished by the total number of Units repurchased by way of a Unit Buy-Back as such Units will be cancelled.

The Manager will only exercise the Unit Buy-Back Mandate when it considers it to be in the best interests of AA REIT and the Unitholders. The Manager will consider factors such as the working capital requirements, availability of financial resources, the investment and growth strategies of AA REIT and the prevailing market conditions before repurchasing Units under the Unit Buy-Back Mandate. The Manager will exercise the Unit Buy-Back Mandate with a view to enhancing the DPU and/or the NAV per Unit. The Manager does not intend to exercise the Unit Buy-Back Mandate to such an extent as would have a material adverse effect on the financial position of AA REIT.

**FOR ILLUSTRATIVE PURPOSES ONLY:** The financial effects of a Unit buy-back on AA REIT are based on the assumptions set out below:

- (i) 72,503,889 Units (representing approximately 10.0% of the issued Units as at the Latest Practicable Date) are repurchased by the Manager pursuant to the Unit Buy-Back Mandate on 1 April 2022;
- (ii) 725,038,894 Units are in issue as at the Latest Practicable Date (assuming no further Units are issued on or prior to the AGM at which the Unit Buy-Back Mandate is approved);
- (iii) Units are repurchased by the Manager at the Maximum Price of S\$1.292 per Unit (being the price equivalent to 105.0% of the Average Closing Price of the Units immediately preceding the Latest Practicable Date), and accordingly, the maximum amount of funds required for the repurchase of the 72,503,889 Units, representing 10.0% of the issued Units as at the Latest Practicable Date (excluding Related Expenses) is approximately S\$93.7 million;
- (iv) the Unit Buy-Back Mandate has been effective since 1 April 2022;
- (v) all Units repurchased under the Unit Buy-Back Mandate are cancelled;
- (vi) the repurchases of Units are funded solely by internal sources of funds, external borrowings or a combination of both to finance the Manager's repurchase of Units; and
- (vii) there are no changes to the distribution policy to Unitholders.

Based on the assumptions set out above, the financial effects of the repurchase of 72,503,889 Units (representing 10.0% of the issued Units as at the Latest Practicable Date) by the Manager pursuant to the Unit Buy-Back Mandate are set out below based on the audited consolidated financial statements of AA REIT and its subsidiaries (the “**Group**”) for the financial year ended 31 March 2023 (“**FY2023**” and the audited consolidated financial statements of the Group for FY2023, the “**FY2023 Audited Financial Statements**”):

	<b>FY2023 Audited Financial Statements</b>	<b>Pro forma financial effects of Unit repurchases on the FY2023 Audited Financial Statements</b>
Net Assets attributable to Unitholders of AA REIT (S\$ million)	993.8	900.1
Current Assets (S\$ million)	34.1	34.1
Current Liabilities (S\$ million)	43.2	43.2
Number of issued Units (as at the Latest Practicable Date) (million)	725.0	652.5
<u>Financial Ratios</u>		
Adjusted NAV per Unit (excluding outstanding distributable income) (S\$)	1.37	1.38
Distribution per Unit (Singapore cents)	9.944	10.490
Aggregate Leverage	36.1%	40.3%

**Unitholders should note that the financial effects set out in the table above are based on the FY2023 Audited Financial Statements and are presented strictly for illustrative purposes only. The results of AA REIT for FY2023 may not be representative of future performance. Although the Unit Buy-Back Mandate would authorise the Manager to repurchase up to 10.0% of the total number of issued Units, the Manager may not necessarily repurchase or be able to repurchase the entire 10.0% of the total number of issued Units at any time while the Unit Buy-Back Mandate is in force.**

### **3.8 Taxation**

Unitholders who are in doubt as to their respective tax positions or the tax implications of Unit repurchases by the Manager, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

### **3.9 Black-Out Periods**

The Manager will not repurchase any Units for and on behalf of AA REIT at any time after a material price sensitive development has occurred or has been the subject of a decision until such time the price sensitive information has been publicly announced. In addition, the Manager will not repurchase Units for and on behalf of AA REIT during the period commencing two weeks before the announcement of the Group’s quarterly business update and the period commencing one month before the announcement of the Group’s half-yearly financial results and full year financial statements.

### **3.10 Take-over Implications**

The circumstances under which Unitholders and persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Code after a repurchase of Units by the Manager are set out in Appendix 2 of the Code. The take-over implications which may arise from any repurchase by the Manager of Units by way of a Unit buy-back are set out below.

### 3.10.1 Obligation to make a Take-over Offer

If, as a result of any repurchase by the Manager of the Units, the proportionate interest in the voting rights of a Unitholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Code. Consequently, a Unitholder or a group of Unitholders acting in concert could obtain or consolidate effective control of AA REIT and become obliged to make a mandatory take-over offer under Rule 14 of the Code.

### 3.10.2 Persons Acting in Concert

Applying the Code to AA REIT, to the extent possible, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Units (or otherwise), to obtain or consolidate effective control of AA REIT.

Unless the contrary is established, the following persons, among others, will be presumed to be acting in concert, namely:

- (i) the following companies:
  - (a) a company ("**(A)**");
  - (b) the parent company of (A) ("**(B)**");
  - (c) the subsidiaries of (A) (each, "**(C)**");
  - (d) the fellow subsidiaries of (A) (each, "**(D)**");
  - (e) the associated companies of any of (A), (B), (C), or (D) (each, "**(E)**");
  - (f) companies whose associated companies include any of (A), (B), (C), (D) or (E); and
  - (g) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights; and
- (ii) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts).

For this purpose, a company is an "**associated company**" (as defined in the Code) of another company if the second company owns or controls at least 20.0% but not more than 50.0% of the voting rights of the first-mentioned company.

### 3.10.3 Effect of Rule 14 and Appendix 2 of the Code

In general terms, the effect of Rule 14 and Appendix 2 of the Code is that, unless exempted<sup>3</sup>, Unitholders and/or persons acting in concert with them will incur an obligation to make a mandatory take-over offer under Rule 14 of the Code if, as a result of the Manager repurchasing Units by way of a Unit buy-back, the voting rights of such Unitholders and/or their concert parties would increase to 30.0% or more, or in the event that such Unitholders and/or their concert parties hold between 30.0% and 50.0% of the voting rights in AA REIT, if the voting rights of such Unitholders and/or their concert parties would increase by more than 1.0% in any period of six months.

<sup>3</sup> Unitholders and/or persons acting in concert with them will be exempt from the requirement to make a mandatory take-over offer under Rule 14 of the Code upon the satisfaction of the conditions set out in paragraph 3(a) of Appendix 2 of the Code.

Under Appendix 2 of the Code, a Unitholder not acting in concert with the Directors will not be required to make a mandatory take-over offer under Rule 14 of the Code if, as a result of the Manager repurchasing Units by way of a Unit buy-back, the voting rights of such Unitholder would increase to 30.0% or more, or, if such Unitholder holds between 30.0% and 50.0% of the voting rights in AA REIT, the voting rights of such Unitholder would increase by more than 1.0% in any period of six months. Such Unitholder need not abstain from voting in respect of the resolution relating to the Unit Buy-Back Mandate.

Based on the interests of the Substantial Unitholders (as defined herein) in Units recorded in the Register of Substantial Unitholders and information available to the Manager as at the Latest Practicable Date<sup>4</sup> and before the purchase of Units, none of the Substantial Unitholders would become obliged to make a take-over offer for AA REIT under Rule 14 of the Code as a result of any repurchase of Units by the Manager pursuant to the Unit Buy-Back Mandate of the maximum limit of 10.0% of its issued Units as at the Latest Practicable Date.

**Important:**

**The statements herein do not purport to be a comprehensive or exhaustive description of all the relevant provisions of, or all the implications that may arise under the Code. Unitholders are advised to consult their professional advisers and/or the Securities Industry Council at the earliest opportunity as to whether an obligation to make a mandatory take-over offer would arise by reason of any Unit repurchases by the Manager.**

### **3.11 Unitholders' Approval**

In view of the foregoing, the Manager is seeking the approval of Unitholders for the resolution relating to the Unit Buy-Back Mandate.

**Important:**

**Unitholders should note that by voting in favour of the resolution relating to the Unit Buy-Back Mandate, they will be authorising the Manager to procure the repurchases of Units on the terms and conditions set out in paragraph 3 of this Circular and in accordance with the provisions of the Trust Deed (as proposed to be supplemented by the Unit Buy-Back Supplement) and all applicable laws and regulations including, but not limited to the Listing Manual.**

## **4 THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT**

### **4.1 The Proposed Development Management Fee Supplement**

The Manager proposes to supplement the Trust Deed for the purpose of facilitating the undertaking of development projects by the Manager on behalf of AA REIT. The Manager proposes to charge a development management fee of up to 3.0% of the Total Project Costs (as defined herein) incurred in development projects undertaken and managed by the Manager on behalf of AA REIT (the "**Development Management Fee**").

When the estimated Total Project Costs are greater than S\$100.0 million, the Trustee and the independent directors of the Manager (the "**Independent Directors**") will first review and approve the quantum of the Development Management Fee payable to the Manager, whereupon the Manager may be directed by the Independent Directors to reduce the Development Management Fee.

In cases where either the Manager or the Independent Directors is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the Independent Directors shall have the discretion to direct the Manager to accept a Development Management Fee to such amount which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of AA REIT. For the avoidance of doubt, the Independent Directors will have the final say on the Development Management Fee.

<sup>4</sup> Please refer to paragraph 6.2 of this Circular for the interests of the Substantial Unitholders as at the Latest Practicable Date.

For the purpose of calculating the Development Management Fee, “**Total Project Costs**” means the sum of the

- (i) construction costs based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;
- (ii) land costs including acquisition price, differential premium or development charge (where applicable)<sup>5</sup>;
- (iii) professional consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager<sup>6</sup>;
- (iv) cost of obtaining all approvals for the development project;
- (v) site staff costs;
- (vi) interest costs; and
- (vii) any other costs which meet the definition of total project costs and can be capitalised to the development project in accordance with generally accepted accounting principles in Singapore.

Subject to Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”), the Development Management Fee shall be payable in the form of cash and/or Units (as the Manager may elect, such election to be made prior to the payment of the Development Management Fee) and in equal monthly instalments over the construction period of each Development Project based on the Manager’s best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the Manager or paid by the Manager when the Total Project Costs is finalised.

The Development Management Fee shall be exclusive of all applicable goods and services tax and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, where real estate is purchased, invested in or acquired for development, no acquisition fee in relation to such purchase, investment or acquisition shall be paid to the Manager. Instead, the Manager will receive the Development Management Fee for the Development Project (as defined herein).

The full text of the Development Management Fee Supplement is set out in **Annex B** of this Circular.

#### **4.2 Responsibilities of the Manager as Development Manager**

As the development manager, the Manager shall be responsible for providing development management services such as:

- (i) conducting feasibility studies and reviewing the overall business plan of the development project<sup>7</sup>;
- (ii) overall responsibility for the planning, control and monitoring of the progress and financials of the development project from concept to completion to drive the project to completion within the stipulated time, cost and quality;
- (iii) making site selection and negotiating with government authorities on land allocation and planning conditions;

<sup>5</sup> For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For re-development of existing properties, land costs refer to all costs associated with land such as any payment of additional premium or amounts to the regulatory authorities in connection with the re-development but excluding the carrying book value of the property.

<sup>6</sup> The role of the project manager is distinct from that of the development manager and as such, there is no double counting of fees payable to the project manager and the development manager. The project manager is primarily focused on the execution of the construction aspect of the development project whereas the development manager oversees the entire development and focuses on the full life cycle of the overall development project, starting from the sourcing and conceptualisation phase to completion.

<sup>7</sup> For the avoidance of doubt, no Development Management Fee will be payable in respect of the Manager’s conduct of feasibility studies and review of the overall business plan of a development project which does not materialise.

- (iv) appointing and working closely with service providers including but not limited to the architect, engineers, quantity surveyor, project manager and consultants to ensure that the consultants' duties are carried out in accordance with professional standards, and to carry out relevant value engineering to ensure a cost-efficient building;
- (v) providing value-added inputs on the concept and schematic plans by engaging the service providers to ensure an efficient, functional and marketable product;
- (vi) reporting and making recommendations to the Trustee on a regular basis, in particular, on the cost and progress of the development project;
- (vii) attending site meetings during the construction period, and to advise on any variation works and (where applicable) make appropriate recommendations to the Trustee for consideration; and
- (viii) where a prospective master lessee/operator/tenant is involved:
  - (a) establishing the prospective master lessee/operator/tenant's real estate requirements;
  - (b) liaising with prospective master lessee/operator/tenant for acceptance of concept and schematic plans and building specifications;
  - (c) establishing and ensuring agreement with the prospective master lessee/operator/tenant on the overall milestones for the delivery of the development project; and
  - (d) finalising with the prospective master lessee/operator/tenant the architectural schematic plans/specifications as the basis for calling of tender(s).

In addition, the Manager may at its sole discretion, and at its own expense, appoint one or more service providers to perform all or some of the development management services, provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s). For the avoidance of doubt, there will be no double counting of fees as the fee payable to the service provider will be paid out of the Development Management Fee. The Manager will be responsible for the costs arising from the appointment of the service providers if the scope of works from such service providers are within the scope under the Manager.

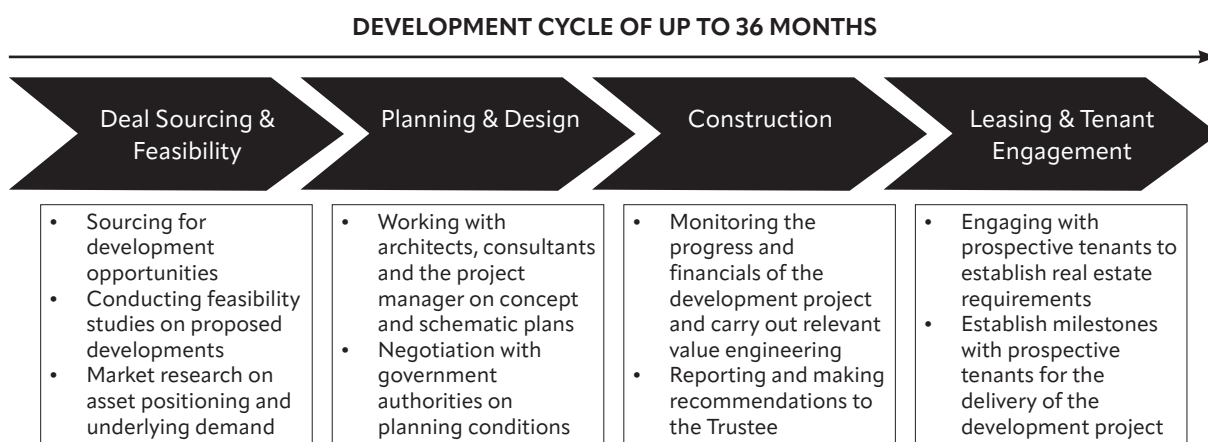
The Manager will take into account AA REIT's investment strategy and applicable laws and regulations, including the Property Funds Appendix, in carrying out property development activities. The Property Funds Appendix stipulates that the total contract value of property development activities undertaken should not exceed 10.0% of the property fund's deposited property but such development limit can be increased to up to 25.0% of the property fund's deposited property only if the additional allowance of up to 15.0% of the property fund's deposited property is utilised solely for the redevelopment of an existing property that has been held by the property fund for at least three years and which the property fund will continue to hold for at least three years after the completion of the redevelopment and the property fund obtains the specific approval of unitholders at a general meeting for the redevelopment of the property.

### **4.3 Rationale for the Proposed Development Management Fee Supplement**

Where opportunities arise, the Manager intends to complement its existing strategy of investing primarily in industrial, logistics and business park real estate throughout the Asia Pacific region by enhancing the ability of AA REIT to undertake development activities. For the avoidance of doubt, development activities are not a diversification of AA REIT's mandate as the Property Funds Appendix allows all real estate investment trusts to undertake development activities subject to certain limits and the Manager will comply with the requirements of the Property Funds Appendix in undertaking development activities.

Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The time taken between identification of development opportunities and the confirmation of a deal may take up to a year and sometimes longer. From confirmation of a deal to the completion

of the construction of the development project, the development management process may typically take up to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition. The following chart provides an illustration of an indicative timeline of a development project:



In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project (as described in paragraph 4.2 above) is significantly more than the services rendered for an acquisition.

The Manager believes that having the ability to execute a development strategy when an attractive opportunity arises is beneficial to Unitholders as development projects can potentially provide significant returns to augment the income derived from the acquisitions and thus also contribute to improving the net asset value of AA REIT's portfolio, as the case may be, and provide growing distributions to Unitholders.

#### 4.4 Application of Development Management Fee

AA REIT currently has no ongoing development projects. Subject to approval from Unitholders for the proposed Development Management Fee Supplement, the Development Management Fee will only be chargeable in respect of all future Development Projects undertaken by the Manager on behalf of AA REIT.

#### 4.5 Advice of the Independent Financial Adviser

The Manager has appointed Deloitte & Touche Corporate Finance Pte Ltd (the "**Independent Financial Adviser**") to advise the Independent Directors, the Audit, Risk and Compliance Committee of the Manager ("**ARCC**") and the Trustee as to whether the proposed entry into the Development Management Fee Supplement, which is an "interested person transaction" under Chapter 9 of the Listing Manual, is on normal commercial terms and whether it is prejudicial to the interests of AA REIT and its minority Unitholders.

Having considered the principal terms of the proposed Development Management Fee Supplement, evaluation of the proposed Development Management Fee Supplement and subject to the assumptions and qualifications set out in its letter (the "**IFA Letter**") and taking into account the prevailing conditions as at the Latest Practicable Date, the Independent Financial Adviser is of the opinion that the proposed Development Management Fee Supplement is on normal commercial terms and not prejudicial to the interest of minority Unitholders.

The IFA Letter, containing its advice in full, is set out in **Annex C** of this Circular.

## 5 DIRECTORS' RECOMMENDATIONS

### 5.1 Unit Buy-Back Supplement

Having considered the relevant factors, including the rationale for the proposed Unit Buy-Back Supplement as set out in paragraph 2 of this Circular, the Directors recommend that Unitholders vote at the AGM in favour of the Extraordinary Resolution relating to the proposed Unit Buy-Back Supplement.

## 5.2 Unit Buy-Back Mandate

Having considered the relevant factors, including the rationale for the proposed Unit Buy-Back Mandate as set out in paragraph 3 of this Circular, the Directors recommend that Unitholders vote at the AGM in favour of the Ordinary Resolution relating to the proposed Unit Buy-Back Mandate.

## 5.3 Development Management Fee Supplement

The Independent Directors and the ARCC have considered the relevant factors, including:

- (i) the opinion of the Independent Financial Adviser that the proposed Development Management Fee Supplement is on normal commercial terms and is not prejudicial to the interests of AA REIT and its minority Unitholders; and
- (ii) the rationale for the proposed Development Management Fee Supplement as set out in Paragraph 4.3 above,

and are of the opinion that the proposed Development Management Fee Supplement is based on normal commercial terms and would not be prejudicial to the interests of AA REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote in favour of the Extraordinary Resolution in relation to the proposed Development Management Fee Supplement.

## 6 INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

### 6.1 Interests of Directors

Based on the Register of Directors' Unitholdings maintained by the Manager, the direct and deemed interests and voting rights of the directors of the Manager ("**Directors**") as at the Latest Practicable Date are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Mr George Wang <sup>(2)</sup>	-	-	77,925,801	10.75	77,925,801	10.75
Mr Chia Nam Toon	-	-	-	-	-	-
Mr Chong Teck Sin	-	-	-	-	-	-
Ms Vivienne Zhaohui Yu	-	-	-	-	-	-
Mr Peter Michael Heng	-	-	-	-	-	-

**Notes:**

<sup>(1)</sup> The percentage interest is based on total issued Units of 725,038,894 as at the Latest Practicable Date

<sup>(2)</sup> Mr George Wang is deemed interested in (i) Units which AIMS Financial Holding Limited ("**AFHL**") has interests in; (ii) Units held by a fund managed by AIMS Fund Management Limited ("**AFML**"); (iii) Units held by AIMS Fund Management (Cayman) Limited ("**AFMCL**") and Units held by a fund managed by AFMCL; (iv) Units held by a fund managed by AIMS Real Estate Funds Limited ("**AREFL**").



## 6.2 Interests of Substantial Unitholders

Based on the information available to the Manager, the direct and deemed interests and voting rights of the Substantial Unitholders of AA REIT as at the Latest Practicable Date are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>
AIMS APAC Capital Holdings Limited <sup>(2)</sup>	40,319,528	5.56	19,420,305	2.68	59,739,833	8.24
AIMS Financial Holding Limited <sup>(3)</sup>	3,218,818	0.44	59,739,833	8.24	62,958,651	8.68
Great World Financial Group Pty Ltd <sup>(4)</sup>	–	–	77,925,801	10.75	77,925,801	10.75
Great World Financial Group Holdings Pty Ltd <sup>(4)</sup>	–	–	77,925,801	10.75	77,925,801	10.75
Mr George Wang <sup>(4)</sup>	–	–	77,925,801	10.75	77,925,801	10.75
ESR HK Management Limited	55,651,841	7.68	–	–	55,651,841	7.68
ESR Group Limited <sup>(5)</sup>	9,101,957	1.25	83,659,976	11.54	92,761,933	12.79
Mr Chan Wai Kheong <sup>(6)</sup>	12,823,976	1.77	28,919,845	3.99	41,743,821	5.76

### Notes:

- <sup>(1)</sup> The percentage interest is based on total issued Units 725,038,894 as at the Latest Practicable Date.
- <sup>(2)</sup> AIMS APAC Capital Holdings Limited (“AACHL”) holds an interest in the Manager and is deemed to have an interest in 19,420,305 Units held by the Manager.
- <sup>(3)</sup> Deemed to have an interest in Units held by AACHL and Units which AACHL has interests in as AACHL is a wholly-owned subsidiary of AIMS Financial Holding Limited (“AFHL”).
- <sup>(4)</sup> Deemed to have an interest in: (i) Units which AFHL has interests in; (ii) 5,384,664 Units held by a fund managed by AIMS Fund Management Limited (“AFML”); (iii) 7,761,900 Units held by AIMS Fund Management (Cayman) Limited (“AFMCL”) and 1,485,800 Units held by a fund managed by AFMCL; and (iv) 334,786 Units held by a fund managed by AIMS Real Estate Funds Limited (“AREFL”).
- <sup>(5)</sup> Deemed to have an interest in: (i) 55,651,841 Units held by ESR HK Management Limited, a wholly-owned subsidiary of ESR Group Limited (“ESR”); and (ii) 28,008,135 Units held by e-Shang Infinity Cayman Limited, a wholly-owned subsidiary of ESR.
- <sup>(6)</sup> Deemed to have an interest in Units held by Splendid Asia Macro Fund.

## 7 ABSTENTIONS FROM VOTING

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at the AGM, or accepting appointments as proxies unless specific instructions as to voting are given.

As at the Latest Practicable Date, the Manager is a wholly-owned subsidiary of AIMS Financial Group, the sponsor of AA REIT (the “Sponsor”). Hence, the Sponsor is deemed to be an “interested person” for the purposes of the Listing Manual as the Sponsor is a controlling shareholder of the Manager.

The Manager is considered an “interested person” of AA REIT for the purposes of Chapter 9 of the Listing Manual. Given that the proposed Development Management Fee Supplement directly affects the Manager’s fees, the Development Management Fee Supplement will constitute an “interested person transaction” under Chapter 9 of the Listing Manual.

Accordingly, the Sponsor and the Manager (i) will abstain, and will procure that their associates will abstain, from voting at the AGM on Extraordinary Resolution 2 and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the Extraordinary Resolution 2 unless specific instructions as to voting are given.

The relevant associates of the Sponsor and the Manager which hold Units are AIMS APAC Capital Holdings Limited, AIMS Financial Holding Limited, AIMS Fund Management (Cayman) Limited, AIMS Fund Management Limited as responsible entity of the AIMS Property Securities Fund and AIMS Real Estate Funds Limited as responsible entity of the AIMS Total Return Fund. The Sponsor, the Manager and their associates as set out above holds approximately 10.75% interest in AA REIT as at the Latest Practicable Date.

## **8 ACTIONS TO BE UNDERTAKEN BY UNITHOLDERS**

Unitholders should refer to the Notice of AGM dated 22 June 2023 for further details on how Unitholders may participate and vote on the proposed Unit Buy-Back Supplement, Unit Buy-Back Mandate and the Development Management Fee Supplement.

If a Unitholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form, which has been sent to Unitholders and made available on AA REIT's corporate website and SGXNET in accordance with the instructions printed thereon. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the AGM if he so wishes.

## **9 DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed Unit Buy-Back Supplement, the proposed Unit Buy-Back Mandate and the proposed Development Management Fee Supplement, AA REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

## **10 CONSENT**

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Circular and with the inclusion of its name, the IFA Letter and all references thereto in the form and context in which they are included in this Circular.

## **11 DOCUMENTS ON DISPLAY**

A copy of the IFA Letter is available for inspection during normal business hours at the registered office of the Manager at 1 Raffles Place #39-03 One Raffles Place Singapore 048616 from the date of this Circular up to and including the date falling three (3) months after the date of this Circular.

The Trust Deed will be available for inspection at the registered office of the Manager for so long as AA REIT is in existence.

Yours faithfully

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

**Russell Ng**  
Chief Executive Officer

## IMPORTANT NOTICE

This Circular does not constitute or form part of an offer, invitation or solicitation of any offer to purchase or subscribe for any securities of AA REIT in Singapore or any other jurisdictions. The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager, the Trustee, or any of their affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Unitholders have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. The past performance of AA REIT is not indicative of the future performance of AA REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

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

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of AGM and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

# GLOSSARY

<b>%</b>	:	Per centum or Percentage
<b>AA REIT</b>	:	AIMS APAC REIT
<b>AGM</b>	:	The annual general meeting of Unitholders to be held at Big Picture Theatre, 168 Robinson Road, Capital Tower, Singapore 068912 on Monday, 24 July 2023 at 2:00 p.m., to approve the matters set out in the Notice of Annual General Meeting
<b>ARCC</b>	:	The Audit, Risk and Compliance Committee of the Manager
<b>Average Closing Price</b>	:	The average of the closing market prices of the Units over the last five Market Days (as defined herein), on which transactions in the Units were recorded, immediately preceding the date of the Market Repurchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Days and the date of the Market Repurchase(s) or, as the case may be, the date of the making of the offer pursuant to the Off-Market Repurchase(s).
<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>Circular</b>	:	This Circular dated 22 June 2023
<b>Code</b>	:	The Singapore Code on Take-overs and Mergers
<b>date of the making of the offer</b>	:	The date on which the Manager makes an offer for an Off-Market Repurchase, stating therein the repurchase price (which shall not be more than the Maximum Price for an Off-Market Repurchase) for each Unit and the relevant terms of the equal access scheme for effecting the Off-Market Repurchase
<b>Development Management Fee</b>	:	The proposed development management fee of up to 3.0% of the Total Project Cost incurred in development projects undertaken and managed by the Manager on behalf of AA REIT
<b>Development Management Fee Supplement</b>	:	The proposed supplement to the Trust Deed to include provisions for the purpose of facilitating the undertaking of development projects by the Manager on behalf of AA REIT in the manner as set out in <b>Annex B</b> of this Circular
<b>Development Project</b>	:	Means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by AA REIT, provided always that the Property Funds Appendix be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.
<b>Directors</b>	:	Directors of the Manager
<b>DPU</b>	:	Distribution per Unit
<b>Extraordinary Resolution</b>	:	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders (as defined herein) or (as the case may be) Depositors named in the Depository Register as at 72 hours before the time of such meeting as certified by the Depository to the Manager
<b>FY2023</b>	:	The financial year ended 31 March 2023
<b>FY2023 Audited Financial Statements</b>	:	The audited consolidated financial statements of the Group (as herein defined) for FY2023
<b>Group</b>	:	AA REIT, its subsidiaries and its interest in joint venture
<b>IFA Letter</b>	:	The letter from the Independent Financial Adviser to the Independent Directors, the ARCC and the Trustee, containing its advice in full as set out in <b>Annex C</b> of this Circular

# GLOSSARY

<b>Independent Directors</b>	:	The independent directors of the Manager being Mr Chia Nam Toon, Mr Chong Teck Sin, Ms Vivienne Zhaohui Yu and Mr Peter Michael Heng
<b>Independent Financial Adviser</b>	:	Deloitte & Touche Corporate Finance Pte Ltd
<b>Latest Practicable Date</b>	:	9 June 2023, being the latest practicable date prior to the printing of this Circular
<b>Listing Manual</b>	:	The Listing Manual of the SGX-ST
<b>Manager</b>	:	AIMS APAC REIT Management Limited, in its capacity as manager of AA REIT
<b>Mandate Duration</b>	:	Unless revoked or varied by Unitholders in a general meeting, the period commencing from the date on which the AGM is held and the Unit Buy-Back Mandate is approved and expiring on the earliest of the following dates:  (i) the date on which the next annual general meeting of AA REIT (as herein defined) is held;  (ii) the date by which the next annual general meeting of AA REIT is required by applicable laws and regulations or the provisions of the Trust Deed to be held; or  (iii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated
<b>Market Day</b>	:	A day on which the SGX-ST is open for trading in securities
<b>Market Repurchases</b>	:	Repurchases of Units made by way of market repurchases
<b>Maximum Price</b>	:	The repurchase price not exceeding 105.0% of the Average Closing Price of the Units for both a Market Repurchase (in accordance with Rule 884 of the Listing Manual) and an Off-Market Repurchase, excluding Related Expenses of such repurchase
<b>NAV</b>	:	Net asset value
<b>Notice of AGM</b>	:	The notice of annual general meeting dated 22 June 2023 convening the AGM of AA REIT
<b>Off-Market Repurchases</b>	:	Repurchases of Units made by way of off-market repurchases
<b>Ordinary Resolution</b>	:	A resolution proposed and passed as such by a majority being greater than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders or (as the case may be) Depositors named in the Depository Register as at 72 hours before the time of such meeting as certified by the Depository to the Manager.
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority in Singapore
<b>Public Float</b>	:	Refers to the percentage of Units held by the public
<b>Related Expenses</b>	:	Brokerage, stamp duty, commission, applicable goods and services tax and other related expenses
<b>S\$ and cents</b>	:	Singapore dollars and cents
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited
<b>Substantial Unitholder</b>	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue

# GLOSSARY

<b>Total Project Costs</b>	: Refers to (i) construction costs based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor; (ii) land costs including acquisition price, differential premium or development charge (where applicable); (iii) professional consultant's fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (iv) cost of obtaining all approvals for the Development Project; (v) site staff costs; (vi) interest costs; and (vii) any other costs which could reasonably be considered to meet the definition of Total Project Costs and can be capitalised to the development project in accordance with generally accepted accounting principles.
<b>Trust Deed</b>	: The trust deed dated 5 December 2006 constituting AA REIT (as amended or restated from time to time)
<b>Trustee</b>	: HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT
<b>Unit</b>	: A unit representing an undivided interest in AA REIT
<b>Unit Buy-Back</b>	: The repurchase of Units pursuant to the Unit Buy-Back Mandate
<b>Unit Buy-Back Mandate</b>	: The proposed unit buy-back mandate to be given to the Manager by way of an Ordinary Resolution in a general meeting, to exercise its powers to procure the repurchases of Units for and on behalf of AA REIT without the prior specific approval of Unitholders at a general meeting
<b>Unit Buy-Back Supplement</b>	: The proposed supplement to the Trust Deed to include provisions regarding the repurchase and redemption of units of AA REIT in the manner set out in <b>Annex A</b> of this Circular
<b>Unitholders</b>	: The registered holders for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term " <b>Unitholder</b> " shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units

The terms "**Depositor**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Unless otherwise stated in this Circular figures and percentages are rounded off where applicable.

# ANNEX A

## PROPOSED UNIT BUY-BACK SUPPLEMENT

The proposed form of the amendments to the Trust Deed, subject to Unitholders passing the resolution to approve the proposed Unit Buy-Back Supplement is as set out below. For the avoidance of doubt, all terms and definitions used in this Annex A shall have the same meaning and construction as stated in the Trust Deed.

- that Clause 1.1 of the Deed be amended by inserting the following definition:

**“Market Repurchase”** shall have the meaning ascribed to it in Clause 6A.71;

- that the following definitions in Clause 1.1 of the Deed be amended to reflect the additions as indicated by the text in underline below and the deletions indicated by the text in strikethrough below:

**“Dealing Day”** ~~in connection with the issuance and repurchase of Units while the Trust and/or the Units are Unlisted, means every Business Day or such Business Day or Business Days at such intervals as the Manager may from time to time determine PROVIDED THAT reasonable notice of any such determination shall be given by the Manager to all Holders at such time and in such manner as the Trustee may approve;~~

**“equal access scheme”** has for the purpose of Clause 6A, the meaning ascribed to it in Clause 6A.72;

**“Off-Market Repurchase”** shall have the meaning ascribed to it in Clause 6A.72;

**“Repurchase Charge”** means a charge upon the repurchase or redemption of a Unit of such amount as may from time to time be fixed by the Manager generally or in relation to any specific or class of transaction PROVIDED THAT it shall not exceed 2.0 per cent. (or such other percentage as the Manager and the Trustee may agree) of the Repurchase Price at the time the request for repurchase or redemption of the Unit is accepted by the Manager; such expressions in the context of a given date shall refer to the charge or charges fixed by the Manager pursuant to this Deed and applicable on that date, Provided FURTHER That this charge shall not apply while the Units are Listed;

**“Repurchase Price”** means the repurchase price of Units referred to in Clause 6A.3;

**“Unit Buy-Back”** shall have the meaning ascribed to it in Clause 6A.7;

**“Unit Buy-Back Mandate”** shall have the meaning ascribed to it in Clause 6A.2.2;”

- that the following insertions indicated by the underlined text below be inserted as a new Clause 6A of the Deed:

### **“6A REPURCHASE AND REDEMPTION OF UNITS BY MANAGER**

#### **6A.1 Repurchase and Redemption Restrictions when Trust is Unlisted**

When the Trust is Unlisted, the Manager may, but is not obliged to, repurchase or cause the redemption of Units more than once a year in accordance with the Property Funds Appendix and a Holder has no right to request for the repurchase or redemption of Units more than once a year. Where the Manager offers to repurchase or cause the redemption of Units issued when the Trust is Unlisted and, upon acceptance of such an offer, the Manager shall do so at the Repurchase Price calculated in accordance with Clause 6A.3.

# ANNEX A

## PROPOSED UNIT BUY-BACK SUPPLEMENT

### 6A.2 Repurchase and Redemption Restrictions when Trust is Listed

#### 6A.2.1 General

The Manager is not obliged to repurchase or cause the redemption of Units so long as the Trust is Listed. Where the Manager offers to repurchase or cause the redemption of Units issued when the Trust is Listed and, upon acceptance of such an offer, the Manager shall do so at the Repurchase Price calculated in accordance with Clause 6A.3. In the event the Manager decides to repurchase or cause the redemption of Units, such repurchase or redemption must comply with the relevant laws, regulations and guidelines (including but not limited to the Listing Rules and/or the listing rules of any other relevant Recognised Stock Exchange and the Property Funds Appendix) and where the terms of such repurchase or redemption are not prescribed by the relevant laws, regulations and guidelines (including but not limited to the Listing Rules and/or the listing rules of any other relevant Recognised Stock Exchange and the Property Funds Appendix), on terms determined by mutual agreement with the Trustee. The Manager may, subject to the relevant laws, regulations and guidelines (including but not limited to the Listing Rules and/or the listing rules of any other relevant Recognised Stock Exchange and the Property Funds Appendix), suspend the repurchase or redemption of Units for any period when the issue of Units is suspended pursuant to Clause 5.11<sup>8</sup>.

#### 6A.2.2 Holders' Approval

For so long as the Trust is Listed on the SGX-ST, the Manager may repurchase or otherwise acquire its issued Units on such terms and in such manner as the Manager may from time to time think fit if it has obtained the prior approval of Holders in general meeting by passing an Ordinary Resolution (the "**Unit Buy-Back Mandate**"), in accordance with the provisions of this Deed but subject thereto and to other requirements of the relevant laws, regulations and guidelines.

#### 6A.2.3 Maximum Limit

The total number of Units which may be repurchased pursuant to any Unit Buy-Back Mandate is limited to that number of Units representing not more than 10.0% of the total number of issued Units as at the date of the general meeting when such Unit Buy-Back Mandate is approved by Holders.

#### 6A.2.4 Duration of Authority

Repurchases of Units may be made during the Relevant Period.

**"Relevant Period"** is the period commencing from the date of the general meeting at which a Unit Buy-Back Mandate is sought and the resolution relating to the Unit Buy-Back Mandate is passed, and expiring on:

- (i) the date the next Annual General Meeting is or is required by applicable laws and regulations or the provisions of this Deed to be held, whichever is earlier; or
- (ii) the date on which the repurchases of Units by the Manager pursuant to the Unit Buy-Back Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Unit Buy-Back Mandate is revoked or varied,

<sup>8</sup> Clause 5.11 of the Trust Deed relates to suspension of issue of Units (subject to the listing rules) during certain events including, among others, any period of closure of the SGX-ST, 48 hours before any general meeting, or when the business operations of the Manager or the Trustee are substantially interrupted or closed as a result of events such as terrorism and acts of God.



# ANNEX A

## PROPOSED UNIT BUY-BACK SUPPLEMENT

whichever is earliest.

For the avoidance of doubt, the authority conferred on the Manager by the Unit Buy-Back Mandate to repurchase Units may be renewed at the next general meeting.

### **6A.3 Repurchase Price**

For the purposes of Clauses 6A.1 and 6A.2, the Repurchase Price shall be (whether or not the Trust is Listed or has been Unlisted at the time the Manager's offer to repurchase or redeem Units is made), such price as determined in accordance with the relevant laws, regulations and guidelines.

The Repurchase Charge shall be retained by the Manager for its own benefit and the adjustment shall be retained as part of the Deposited Property. The Manager may on any day differentiate between Holders as to the amount of the Repurchase Charge to be included (within the permitted limit) in the Repurchase Price of Units to be repurchased by the Manager from them respectively. The Repurchase Charge, if payable, shall be notified to the Holders at the time the Manager's offer to repurchase or redeem Units is made. The bases on which the Manager may make any differentiation as between Holders shall include, without limitation, Holders with large holdings of Units and Holders who have opted for a distribution reinvestment arrangement. Once a request for repurchase or redemption is given by Holders pursuant to an offer by the Manager pursuant to Clause 6A.1, it cannot be revoked without the consent of the Manager. The Manager may, subject to the Listing Rules or the listing rules of any other relevant Recognised Stock Exchange, suspend the repurchase or redemption of Units during any period when the issue of Units is suspended pursuant to Clause 5.11. For the avoidance of doubt, the Repurchase Charge shall not be payable while the Units are Listed.

### **6A.4 Repurchase or Redemption Options of Manager**

In the event the Manager decides to make any offer to repurchase or redeem Units, the Manager shall have the following options:

**6A.4.1** to procure some other person (such as brokers) to purchase the Units and such purchase shall be deemed to be a repurchase by the Manager within the meaning of this Clause 6A; or

**6A.4.2** PROVIDED THAT there is sufficient Cash in the Trust, and subject to compliance with the relevant laws, regulations and guidelines, to request and cause the Trustee to redeem the Units out of the assets of the Trust by paying from the Deposited Property a sum sufficient to satisfy the Repurchase Price and the Repurchase Charge (if any) of the Units. The Trustee shall only comply if, in the opinion of the Trustee, sufficient Cash would be retained in the Deposited Property after the release of Cash necessary to comply with the redemption notice to meet other Liabilities, including but without limiting the generality thereof, the Property Expenses and the remuneration due to the Trustee and the Manager under this Deed. Should the Trustee advise the Manager that, in the opinion of the Trustee, sufficient Cash would not be retained in the Deposited Property to meet other Liabilities if the Trustee were to release the funds necessary to comply with any redemption notice, then the Manager may, at its absolute discretion, request the Trustee to sell, mortgage or otherwise deal with the Investments or borrow to raise sufficient Cash to redeem the Units pursuant to this Clause 6A.4.2.

### **6A.5 Amendments to Register**

Upon delivery to the Trustee of a written statement signed by or on behalf of the Manager that all the Units or a specified number of Units held by a Holder have been repurchased by the Manager or have been purchased by another person or have been redeemed, the Trustee shall remove or procure the removal of the name of the Holder from the Register in respect of all or (as the case may be) such number of Units.

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## PROPOSED UNIT BUY-BACK SUPPLEMENT

### **6A.6 Redeemed Units are Cancelled**

Units which are redeemed shall thereupon be cancelled and shall not thereafter be reissued but this Clause 6A.6 shall not limit or restrict the right of the Manager to cause the creation and/or issue of further or other Units.

### **6A.7 Manner of Repurchase**

Subject always to the requirements of the relevant laws, regulations and guidelines, for so long as the Trust is Listed, the Manager may:

**6A.7.1** repurchase or acquire Units on a securities exchange ("**Market Repurchase**"); or

**6A.7.2** make an offer to repurchase Units, otherwise than on a securities exchange and by way of an "off-market" acquisition of the Units on an "equal access scheme" (as defined below) ("**Off-Market Repurchase**"),

(each a form of "**Unit Buy-Back**"), and to deal with any of the Units so purchased or acquired in accordance with this Clause 6A.

For the purpose of this Clause 6A, an equal access scheme is a scheme which satisfies the following criteria:

- (i) the offers under the scheme are to be made to every person who holds Units to purchase or acquire the same percentage of their Units;
- (ii) all of those persons have a reasonable opportunity to accept the offers made to them; and
- (iii) the terms of all the offers are the same except that there shall be disregarded:
  - (a) differences in consideration attributable to the fact that the offers relate to Units with different accrued distribution entitlements;
  - (b) differences in consideration attributable to the fact that the offers relate to Units with different amounts remaining unpaid; and
  - (c) differences in the offers introduced solely to ensure that each Holder is left with a whole number of Units.

### **6A.8 Procedure for Repurchase of Units via a Market Repurchase**

For so long as the Trust is Listed, where Units are repurchased via a Market Repurchase, the notice of general meeting specifying the intention to propose a resolution to authorise a Market Repurchase shall:

**6A.8.1** specify the maximum number of Units or the maximum percentage of Units authorised to be acquired or purchased;

**6A.8.2** determine the maximum price which may be paid for the Units (either by specifying a particular sum or by providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion);

**6A.8.3** specify a date on which the authority is to expire, being a date that must not be later than the date on which the next Annual General Meeting is, or is required by law to be, held, whichever is earlier; and

# ANNEX A

## PROPOSED UNIT BUY-BACK SUPPLEMENT

**6A.8.4** specify the sources of funds to be used for the purchase or acquisition including the amount of financing and its impact on the Trust's financial position.

The resolution authorising a Market Repurchase may be unconditional or subject to conditions and shall state the particulars set out in Clauses 6A.8.1 to 6A.8.4.

**6A.8.5** The authority for a Market Repurchase may, from time to time, be varied or revoked by the Holders in a general meeting. A resolution to confer or vary the authority for a Market Repurchase may determine the maximum price for purchase or acquisition by:

- (i) specifying a particular sum; or
- (ii) providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.

### **6A.9 Procedure for Repurchase of Units via an Off-Market Repurchase**

**6A.9.1** For so long as the Trust is Listed, where Units are repurchased via an Off-Market Repurchase, the notice of general meeting specifying the intention to propose a resolution to authorise an Off-Market Repurchase shall:

- (i) specify the maximum number of Units or the maximum percentage of Units authorised to be acquired or purchased;
- (ii) determine the maximum price which may be paid for the Units (either by specifying a particular sum or by providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion);
- (iii) specify a date on which the authority is to expire, being a date that must not be later than the date on which the next Annual General Meeting is, or is required by law to be, held, whichever is earlier; and
- (iv) specify the sources of funds to be used for the purchase or acquisition including the amount of financing and its impact on the Trust's financial position.

The resolution authorising an Off-Market Repurchase may be unconditional or subject to conditions and shall state the particulars set out in Clauses 6A.9.1(i) to 6A.9.1(iii).

The authority for an Off-Market Repurchase may, from time to time, be varied or revoked by the Holders in a general meeting. A resolution to confer or vary the authority for an Off-Market Repurchase may determine the maximum price for purchase or acquisition by:

- (a) specifying a particular sum; or
- (b) providing a basis or formula for calculating the amount of the price in question without reference to any person's discretion or opinion.

**6A.9.2** For so long as the Trust is Listed, in the event that the Manager decides to make any offer to repurchase Units via an Off-Market Repurchase, the Manager will send an offer notice to Holders in accordance with the Listing Rules. Holders wishing to take up the offer will be asked to respond by sending a request in writing for the repurchase of their Units. At such request in writing of a Holder (or, in the case of Joint Holders, all the Joint Holders), the Manager will repurchase, in accordance with this Clause 6A, such of the Units entered against his name in the Register or the Depository Register (as the case may be) as are required by the Holder to be repurchased.

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## PROPOSED UNIT BUY-BACK SUPPLEMENT

### 6A.10 Reporting Requirements

Subject to the relevant laws, regulations and guidelines, for so long as the Trust is Listed on the SGX-ST, the Manager shall:

6A.10.1 notify the SGX-ST (in the form of an announcement on the SGX-ST) of all purchases of Units in accordance with the Listing Rules and in such form and with such details as the SGX-ST may prescribe; and

6A.10.2 make an announcement on the SGX-ST at the same time it notifies the SGX-ST of any purchase of Units pursuant to any Unit Buy-Back Mandate, that the board of directors of the Manager is satisfied on reasonable grounds that, immediately after the purchase of Units, the Manager will be able to fulfil, from the Deposited Property, the Liabilities as these liabilities fall due”.

- that Clause 9.12.1 of the Deed be amended to reflect the additions as indicated by the text in underline below:

“9.12.1 Subject to Clause 9.12.2 and the applicable provisions of the Property Funds Appendix, the Manager may whenever it considers it necessary or desirable in order to enable the Trustee to meet any liabilities under or in connection with the trusts of this Deed or with any Investment or whenever the Manager considers it desirable that moneys be lent, borrowed or raised to finance the acquisition of any Authorised Investment directly or indirectly through Special Purpose Vehicles or the repurchase or redemption of Units by the Manager pursuant to Clause 6A of this Deed, require the Trustee to lend, borrow or raise moneys (upon such terms and conditions as the Manager thinks fit and, in particular, by charging or mortgaging all or any of the Investments) and the Trustee shall give effect to such requisition PROVIDED THAT the Trustee shall not be required to execute any instrument, lien, charge, pledge, hypothecation, mortgage or agreement in respect of the lending, borrowing or raising of moneys which (in the opinion of the Trustee) would cause the Trustee’s liability to extend beyond the limits of the Deposited Property PROVIDED FURTHER THAT where moneys are borrowed for the purposes of repurchase or redemption of Units pursuant to Clause 6A of this Deed, such borrowings shall be repaid within six months from the date on which such borrowings are made. Subject to Clause 9.12.2, the Trustee with the consent of the Manager may, whenever it thinks it desirable in the interests of Holders to do so or considers it necessary or desirable to enable the Trustee to meet any liabilities as aforesaid lend, raise or borrow any sum or sums of money and, to such end, may, without limitation, issue Securities in respect of any borrowing or liability, encumber any Investment and secure the repayment of moneys and interest costs and other charges and expenses in such manner and upon such terms and conditions in all respects as the Trustee may think fit and, in particular, by charging or mortgaging all or any of the Investments or provide such priority, subordination or sharing of any liabilities owing to the Trust in such manner and upon such terms and conditions in all respects as the Trustee may think fit.”

- that Clause 18.1.22 of the Deed be amended to reflect the addition as indicated by the text in underline below:

“18.1.22 carry out the repurchase and/or redemption of Units if at any time the Trust or Units become Unlisted in accordance with the provisions of this Deed, the Property Funds Appendix and all other applicable laws, rules and/or regulations and in respect of any terms which are necessary to carry out such repurchase and/or redemption but are not prescribed by the Property Funds Appendix or any applicable laws, rules and/or regulations, such terms shall be determined by mutual agreement between the Manager and the Trustee;”

# ANNEX B

## PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

The proposed form of the amendments to the Trust Deed, subject to Unitholders passing the resolutions to approve the proposed Development Management Fee Supplement is as set out below. For the avoidance of doubt, all terms and definitions used in this Annex B shall have the same meaning and construction as stated in the Trust Deed.

- that Clause 1.1 of the Deed be amended by inserting the following definitions:

“Development Management Fee” means the development management fee payable to the Manager which is determined in accordance with Clause 14.3;

“Development Project” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations;

“Total Project Costs” means the sum of the following:

- (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;
- (ii) land costs, including acquisition price, differential premium or development charge where applicable. For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For re-development of existing properties, land costs shall refer to all costs associated with land such as any payment of additional premium or amounts to the regulatory authorities in connection with the re-development and will exclude the carrying book value of the property;
- (iii) professional consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iv) the cost of obtaining all approvals for the project;
- (v) site staff costs;
- (vi) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and
- (vii) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore;”

- that Clause 4.4.17 of the Deed be amended to reflect the additions as indicated by the underlined text below:

“4.4.17 the Management Fee, the Acquisition Fee, the Divestment Fee, the Development Management Fee and the remuneration of the Trustee pursuant to Clause 14;”

# ANNEX B

## PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

- that Clause 14 of the Trust Deed be amended by inserting the following new subclause as indicated by the underlined text immediately after Clause 14.2 of the Trust Deed and the subsequent sub-clauses be re-numbered accordingly:

### “14.3 Development Management Fee

14.3.1 The Manager is entitled to receive for its own account out of the Deposited Property a development management fee (“**Development Management Fee**”) up to 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of the Trust. In addition, when the estimated Total Project Costs is greater than S\$100 million, the Trustee and the Manager’s independent directors will first review and approve the quantum of the Development Management Fee whereupon the Manager may be directed by its independent directors to reduce the Development Management Fee. Further, in cases where either the Manager or the Manager’s independent directors is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the independent directors of the Manager shall have the discretion to direct the Manager to accept a Development Management Fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust.

14.3.2 Any increase in the percentage of the Development Management Fee or any change in the structure of the Development Management Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors duly convened and held in accordance with the provisions of Schedule 1.

14.3.4 The Development Management Fee is payable in equal monthly instalments over the construction period of each Development Project based on the Manager’s best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount when the Total Project Costs is finalised. The amount of the Development Management Fee (if any) payable to the Manager shall be exclusive of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, the Trust shall bear all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on the Development Management Fee by the relevant authorities in Singapore or elsewhere.

14.3.5 Subject to the Property Funds Appendix, the Development Management Fee shall be paid to the Manager or to any person which the Manager may designate or nominate (including but not limited to the Manager’s subsidiaries) in the form of Cash and/or Units (as the Manager may elect, such election to be made prior to the payment of the Development Management Fee). When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the Development Management Fee at the prevailing Market Price at the time of issue of such Units as determined under Clause 5.3.1<sup>9</sup>. Without prejudice to the generality of the foregoing, the Units in payment of the Development Management Fee may, at the option of the Manager, be issued at the time of the issue of Units for payment of any part or component of the Base Fee, or if the Base Fee is paid wholly in cash, within 60 days of the last day of every calendar quarter in arrears. In the event payment is to be made in the form of Units and the Holders’ approval for the issuance of Units is required but not obtained, then payment of that excess part of the Development Management Fee will be paid in the form of Cash.

<sup>9</sup> For information only, Clause 5.3.1 defines Market Price to mean (i) volume weighted average price for a Unit (if applicable, of the same Class) for all trades on the SGX-ST, or such other Recognised Stock Exchange on which the Trust is Listed, in the ordinary course of trading on the SGX-ST or, as the case may be, such other Recognised Stock Exchange, for the period of 10 Business Days (or such other period as may be prescribed by the SGX-ST or the relevant Recognised Stock Exchange) immediately preceding the relevant Business Day; or (ii) if the Manager believes that the calculation in Clause 5.3.1(i) does not provide a fair reflection of the market price of a Unit, an amount as determined by the Manager and the Trustee (after consultation with a Stockbroker approved by the Trustee), as being the fair market price of a Unit. For the avoidance of doubt, this footnote is for ease of reference by Unitholders and does not form part of the amendment to the Trust Deed.

## ANNEX B

# PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

14.3.6 A Development Management Fee is chargeable for all Development Projects undertaken by the Manager on behalf of the Trust which include the redevelopment of an existing property. However, the Manager will not receive a Development Management Fee for activities involving refurbishment, retrofitting and renovations. For the avoidance of doubt, no Acquisition Fee shall be paid to the Manager when the Manager receives the Development Fee for a development project.

14.3.7 The Manager may at its sole discretion appoint one or more service providers to perform all or some of the development management services provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s). For the avoidance of doubt, there will be no double counting of fee(s) as the fee payable to such service provider(s) will be paid out of the Development Management Fee."

- that Clause 14.5 of the Trust Deed be amended to reflect the addition as indicated by the underlined text and the deletion as indicated by the text in strikethrough:

### **"14.5 Special Purpose Vehicles**

In relation to Investments which are owned or held, either directly or indirectly, by a Special Purpose Vehicle, notwithstanding anything contained in this Deed:

**14.5.1** each of the Base Fee, the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee shall be calculated on the same basis as if the Investments, or the pro-rated share of the Investments in the case where the interest of the Trust in the Special Purpose Vehicle is partial, had been held directly by the Trustee;

**14.5.2** each of the Base Fee, the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee together with all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed on such fees by the relevant authorities in Singapore or elsewhere may be paid, at the Manager's election, by the Trustee, the Special Purpose Vehicle or a combination of both;

**14.5.3** for each of the Base Fee, the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee, if the Manager elects to receive any of such payment either wholly or partially from the Special Purpose Vehicle, the Manager shall under no circumstances be entitled to receive payment of an amount greater than what the Manager would have been entitled to if it had elected to receive payment from the Trustee or where the relevant Investments had been held directly by the Trustee;

**14.5.4** where the interest of the Trust in the Special Purpose Vehicle is partial, the payment of the Base Fee, the Performance Fee, the Acquisition Fee, ~~and the Divestment Fee~~ and the Development Management Fee shall be pro-rated, if applicable, to the proportion of the Trust's interest in the Special Purpose Vehicle; and

**14.5.5** in the event that payment of the Base Fee, the Performance Fee, the Acquisition Fee, ~~or the Divestment Fee~~ or the Development Management Fee to the Manager by the Special Purpose Vehicle is to be made in the form of Units, the payment of such Units may be satisfied by the issuance of Units in accordance with the provisions of this Clause 15 to be applied mutatis mutandis."

## ANNEX B

# PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

- that Clause 18.1 of the Deed be amended by inserting the following new sub-clause 18.1.26 immediately after Clause 18.1.25 of the Trust Deed and the subsequent sub-clause be re-numbered accordingly:

"18.1.25 provide development management services to the Trust in respect of Development Projects undertaken and managed by the Manager on behalf of the Trust; and"

- that Paragraph 5(i)(b) of Schedule 1 of the Trust Deed be amended to reflect the addition as indicated by the underlined text:

"(b) sanction a supplemental deed increasing the maximum permitted limit or any change in the structure of the Management Fee (including the Base Fee and the Performance Fee), the Acquisition Fee, the Divestment Fee, the Development Management Fee and the Trustee's remuneration as provided in Clause 14 of this Deed;"



# ANNEX C IFA LETTER

**DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number: 200200144N)

22 June 2023

The Independent Directors and the Audit, Risk and Compliance Committee  
AIMS APAC REIT Management Limited  
(as the Manager of AIMS APAC REIT)  
1 Raffles Place  
#39-03  
One Raffles Place  
Singapore 048616

HSBC Institutional Trust Services (Singapore) Limited  
(in its capacity as trustee of AIMS APAC REIT)  
10 Marina Boulevard  
#48-01, Marina Bay Financial Centre  
Singapore 018983

Dear Sirs

## **THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT TO THE TRUST DEED CONSTITUTING AIMS APAC REIT**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 22 June 2023 to the Unitholders of AIMS APAC REIT (the “Circular”).*

### **1. INTRODUCTION**

AIMS APAC REIT (“**AA REIT**”) is a Singapore REIT listed on SGX-ST since 2007. AA REIT’s investment mandate is to invest in a diversified portfolio of high-quality income producing logistics, business parks and industrial real estate throughout the Asia Pacific region. AA REIT’s portfolio is well diversified across the industrial sub segments, comprising logistics and warehouse, business park, industrial and hi-tech space real estate in Singapore (26 assets) and Australia (3 assets). AA REIT is also a constituent of the FTSE EPRA Nareit Global Developed Index and the MSCI Singapore Small Cap Index.

This letter has been prepared for inclusion in the Circular to be issued by AIMS APAC REIT Management Limited (the “**Manager**”), the manager of AA REIT, in connection with the proposed Development Management Fee Supplement to introduce the Development Management Fee (the “**Proposed Amendment**”). The Proposed Amendment is an interested person transaction under Chapter 9 of the Listing Manual and so will be subject to the approval by the Unitholders.

We, Deloitte & Touche Corporate Finance Pte Ltd (“**Deloitte**”), have been appointed as independent financial adviser (“**IFA**”) pursuant to Rule 921(4)(a) of the Listing Manual, as well as, to advise the Independent Directors of the Manager (the “**Independent Directors**”), the Audit, Risk and Compliance Committee of the Manager (the “**ARCC**”) and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT

# ANNEX C

## IFA LETTER

(the “**Trustee**”) as to whether the Proposed Amendment in respect of the Development Management Fee is on normal commercial terms and is not prejudicial to the interests of AA REIT and its minority Unitholders.

This letter sets out our evaluation and is an integral part of the Circular.

### 2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the Proposed Amendment in respect of the Development Management Fee is on normal commercial terms and is not prejudicial to the interests of AA REIT and its minority Unitholders.

We were neither a party to the negotiations entered into in relation to the Proposed Amendment nor were we involved in the deliberations leading up to the decision on the part of the Manager to undertake the Proposed Amendment.

We do not, by this Letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Proposed Amendment. All such evaluations, advice, judgements or comments remain the sole responsibility of the management of the Manager and their advisors. We have however drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of AA REIT. We do not express any view as to the price at which the Units may trade upon completion of the Proposed Amendment nor on the future value, financial performance or condition of AA REIT after the Proposed Amendment.

It is also not within our terms of reference to compare the merits of the Proposed Amendment to any alternative arrangements that were or may have been available to AA REIT. Such comparison and consideration remain the responsibility of the Independent Directors and their advisors.

We have relied upon and assumed the accuracy of the relevant information, both written and verbal provided to us by any third parties and have not independently verified such information, whether written or verbal and accordingly cannot and do not warrant and do not accept any responsibility for the accuracy, completeness and adequacy of such information.

We have relied upon the assurances of the Independent Directors who have accepted full responsibility for the accuracy and completeness of the information provided to us. The Independent Directors have confirmed to us that to the best of their knowledge, information and belief, all material information available to them in connection with the Proposed Amendment has been disclosed to us and that such information constitutes full and true disclosure of all material information relating to such transaction and that there is no other information the omission of which would cause any of the information disclosed to us or relied on by us in making our recommendation to be inaccurate, incomplete, untrue or misleading in any material respect.

We have assumed that all statements of fact, belief, opinion and intention made by the Independent Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the accuracy or reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of AA REIT.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at 9 June 2023 (the “**Latest Practicable Date**”). We assume no responsibility to update, revise or reaffirm our opinion, factors or

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assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Unitholders should take note of any announcements relevant to their considerations of the Proposed Amendment which may be released by the Manager after the Latest Practicable Date.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As the Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax advisor or other professional advisors.

Our opinion in relation to the Proposed Amendment as set out under paragraph 5 of this Letter should be considered in the context of the entirety of our advice. This Letter is prepared pursuant to Listing Rule 921(4)(a) and for the Independent Directors, the ARCC and the Trustee for the purposes of their consideration of the Proposed Amendment and the Independent Directors' and ARCC's advice and recommendations to the minority Unitholders in respect thereof. This Letter or any part thereof may be used for matters relating to the Proposed Amendment, without our prior written consent in each instance.

### 3. DETAILS OF THE PROPOSED AMENDMENT TO THE TRUST DEED

#### 3.1. PRINCIPAL TERMS OF THE PROPOSED AMENDMENT TO THE TRUST DEED

The Manager proposes to supplement the Trust Deed for the purpose of facilitating the undertaking of development of new projects by the Manager on behalf of AA REIT. The Manager proposes to charge a development management fee (the "**Development Management Fee**") in respect of development projects undertaken and managed by the Manager on behalf of AA REIT. Such Development Management Fee shall be charged at up to 3.0% of the Total Project Costs incurred, such fee being subject to review by the Trustee and the Independent Directors in the event that total project costs of a development project exceed S\$100.0 million.

In cases where either the Manager or the Independent Directors is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the Independent Directors shall have the discretion to direct the Manager to accept a Development Management Fee to such amount which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of AA REIT. For the avoidance of doubt, the Independent Directors will have the final say on the Development Management Fee.

Subject to Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"), the Development Management Fee shall be payable in the form of cash and/or Units (as the Manager may elect, such election to be made prior to the payment of the Development Management Fee) and in equal monthly instalments over the construction period of each Development Project based on the Manager's best estimate of the Total Project Costs and construction period and, if necessary, a final payment of the balance amount to be paid to the Manager or paid by the Manager when the Total Project Costs is finalised.

The Development Management Fee shall be exclusive of all applicable goods and services tax and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. For the avoidance of doubt, where real estate or real estate related assets are purchased, invested in or acquired for development, no acquisition fee in relation to such purchase, investment or acquisition shall be paid to the Manager. Instead, the Manager will receive the Development Fee for the Development Project.

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### 3.2. RESPONSIBILITIES OF MANAGER IN RESPECT OF DEVELOPMENT MANAGEMENT SERVICES

As the development manager, the Manager shall be responsible for providing development management services such as:

- (i) conducting feasibility studies and reviewing the overall business plan of the development project;
- (ii) overall responsibility for the planning, control and monitoring of the progress and financials of the development project from concept to completion to drive the project to completion within the stipulated time, cost and quality;
- (iii) making site selection and negotiating with government authorities on land allocation and planning conditions;
- (iv) appointing and working closely with service providers including but not limited to the architect, engineers, quantity surveyor, project manager and consultants to ensure that the consultants' duties are carried out in accordance with professional standards, and to carry out relevant value engineering to ensure a cost-efficient building;
- (v) providing value-added inputs on the concept and schematic plans by engaging the service providers to ensure an efficient, functional and marketable product;
- (vi) reporting and making recommendations to the Trustee on a regular basis, in particular, on the cost and progress of the development project;
- (vii) attending site meetings during the construction period, and to advise on any variation works and (where applicable) make appropriate recommendations to the Trustee for consideration; and
- (viii) where a prospective master lessee/operator/tenant is involved:
  - (a) establishing the prospective master lessee/operator/tenant's real estate requirements;
  - (b) liaising with prospective master lessee/operator/tenant for acceptance of concept and schematic plans and building specifications;
  - (c) establishing and ensuring agreement with the prospective master lessee/operator/tenant on the overall milestones for the delivery of the development project; and
  - (d) finalising with the prospective master lessee/operator/tenant the architectural schematic plans/specifications as the basis for calling of tender(s).

In addition, the Manager may at its sole discretion, and at its own expense, appoint one or more service providers to perform all or some of the development management services, provided that the Manager remains at all times responsible for the development management services provided by the service provider(s) and the Manager shall be entitled to the full Development Management Fee notwithstanding the appointment of such service provider(s). For the avoidance of doubt, there will be no double counting of fees as the fee payable to the service provider will be paid out of the Development Management Fee. The Manager will be responsible for the costs arising from the appointment of the service providers if the scope of works from such service providers are within the scope under the Manager.

The Manager will take into account AA REIT's investment strategy and applicable laws and regulations, including the Property Funds Appendix, in carrying out property development activities. The Property Funds Appendix stipulates that the total contract value of property development activities undertaken should not exceed 10.0% of the property fund's deposited property but such development limit can be increased to up to 25.0% of the property fund's deposited property only if the additional allowance of up to 15% of the property fund's deposited property is utilised solely for the redevelopment of an existing property that has been held by the property fund for at least three years and which the property fund will continue to hold for at least three

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years after the completion of the redevelopment and the property fund obtains the specific approval of unitholders at a general meeting for the redevelopment of the property.

#### 4. EVALUATION OF THE PROPOSED AMENDMENT TO THE TRUST DEED CONSTITUTING AA REIT

In our evaluation of the Proposed Amendment, we have given due consideration to, *inter alia*, the following factors:

- i. The rationale for the Proposed Amendment;
- ii. Circumstances where a Development Management Fee is applicable;
- iii. The definition of total project costs;
- iv. The fee rate of the Development Management Fee;
- v. The limit for review by the Independent Directors; and
- vi. Separation of Development Management Fee and acquisition fee.

##### 4.1. THE RATIONALE FOR THE PROPOSED DEVELOPMENT MANAGEMENT FEE SUPPLEMENT

The rationale for the Proposed Development Management Fee Supplement has been extracted from Paragraph 4.3 of the Circular and set out in italics below. We have reproduced below the salient points of the Manager's rationale.

###### *“4.3 Rationale for the Proposed Development Management Fee Supplement*

*Where opportunities arise, the Manager intends to complement its existing strategy of investing primarily in industrial, logistics and business park real estate throughout the Asia Pacific region by enhancing the ability of AA REIT to undertake development activities. For the avoidance of doubt, development activities are not a diversification of AA REIT's mandate as the Property Funds Appendix allows all real estate investment trusts to undertake development activities subject to certain limits and the Manager will comply with the requirements of the Property Funds Appendix in undertaking development activities.*

*Unlike outright acquisitions of completed income-producing properties, the process of property development is more complex as it requires a longer gestation period and involves the management and supervision of significant construction activity. The time taken between identification of development opportunities and the confirmation of a deal may take up to a year and sometimes longer. From confirmation of a deal to the completion of the construction of the development project, the development management process may typically take up to 36 months depending on the size, complexity and location of the project. In contrast, the time frame for outright acquisitions may be as short as three to six months from the initial inspection until the completion of the acquisition.*

*In addition, development management usually involves more extensive liaisons with external parties such as architects, engineers, designers, contractors and the relevant authorities. The services rendered for a development project (as described in paragraph 4.2 above) is significantly more than the services rendered for an acquisition.*

*The Manager believes that having the ability to execute a development strategy when an attractive opportunity arises is beneficial to Unitholders as development projects can potentially provide significant returns to augment the income derived from the acquisitions and thus also contribute to improving the net asset value of AA REIT's portfolio, as the case may be, and provide growing distributions to Unitholders.”*

##### 4.2. SELECTION OF COMPARABLE TRUSTS

For the purpose of undertaking comparisons of the Proposed Amendments to the market practice, we have relied on IPO prospectuses, circulars, annual reports and other public documents (“**Source Documents**”) which detail disclosures in relation to development management fees for selected REITs that are listed on the SGX-ST. We note that REITs such as Sabana Industrial REIT is also comparable to AA REIT (i.e.

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industrial trusts). Based on publicly available information, we are not able to obtain information with respect to development management fees, if any, and as such, we have decided not to use this entity for our benchmarking purposes.

We present in the table below, information on selected REITs listed on the SGX-ST (“Comparable Trusts”) that have arrangements comparable with the Proposed Amendment. The list of Comparable Trusts presented in the table below is for illustrative purposes only and is by no means exhaustive.

Note that we have had access only to public disclosures and that this work should not be taken to imply that no development management, project management or similar fees are payable by the Comparable Trusts unless disclosed in these Source Documents.

Note that the columns titled Development Management Fee, Definition of Development Project and Definition of Total Project Costs contains generally unaltered extracts from Source Documents<sup>1</sup>.

Name of Trust	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>2</sup>
CAPITALAND ASCENDAS REIT  Listed on November 2002	3.0% of the total project cost incurred in development projects undertaken by the Trust	A Development Project means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Fund Guidelines shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.	<p><b>“Total Project Costs”</b> means the sum of the following:</p> <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor;</li> <li>• land cost including differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included;</li> <li>• Principal Consultants Fees includes payments to the project’s architect, civil &amp; structural engineer, mechanical &amp; electrical engineer, quantity surveyor and project manager;</li> <li>• the cost of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles (“GAAP”); and</li> <li>• any other costs which meet the definition of total project costs and can be capitalised to the project in accordance with GAAP;”</li> </ul>	S\$100m
DAIWA HOUSE LOGISTICS TRUST  Listed on November 2021	3.0% of the Total Project Costs (as defined herein) incurred in a Development Project (as defined herein) undertaken by the Manager on behalf of DHLT.	“Development Project” means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by DHLT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.	<p><b>“Total Project Costs”</b> means the sum of the following:</p> <ul style="list-style-type: none"> <li>• construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;</li> <li>• principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;</li> <li>• the cost of obtaining all approvals for the project;</li> <li>• site staff costs;</li> <li>• interest costs on actual borrowings used to finance project cash flows (excluding equity capital) that are capitalised to the project in line with International Financial Reporting Standards; and</li> <li>• any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with International Financial Reporting Standards, but for the avoidance of doubt, shall not include land costs (including but not limited to the purchase consideration or underlying value of such land).</li> </ul>	S\$100m
EC WORLD REIT  Listed on July 2016	3.0% of the Total Project Costs incurred in a Development Project (each as defined herein) undertaken by the Manager on behalf of EC World REIT.	“Development Project”, in relation to EC World REIT, means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by EC World REIT, either directly or indirectly, by one or more SPVs, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.	<p><b>“Total Project Costs”</b> means the sum of the following (where applicable):</p> <ul style="list-style-type: none"> <li>(i) construction cost based on the project final account prepared by the project quantity surveyor;</li> <li>(ii) principal consultants’ fees, including payments to the project’s architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager but for the avoidance of doubt shall not include the costs of the service provider(s) appointed by the Manager pursuant to the Trust Deed;</li> <li>(iii) the cost of obtaining all approvals for the project;</li> <li>(iv) site staff costs;</li> <li>(v) interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with Singapore Financial Reporting Standards; and</li> <li>(vi) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with Singapore Financial Reporting Standards.</li> </ul> <p>For the avoidance of doubt, the computation of Total Project Costs will not include land costs.</p>	S\$100m

<sup>1</sup> Capitalised text in this section may not have the same as in the body of this IFA Letter or Circular. No changes have been made except removing Source Document internal references and other changes for clarity

<sup>2</sup> Total Project Cost limit for which larger projects will require independent directors and trustee approval

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Name of Trust	Development Management Fee	Definition of Development Project	Definition of Total Project Costs	Review limit <sup>2</sup>
ESR-LOGOS REIT  Listed on July 2006	3.0% of the total project costs incurred in a development project undertaken by the Manager on behalf of ESR-LOGOS REIT	"Development Project" means a project involving the development or redevelopment of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.	"Total Project Costs" means the sum of the following: (i) construction cost based on the project final account prepared by the project quantity surveyor; (ii) land costs, including acquisition price, differential premium or development charge where applicable. For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For redevelopment of existing properties, land costs refer to all costs associated with land such as any payment of additional premium or amounts to governmental, statutory and regulatory authorities in connection with the redevelopment, but does not include the value of the land. For avoidance of doubt, there will be no land cost component for land which has been allocated at no cost to the Trust for built-to-suit developments; (iii) principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; (iv) the cost of obtaining all approvals for the project; (v) site staff costs; (vi) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting practices in Singapore; and (vii) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the Development Project in accordance with generally accepted accounting practices in Singapore."	S\$100m
FRASERS LOGISTICS AND COMMERCIAL TRUST  Listed on June 2006	3.0% of the Total Project Costs incurred in a Development Project undertaken by the REIT Manager on behalf of FLT	"Development Project" means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by FLT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.	"Total Project Costs" means the sum of the following: • construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor; • principal consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; • the cost of obtaining all approvals for the project; • site staff costs; • interest costs on borrowings used to finance project cash flows that are capitalised to the project in line with generally accepted accounting practices; and • any other costs including contingency expenses which can be capitalised to the project in accordance with generally accepted accounting practices.  For the avoidance of doubt, land costs (including but not limited to the acquisition price or underlying value of such land) will not be included in the computation of Total Project Costs.	S\$200m
MAPLETREE INDUSTRIAL TRUST  Listed on October 2010	3.0% of the total project costs incurred in a Development Project (as defined herein) undertaken by the Manager on the behalf of MIT	"Development Project" means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by MIT, provided always that the Property Funds Appendix shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.	• Not explicitly defined	S\$100m
MAPLETREE LOGISTICS TRUST  Listed on March 2006	3% of the total project cost incurred in development projects undertaken by the Manager on behalf of the Trust	"Development Project" means a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by the Trust, provided always that the Property Fund Guidelines shall be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations;"	"Total Project Costs" means the sum of the following: • construction cost based on the project final account prepared by the project quantity surveyor; • land cost including differential premium or development charge where applicable. For land acquired on land rent basis, only the total amount of land rent payable during the development period will be included; • principal consultants fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager; • the cost of obtaining all approvals for the project; • site staff costs; • interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with GAAP; and • any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with GAAP;"	S\$100m

## Notes

- (1) CAPITALAND ASCENDAS REIT: In cases where the market pricing for comparable services is materially lower, the Manager will reduce the development management fee to less than 3.0%. In addition, when the estimated total project cost is greater than S\$100.0 million, the Trustee and the Manager's independent directors will review and approve the quantum of the development management fee
- (2) DAIWA HOUSE LOGISTICS TRUST: When the estimated Total Project Costs is greater than S\$100.0 million, the Trustee and the Independent Directors will first review and approve the quantum of the Development Management Fee whereupon the Manager may be directed by its Independent Directors to reduce the Development Management Fee. Further, in cases where the Manager is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the Independent Directors shall have the discretion to direct the Manager to accept a Development Management Fee which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of DHLT

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- (3) EC WORLD REIT: When the estimated Total Project Costs are greater than S\$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the Development Management Fee, whereupon the Manager may be directed by its independent directors to reduce the Development Management Fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the Development Management Fee, the independent directors of the Manager shall have the right to direct a reduction of the Development Management Fee to less than 3.0% of the Total Project Costs incurred in a Development Project undertaken by the Manager on behalf of EC World REIT.
- (4) ESR-LOGOS REIT: In addition, when the estimated Total Project Costs is greater than S\$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the Development Management Fee whereupon the Manager may be directed by its independent directors to reduce the Development Management Fee. Further, in cases where the Manager is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, the independent directors of the Manager shall have the discretion to direct the Manager to reduce the Development Management Fee to such amount which is less than 3.0% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust.
- (5) FRASERS LOGISTICS AND COMMERCIAL TRUST: When the estimated Total Project Costs are greater than S\$200.0 million, the REIT Trustee and the REIT Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the REIT Manager may be directed by its independent directors to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the REIT Manager's view, materially lower than the development management fee, the independent directors of the REIT Manager shall have the right to direct a reduction of the development management fee to less than 3.0% of the Total Project Costs
- (6) MAPLETREE INDUSTRIAL TRUST: When the estimated total project costs are greater than S\$100.0 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the development management fee, whereupon the Manager may be directed to reduce the development management fee. Further, in cases where the market pricing for comparable services is, in the Manager's view, materially lower than the development management fee, the Manager will have the discretion to accept a development management fee which is less than 3.0% of the total project costs incurred in a Development Project undertaken by the Manager on behalf of MIT.
- (7) MAPLETREE LOGISTICS TRUST: In addition, when the estimated Total Project Costs is greater than S\$100 million, the Trustee and the Manager's independent directors will first review and approve the quantum of the Development Management Fee whereupon the Manager may be directed to reduce the Development Management Fee. Further, in cases where the Manager is of the view that the market pricing for comparable services is materially lower than the Development Management Fee, it shall have the discretion to accept a Development Management Fee which is less than 3% of the Total Project Costs incurred in a Development Project undertaken on behalf of the Trust.

### 4.3. CIRCUMSTANCES WHERE A DEVELOPMENT MANAGEMENT FEE IS APPLICABLE

We note that the Manager proposes to define a development project as a project involving the development of land, or buildings, or part(s) thereof on land which is acquired, held or leased by AA REIT, provided always that the Property Funds Appendix be complied with for the purposes of such development, but does not include refurbishment, retrofitting and renovations.

### 4.4. THE DEFINITION OF TOTAL PROJECT COSTS

We note that the Manager proposes to define total project costs as the sum of the following:

- (i) construction cost based on the project final account prepared by the project quantity surveyor or issued by the appointed contractor;
- (ii) land costs, including acquisition price, differential premium or development charge where applicable. For land acquired on a land rent basis, only the total amount of land rent payable during the development period will be included. For re-development of existing properties, land costs shall refer to all costs associated with land such as any payment of additional premium or amounts to the regulatory authorities in connection with the re-development and will exclude the carrying book value of the property;
- (iii) professional consultants' fees, including payments to the project's architect, civil and structural engineer, mechanical and electrical engineer, quantity surveyor and project manager;
- (iv) the cost of obtaining all approvals for the project;
- (v) site staff costs;
- (vi) interest costs on borrowings used to finance project cashflows that are capitalised to the project in line with generally accepted accounting principles in Singapore; and
- (vii) any other costs including contingency expenses which meet the definition of Total Project Costs and can be capitalised to the project in accordance with generally accepted accounting principles in Singapore

### 4.5. THE FEE RATE OF THE DEVELOPMENT MANAGEMENT FEE

We note that the Manager proposes to charge a Development Management Fee at the rate of 3.0% of total project costs. We have reviewed the rate at which the Comparable Trusts charge development management



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fees and note that all of the Comparable Trusts charge a development management fee of 3.0% of the total project costs incurred in development projects.

### 4.6. THE LIMIT FOR REVIEW BY THE INDEPENDENT DIRECTORS

As the quantum of development management fees is calculated as a fixed percentage of total project costs, larger projects may attract a fee that is disproportionately large in absolute terms.

We note that the Manager proposes that the Development Management Fee shall be subject to review by the Trustee and the Independent Directors in the event that total project costs of a development project exceed S\$ 100 million.

### 4.7. SEPARATION OF DEVELOPMENT MANAGEMENT FEE AND ACQUISITION FEE

A development project may potentially attract both a development management fee and an acquisition fee. We note that the Proposed Amendment explicitly precludes concurrent payment of both the Development Management Fee and an acquisition fee in respect of the same project.

We have reviewed the practices disclosed for the Comparable Trusts in respect of the separation of development management fees and acquisition fees payable to interested persons and note that all of the Comparable Trusts explicitly preclude concurrent payment of both fees for the same project, as is proposed for the Proposed Amendment.

## 5. OUR RECOMMENDATION

In arriving at our recommendations, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the Proposed Amendment:

- i. The rationale for the Proposed Amendment;
- ii. The circumstances where the Development Management Fee is applicable proposed by the Manager appears to be generally in line with the practices in place for Comparable Trusts;
- iii. The definition of total project costs proposed by the Manager is generally in line with such definitions in place for Comparable Trusts;
- iv. The fee rate for the Development Management Fee proposed by the Manager is in line with those in place for Comparable Trusts;
- v. The review limit proposed by the Manager is in line with the review limit in place for Comparable Trusts, where the review limit is set at S\$100 million for all Comparable Trusts except for Frasers Logistics and Commercial Trust at S\$200 million; and
- vi. The practice of either charging a Development Management Fee or an acquisition fee (but not both) proposed by the Manager is in line with the practices in place for the Comparable Trusts.

Having given due consideration to the above and subject to the qualifications set out herein and taking into account the prevailing conditions as at the Latest Practicable Date, we are of the opinion that the Proposed Amendment is on normal commercial terms and is not prejudicial to the interests of AA REIT and its minority Unitholders. Accordingly, we are of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the Proposed Amendment to be proposed at the Annual General Meeting.

Our recommendation is issued pursuant to Listing Rule 921(4)(a) and for independent unitholders to make an informed voting decision. Our recommendation is addressed to the Independent Directors, the ARCC and the Trustee in connection with and for the purpose of their consideration of the Proposed Amendment and their advice and recommendations to the minority Unitholders in respect thereof. Our recommendation is governed by the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

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Yours faithfully  
**Deloitte & Touche Corporate Finance Pte Ltd**

Koh Soon Bee  
**EXECUTIVE DIRECTOR**

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