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Asset Management

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MAYBANK SINGAPORE REITS FUND

Annual Report

For the financial period from 13 September 2018 (date of launch) to 31 July 2019

CORPORATE INFORMATION

MANAGER

Maybank Asset Management Sdn Bhd (421779-M)

BUSINESS OFFICE

Level 12 Tower C
Dataran Maybank
No.1 Jalan Maarof
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Level 11 Tower Three
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Maybank Asset Management Singapore Pte Ltd
2 Battery Road
08-01 Maybank Tower
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MAYBANK SINGAPORE REITS FUND

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MAYBANK SINGAPORE REITS FUND

Manager's report

For financial period from 13 September 2018 (date of launch) to 31 July 2019

A. Fund Information

1. Name of Fund

Maybank Singapore REITs Fund (the "Fund")

2. Type of Fund

Income Fund

3. Category of Fund

Wholesale Real Estate Investment Trust

4. Duration of Fund

The Fund is an open-ended fund.

5. Fund launch date / Commencement date

| Class | Launch Date | Commencement Date |
|--------------|-------------------|-------------------|
| MYR | 13 September 2018 | 4 October 2018 |
| MYR (Hedged) | 13 September 2018 | 4 October 2018 |
| SGD | 13 September 2018 | 4 October 2018 |

6. Fund's investment objectives

The Fund aims to provide income through investments in a portfolio of Singapore Real Estate Investment Trusts ("SREITs") listed on the Singapore stock exchange.

7. Fund distribution policy

Subject to availability of income, distribution will be made on a semi-annual basis. The source of income, if any, for the purpose of distribution shall be derived from the realised income and/or gain.

8. Fund's performance benchmark

Absolute return of 5% per annum (SGD) of the Funds' Net Asset Value ("NAV")

9. The Fund's investment policy and principal investment strategy

The Fund seeks to achieve its investment objective by investing a minimum of 70% of the Fund's NAV in listed SREITs, maximum of 30% of its NAV in liquid assets (not limited to fixed deposits and money market instruments), and a maximum of 20% of its NAV in real estate investment trusts ("REITs") listed on other stock exchanges.

MAYBANK SINGAPORE REITS FUND

Manager's report

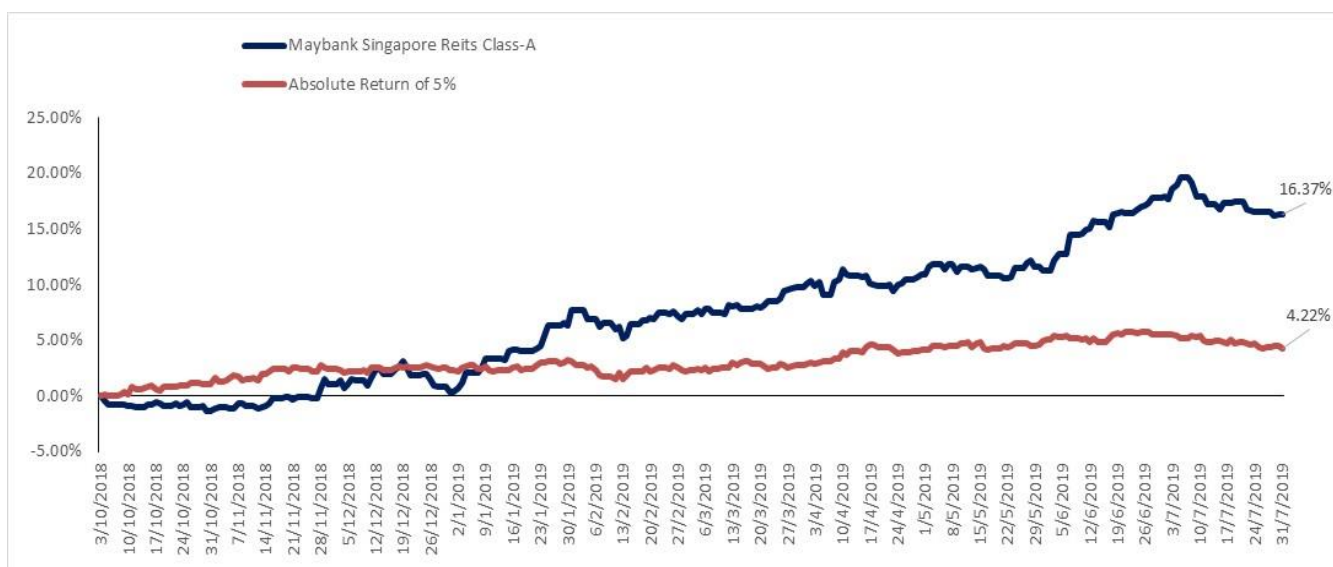
For financial period from 13 September 2018 (date of launch) to 31 July 2019 (cont'd)

B. Performance Review

Returns of the different classes and its benchmark for the financial period from 13 September 2018 (date of launch) to 31 July 2019 are as follows:

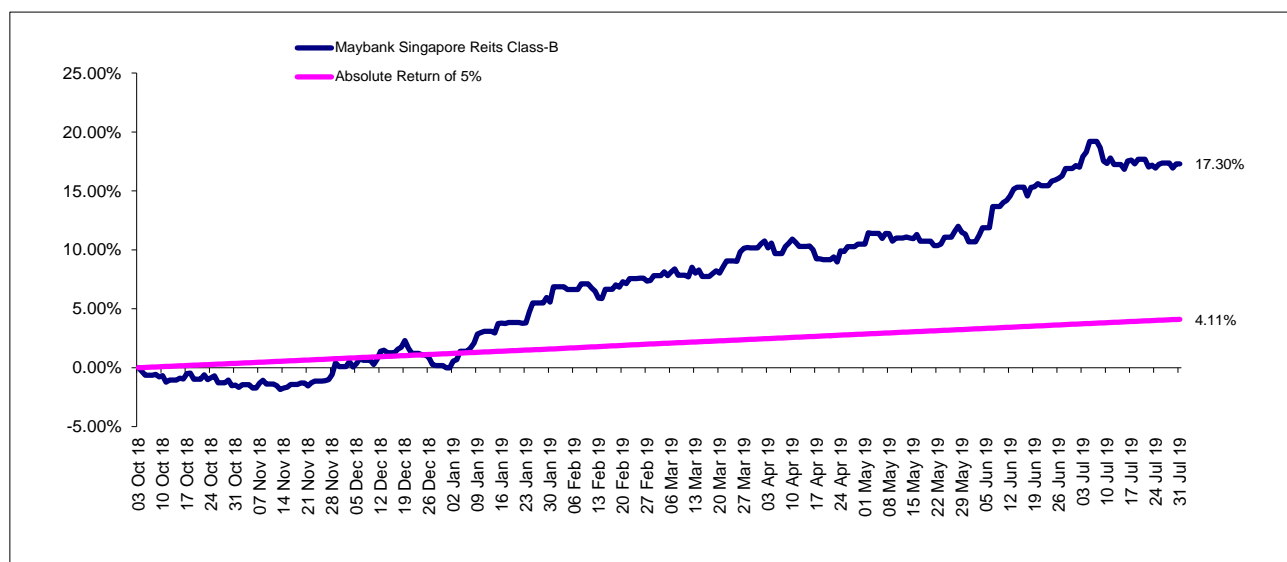
(a) MYR Class

| Period | The Fund % | Benchmark % |
|--|------------|-------------|
| 13 September 2018 (date of launch) to 31 July 2019 | 16.37 | 4.22 |



(b) MYR (Hedged) Class

| Period | The Fund % | Benchmark % |
|--|------------|-------------|
| 13 September 2018 (date of launch) to 31 July 2019 | 17.30 | 4.11 |



MAYBANK SINGAPORE REITS FUND

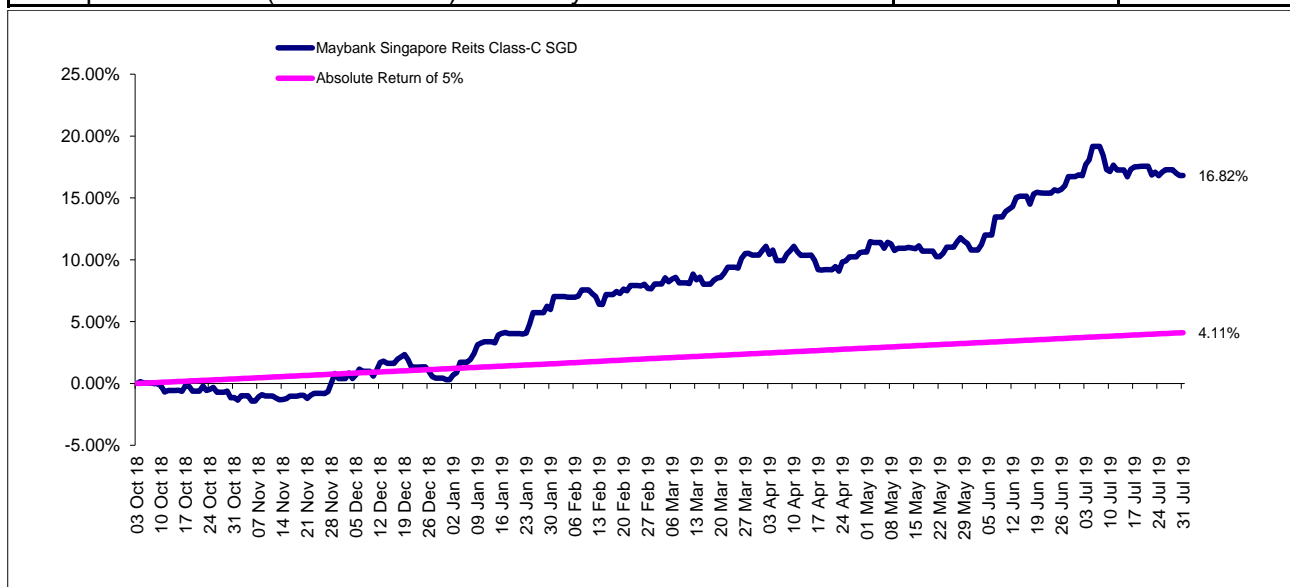
Manager's report

For financial period from 13 September 2018 (date of launch) to 31 July 2019 (cont'd)

B. Performance Review (cont'd)

(c) SGD Class

| Period | The Fund % | Benchmark % |
|--|------------|-------------|
| 13 September 2018 (date of launch) to 31 July 2019 | 16.82 | 4.11 |



For the financial period under review, the Fund - MYR Class, MYR (Hedged) Class and SGD Class were up by 16.37%, 17.30% and 16.82% respectively as compared to the benchmark. All three classes outperform the absolute return of 5% p.a. (in SGD terms) of the Fund's NAV. The Fund also declared a net distribution of 6 sen for all classes.

C. Market Review

From September 2018 to December 2018, the Fund's portfolio remained stable. Although United States ("US") Federal Reserve ("Fed") was raising interest rates, SREITs held up well as business was stable and rental reversions improving. In January 2019, the SREIT portfolio performed strongly, as the sector benefitted from an improving interest rate outlook. In February 2019 the Fund continued to grind higher, building on the strong performance in January 2019. Operationally, SREITs reported a decent set of numbers for 4Q 2018.

SREIT portfolio gains continue in March 2019, benefiting from a fixed income rally as we witness global monetary easing in response to economic slowdown. US Fed lowers growth forecast, pauses rate hike cycle and balance sheet reduction. The European Central Bank ("ECB") cuts growth forecast, re-starts crisis-era stimulus Targeted Long-Term Refinancing Operations ("TLTRO"). The Bank of New Zealand may cut rates next. There were negative yields on German Bunds for the first time since 2016. In April 2019 and May 2019, gains in the retail and industrial sectors were offset by losses in the Office sector. The Fed maintained its dovish stance amid subdued inflation, suggesting that rate cuts may be a possibility.

In June 2019, the Fund benefitted from a strong tailwind. The Fed's readiness to lower rates amid a more uncertain economic outlook provided macro support for SREITs.

MAYBANK SINGAPORE REITS FUND

Manager's report

For financial period from 13 September 2018 (date of launch) to 31 July 2019 (cont'd)

D. Market Outlook

The outlook for SREITs has improved with the US-China trade war as there is now a possibility that the US Fed will cut rates if the conflict intensifies and growth slows. Amidst the uncertain environment, defensives such as SREITs should remain in favour.

E. Investment Strategies

For the period under review, our investment strategy was to prefer Retail REITs over Office REITs and over Industrial REITs. This has generally worked well as Retail REITs have performed the best. Moving forward, we prefer Retail REITs, followed by Industrials and lastly Office REITs.

F. Asset Allocation

| Asset allocation | 31.07.2019 | |
|--|-------------------|---------------|
| | SGD | % |
| FVTPL - SREITs | 24,060,360 | 79.58 |
| FVTPL - REITs on other stock exchanges | 2,143,454 | 7.09 |
| Cash, deposit with a licensed financial institution and other net assets | 4,030,966 | 13.34 |
| Total NAV | 30,234,780 | 100.01 |

G. Soft Commissions and Rebates

The Manager and its delegates will not retain any form of soft commissions and rebates from or otherwise share in any commission with any broker in consideration for directing dealings in the investments of the Fund unless the soft commissions received are retained in the form of goods and services such as financial wire services and stock quotations system incidental to investment management of the Fund. All dealings with brokers are executed on best available terms.

During the financial period from 13 September 2018 (date of launch) to 31 July 2019, the Manager and its delegates did not receive any soft commissions and rebates from brokers or dealers.

H. Significant Financial Risk of the Fund

As the base currency of the Fund is denominated in SGD and the currency denomination of the Classes may be denominated in other than SGD, the Classes not denominated in SGD are exposed to currency risk. Any fluctuation in the exchange rates between SGD and the currency denomination of the Class (other than SGD Class) will affect the unitholder's investments in those Classes (other than SGD Class). The impact of the exchange rate movement between the base currency of the Fund and the currency denomination of the Class (other than SGD Class) may result in a depreciation of the unitholder's holdings as expressed in the base currency of the Fund.

In order to manage currency risk, the Manager may employ currency hedging strategies to fully or partially hedge the foreign currency exposure of the Class not denominated in SGD. Currency hedging may reduce the effect of the exchange rate movement for the Class being hedged (other than SGD Class) but it does not entirely eliminate currency risk between the Class and the base currency of the Fund. The unhedged portion of the Class will still be affected by the exchange rate movements and it may cause fluctuation of NAV of the Class.

TRUSTEE'S REPORT

TO THE UNITHOLDERS OF MAYBANK SINGAPORE REITS FUND FOR THE FINANCIAL PERIOD FROM 13 SEPTEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019

We have acted as Trustee of Maybank Singapore REITs Fund (the "Fund") for the financial period from 13 September 2018 (date of launch) to 31 July 2019. In our opinion and to the best of our knowledge, Maybank Asset Management Sdn Bhd, the Manager (the "Manager"), has operated and managed the Fund in accordance with the following:

- (a) Limitations imposed on the investment powers of the Manager and the Trustee under the Deed, the Securities Commission's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, the Capital Markets and Services Act 2007 and other applicable laws;
- (b) Valuation and pricing is carried out in accordance with the Deed and any regulatory requirements;
- (c) Creation and cancellation of units of the Fund have been carried out in accordance with the Deed and relevant regulatory requirements; and
- (d) The distributions to the unitholders during the financial period from 13 September 2018 (date of launch) to 31 July 2019 are consistent with the objectives of the Fund.

For and on behalf of
RHB TRUSTEES BERHAD

MOHD SOFIAN BIN KAMARUDDIN
Vice President

Kuala Lumpur, Malaysia
13 September 2019

LEE YIT CHENG
Head, Group International Operations Support
& Trustee Operations

STATEMENT BY MANAGER

**TO THE UNITHOLDERS OF
MAYBANK SINGAPORE REITS FUND
FOR THE FINANCIAL PERIOD FROM 13 SEPTEMBER 2018 (DATE OF LAUNCH) TO 31 JULY
2019**

We, Dr Hasnita Binti Dato' Hashim and Ahmad Najib Bin Nazlan, being two of the Directors of Maybank Asset Management Sdn Bhd (the "Manager") do hereby state that, in the opinion of the Manager, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of Maybank Singapore REITs as at 31 July 2019 and of its results, changes in equity and cash flows for the financial period from 13 September 2018 (date of launch) to 31 July 2019 and comply with the requirements of the Deed.

For and on behalf of the Manager

Dr Hasnita Binti Dato' Hashim
Director

Ahmad Najib Bin Nazlan
Director

Kuala Lumpur, Malaysia
13 September 2019

Independent auditors' report to the Unitholders of Maybank Singapore REITs Fund

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Singapore REITs Fund (the "Fund"), which comprise the statement of financial position as at 31 July 2019 of the Fund, and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 July 2019, and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Fund in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

Maybank Asset Management Sdn Bhd (the "Manager") is responsible for the other information. The other information comprises the information included in the annual report of the Fund, but does not include the financial statements of the Fund and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

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

Independent auditors' report to the Unitholders of Maybank Singapore REITs Fund (cont'd)

Information other than the financial statements and auditors' report thereon (cont'd.)

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager of the Fund and take appropriate action.

Responsibilities of the Manager and Trustee for the financial statements

The Manager is responsible for the preparation of financial statements of the Fund that give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Manager is also responsible for such internal control as the Manager determines is necessary to enable the preparation of financial statements of the Fund that are free from material misstatement, whether due to fraud or error.

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

The Trustee is responsible for overseeing the Fund's financial reporting process. The Trustee is also responsible for ensuring that the Manager maintains proper accounting and other records as are necessary to enable true and fair presentation of these financial statements.

Auditors' responsibilities for the audit of the financial statements

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

Independent auditors' report to the Unitholders of Maybank Singapore REITs Fund (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Fund, including the disclosures, and whether the financial statements of the Fund represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Independent auditors' report to the Unitholders of
Maybank Singapore REITs Fund (cont'd)**

Other matters

This report is made solely to the Unitholders of the Fund, as a body, in accordance with the Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework issued by the Securities Commission Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Lee Pei Yin
No. 03189/05/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
13 September 2019

MAYBANK SINGAPORE REITS FUND

STATEMENT OF COMPREHENSIVE INCOME

FOR FINANCIAL PERIOD FROM 13 SEPTEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019

| | | 13.09.2018 (date of launch) to 31.07.2019 SGD |
|---|------|---|
| | Note | |
| INVESTMENT INCOME | | |
| Dividend income | | 664,873 |
| Interest income | | 43,745 |
| Net gain on financial assets at fair value through profit or loss ("FVTPL") | 7(a) | |
| - Realised gain | | 1,434,818 |
| - Unrealised gain | | 999,733 |
| Net gain on foreign exchange and forward currency contracts | 3 | <u>287,952</u> |
| | | <u>3,431,121</u> |
| EXPENSES | | |
| Manager's fee | 4 | 167,112 |
| Trustee's fee | 5 | 2,784 |
| Auditors' remuneration | | 2,966 |
| Tax agent's fee | | 1,154 |
| Brokerage and other transaction fees | | 103,063 |
| Administrative expenses | | <u>1,217</u> |
| | | <u>278,296</u> |
| Net income before taxation | | 3,152,825 |
| Taxation | 6 | <u>(45,133)</u> |
| Net income after taxation, and total comprehensive income for the financial period | | <u>3,107,692</u> |
| Net income after tax is made up of the following : | | |
| Net realised income | | 1,870,850 |
| Net unrealised income | | <u>1,236,842</u> |
| | | <u>3,107,692</u> |

The accompanying notes form an integral part of the audited financial statements.

MAYBANK SINGAPORE REITS FUND

**STATEMENT OF COMPREHENSIVE INCOME
FOR FINANCIAL PERIOD FROM 13 SEPTEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019
(CONT'D)**

| | 13.09.2018 |
|--|-------------------------|
| | (date of launch) |
| | to |
| Note | 31.07.2019 |
| Distributions for the financial period: | 16 |
| <u>MYR Class</u> | |
| Distribution date | 31/7/2019 |
| Net distributions | <u>SGD 272,832</u> |
| Gross distribution per unit (sen) | <u>6.10</u> |
| Net distribution per unit (sen) | <u>6.00</u> |
| <u>MYR (Hedged) Class</u> | |
| Distribution date | 31/7/2019 |
| Net distributions | <u>SGD 1,153,267</u> |
| Gross distribution per unit (sen) | <u>6.10</u> |
| Net distribution per unit (sen) | <u>6.00</u> |
| <u>SGD Class</u> | |
| Distribution date | 31/7/2019 |
| Net distributions | <u>SGD 207,022</u> |
| Gross distribution per unit (SGD cent) | <u>6.10</u> |
| Net distribution per unit (SGD cent) | <u>6.00</u> |

The accompanying notes form an integral part of the audited financial statements.

MAYBANK SINGAPORE REITS FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2019**

| | Note | 31.07.2019 SGD |
|---|--------------|-------------------|
| ASSETS | | |
| Financial assets at FVTPL | 7 | 26,203,814 |
| Derivative assets | 8 | 230,558 |
| Deposit with a licensed financial institution | 9 | 3,735,667 |
| Dividend receivable | | 188,644 |
| Interest receivable | | 297 |
| Amount due from Manager | 10 | 218,496 |
| Cash at bank | 11 | 2,407,229 |
| TOTAL ASSETS | | <u>32,984,705</u> |
| LIABILITIES | | |
| Amount due to Manager | 10 | 754,442 |
| Amount due to Trustee | 12 | 529 |
| Amount due to broker | 13 | 357,042 |
| Distributions payable | | 1,633,121 |
| Other payables and accruals | 14 | 4,791 |
| TOTAL LIABILITIES | | <u>2,749,925</u> |
| NET ASSET VALUE ("NAV") OF THE FUND | | <u>30,234,780</u> |
| EQUITY | | |
| Unitholders' capital | 15 (a) | 28,373,037 |
| Retained earnings | 15 (b) & (c) | 1,861,743 |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | | <u>30,234,780</u> |
| NUMBER OF UNITS IN CIRCULATION (UNITS) | 15 (a) | |
| - MYR Class | | 13,718,334 |
| - MYR (Hedged) Class | | 57,987,436 |
| - SGD Class | | 3,450,365 |
| | | <u>75,156,135</u> |
| NAV PER UNIT | | |
| - MYR Class (RM) | | RM1.1037 |
| - MYR (Hedged) Class (RM) | | <u>RM1.1130</u> |
| - SGD Class (SGD) | | <u>SGD 1.1082</u> |

The accompanying notes form an integral part of the audited financial statements.

MAYBANK SINGAPORE REITS FUND

STATEMENT OF CHANGES IN EQUITY

FOR FINANCIAL PERIOD FROM 13 SEPTEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019

| | Unitholders' capital Note 15 (a) SGD | Retained earnings Note 15 (b) & (c) SGD | Total equity SGD |
|---|---|--|---------------------------------|
| At 13 September 2018 (date of launch) | - | - | - |
| Total comprehensive income for the period | | 3,107,692 | 3,107,692 |
| Creation of units | 45,927,141 | - | 45,927,141 |
| Cancellation of units | (17,166,932) | - | (17,166,932) |
| Distributions (Note 16) | (387,172) | (1,245,949) | (1,633,121) |
| At 31 July 2019 | <u>28,373,037</u> | <u>1,861,743</u> | <u>30,234,780</u> |

The accompanying notes form an integral part of the audited financial statements.

MAYBANK SINGAPORE REITS FUND

STATEMENT OF CASH FLOWS

FOR FINANCIAL PERIOD FROM 13 SEPTEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019

13.09.2018
(date of launch)
to
31.07.2019
SGD

CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES

| | |
|---|---------------------|
| Net proceeds from sale of investments | 19,367,334 |
| Net purchase of investments | (42,904,705) |
| Realised gain on forward foreign exchange contracts | 55,385 |
| Interest received | 60,500 |
| Dividend received | 430,870 |
| Manager's fee paid | (135,493) |
| Trustee's fee paid | (2,257) |
| Payment of other fees and expenses | (546) |
| Net cash used in operating and investing activities | <u>(23,128,912)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|-------------------|
| Cash received from units created | 45,721,884 |
| Cash paid on units cancelled | (16,459,778) |
| Net cash generated from financing activities | <u>29,262,106</u> |

NET CHANGE IN CASH AND CASH EQUIVALENTS

FOR THE FINANCIAL PERIOD 6,133,194

CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD

Effect on foreign exchange 9,702

CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD

6,142,896

Cash and cash equivalents comprise of:

| | |
|---|------------------|
| Deposit with a licensed financial institution with original maturity of less than 3 months (Note 9) | 3,735,667 |
| Cash at bank (Note 11) | 2,407,229 |
| | <u>6,142,896</u> |

The accompanying notes form an integral part of the audited financial statements.

MAYBANK SINGAPORE REITS FUND

NOTES TO THE FINANCIAL STATEMENTS

FOR FINANCIAL PERIOD FROM 13 SEPTEMBER 2018 (DATE OF LAUNCH) TO 31 JULY 2019

1. THE FUND, THE MANAGER AND THEIR PRINCIPAL ACTIVITIES

Maybank Singapore REITs Fund ("the Fund") was constituted pursuant to the executed Deed dated 10 August 2018 between Maybank Asset Management ("MAM") as the Manager and RHB Trustee Berhad as the Trustee and the Registered Holders of the Fund.

To achieve its objective, the Fund will invest a minimum of 70% of its NAV into a basket of listed SREITs. These includes but are not limited to initial public offer of SREITs which are to be listed on the Singapore stock exchange. The balance of 30% of the Fund's NAV will be invested in liquid asset which include but are not limited to fixed deposit and money market instruments. Also, up to 20% of the Fund's NAV may be invested in REIT listed on other stock exchanges.

As at 31 July 2019, the Fund launched three (3) Classes of units- MYR Class, MYR (Hedged) Class and SGD Class. MYR (Hedged) Class represents a Class denominated in MYR which seeks to reduce the effect of currency fluctuations between the currency of the Class and the base currency of the Fund by entering into forward currency contracts to hedge the foreign currency exposure of this Class. See Note 8 and Note 15 (a)(ii) for further details.

The Manager of the Fund is Maybank AM, a company incorporated in Malaysia. It is a holder of the Capital Markets Services License with fund management as its regulated activity under the Capital Markets and Services Act 2007 ("CMSA"). The principal place of business of Maybank AM is at Level 12, Tower C, Dataran Maybank, No. 1 Jalan Maarof, 59000 Kuala Lumpur, Malaysia. Maybank AM is a subsidiary of Maybank Asset Management Group Berhad ("MAMG"), which in turn is a subsidiary of Malayan Banking Berhad ("MBB").

The financial statements were authorised for issue by the Board of Directors of the Manager (the "Directors") in accordance with a resolution of the Directors on 13 September 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements for the financial period ended 31 July 2019 have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB") and International Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Fund had adopted the MFRS, Amendments to Standards and IC Interpretations which have become effective during the financial period ended 31 July 2019. The adoption of the new pronouncements did not result in any material impact to the financial statements.

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

The financial statements are prepared on a historical cost basis except as disclosed in the accounting policies in Note 2.3 to Note 2.14 to the financial statements.

The financial statements are presented in Singapore Dollar ("SGD").

2.2 Standards and amendments issued but not yet effective

The following are standards, amendments to standards and interpretations issued by the MASB, but not yet effective, up to the date of issuance of the Fund's financial statements. The Fund intends to adopt the relevant standards, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to MFRS contained in the document entitled <i>"Annual Improvements to MFRS Standards document 2015 - 2017 Cycle"</i> | 1 January 2019 |
| Amendments to MFRS 3 and MFRS 11: <i>Previously Held Interest in a Joint Operation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i> | 1 January 2019 |
| Amendments to MFRS 112: <i>Income Tax Consequences of Payments on Financial Instruments Classified as Equity contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i> | 1 January 2019 |
| Amendments to MFRS 123: <i>Borrowing Costs Eligible for Capitalisation contained in the document entitled "Annual Improvements to MFRS Standards 2015 - 2017 Cycle"</i> | 1 January 2019 |
| MFRS 16: <i>Leases</i> | 1 January 2019 |
| Amendments to MFRS 9: <i>Prepayment Features with Negative Compensation</i> | 1 January 2019 |
| Amendments to MFRS 119: <i>Plan Amendment, Curtailment or Settlement</i> | 1 January 2019 |
| Amendments to MFRS 128: <i>Long-term Interests in Associates and Joint Ventures</i> | 1 January 2019 |
| IC Interpretation 23: <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 |
| Amendments to MFRS 2: <i>Share-based Payment</i> | 1 January 2020 |
| Amendments to MFRS 3: <i>Business Combinations</i> | 1 January 2020 |
| Amendments to MFRS 3: <i>Definition of a Business</i> | 1 January 2020 |
| Amendments to MFRS 6: <i>Exploration for and Evaluation of Mineral Resources</i> | 1 January 2020 |
| Amendments to MFRS 14: <i>Regulatory Deferral Accounts</i> | 1 January 2020 |
| Amendments to MFRS 101: <i>Presentation of Financial Statements</i> | 1 January 2020 |

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and amendments issued but not yet effective (cont'd)

| Description (cont'd) | Effective for annual periods beginning on or after |
|--|---|
| Amendments to MFRS 108: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> | 1 January 2020 |
| Amendments to MFRS 101 & 108: <i>Definition of Material</i> | 1 January 2020 |
| Amendments to MFRS 134: <i>Interim Financial Reporting</i> | 1 January 2020 |
| Amendment to MFRS 137: <i>Provisions, Contingent Liabilities and Contingent Assets</i> | 1 January 2020 |
| Amendment to MFRS 138: <i>Intangible Assets</i> | 1 January 2020 |
| Amendments to IC Interpretation 12: <i>Service Concession Arrangements</i> | 1 January 2020 |
| Amendments to IC Interpretation 19: <i>Extinguishing Financial Liabilities with Equity Instruments</i> | 1 January 2020 |
| Amendments to IC Interpretation 20: <i>Stripping Costs in the Production Phase of a Surface Mine</i> | 1 January 2020 |
| Amendments to IC Interpretation 22: <i>Foreign Currency Transactions and Advance Consideration</i> | 1 January 2020 |
| Amendments to IC Interpretation 132: <i>Intangible Assets - Web Site Costs</i> | 1 January 2020 |
| MFRS 17: <i>Insurance Contracts</i> | 1 January 2022 |
| Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | To be announced by MASB |

The Fund expects that the adoption of the above standards will not have any material impact on the financial statements in the period of initial application.

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the Fund becomes a party to the contractual provision of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

2.4 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the assets.

(i) Classification

Unless designated as FVTPL on initial recognition, debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- the assets are held within a business model whose objectives is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

Debt instruments that do not meet the criteria above are classified as either fair value through other comprehensive income ("FVTOCI") or FVTPL.

The Fund classifies dividend receivable, interest receivable, amount due from Manager and cash and cash equivalents as loan and receivables, and are subsequently measured at amortised cost. Quoted equities and derivative assets are classified as FVTPL.

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial assets (cont'd)

(ii) Financial assets at fair value through profit or loss ("FVTPL")

Investments in equity instruments are classified as FVTPL, unless the Fund designates an investment that is not held for trading as FVTOCI on initial recognition.

A financial asset is recognised at FVTPL if :

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of the portfolio of identified financial instruments that the Fund manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Debt instruments that do not meet the amortised cost or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at FVTPL. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVTPL on initial recognition is not allowed.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss.

Dividend income on equity instruments and interest income on debt instruments as at FVTPL is disclosed separately in the profit or loss.

(iii) Impairment of financial assets

Credit losses are recognised based on the 'Expected Credit Loss' ("ECL") model. The Fund recognises loss allowances for ECL on financial instruments that are not measured at FVTPL (financial assets that are debt instruments). The impairment model does not apply to equity investments.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date:
As the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive);
- Financial assets that are credit-impaired at the reporting date:
As the difference between the gross carrying amount and the present value of estimated future cash flows.

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial assets (cont'd)

(iii) Impairment of financial assets (cont'd)

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

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

- Significant financial difficulty of the issuer or counterparty;
- Significant downgrade in credit rating of the instrument by a rating agency;
- A breach of contract such as a default or past due event; or
- The disappearance of an active market for a security because of financial difficulties.

For balances with short-term nature, full impairment will be recognised on uncollected balances after the grace period.

(iv) Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained profit in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of equity instruments classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is not reclassified to profit or loss, but is reclassified to distributable realised reserve. However, on derecognition of debt instruments classified as FVTOCI, the cumulative gain or loss previously accumulated in unrealised reserve is reclassified to profit or loss.

On derecognition of financial asset classified as FVTPL, the cumulative unrealised gain or loss previously recognised is transferred to realised gain or loss on disposal in profit or loss.

2.5 Financial liabilities

Classification

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. The Fund classifies amount due to Manager, amount due to Trustee, amount due to brokers, distribution payable and other payables and accruals as other financial liabilities.

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Financial liabilities (cont'd)

Classification (cont'd)

Financial liabilities are recognised in the statement of financial position when, and only when, the Fund becomes a party to the contractual provisions of the financial instrument. The Fund's financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derecognition

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.6 Fair value measurement

The Manager measures the Fund's financial instruments at fair value, at each reporting date of the Fund. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Fair value measurement (cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.7 Functional and foreign currency

(a) Functional and presentation currency

The financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Singapore Dollar ("SGD"), which is also the Fund's functional currency.

(b) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges.

2.8 Unitholders' capital

The unitholders' contributions to the Fund meet the criteria to be presented as equity instruments under MFRS 132 *Financial Instruments: Presentation*. Those criteria include:

- (i) the units entitle the holder to a proportionate share of the Fund's NAV;
- (ii) the units are the most subordinated class and class features are identical;
- (iii) there is no contractual obligations to deliver cash or another financial asset other than the obligation on the Fund to repurchase; and
- (iv) the total expected cash flows from the units over its life are based substantially on the statement of comprehensive income of the Fund.

The outstanding units are carried at the redemption amount that is payable at each financial period if unit holder exercises the right to put the unit back to the Fund. Units are created and cancelled at prices based on the Fund's NAV per unit at the time of creation or cancellation. The Fund's NAV per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Unitholders' capital (cont'd)

Distribution equalisation represents the average distributable amount included in the creation and cancellation prices of units. This amount is either refunded to unitholders by way of distribution and/or adjusted accordingly when units are cancelled.

2.9 Distributions

Any distribution to the Fund's unitholders is accounted for as a deduction from realised reserves except where distribution is sourced out of distribution equalisation which is accounted for as an adjustment to the unitholders' capital. A proposed distribution is recognised as a liability in the period in which it is approved.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and deposits with licensed financial institution with original maturity of three months or less which have an insignificant risk of changes in value.

2.11 Revenue / Income

Revenue is recognised when control of the goods or services are transferred at an amount that reflects the consideration to be entitled in exchange for the goods or services. Revenue is measured at the fair value of consideration received or receivable.

Dividend income is recognised when the right to receive is established.

Interest income is recognised using the effective income rate method.

Realised gain on disposal of investments is measured as the difference between the net proceeds and its carrying amount.

2.12 Income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax expense is determined according to Malaysian tax laws at the current rate based upon the taxable profit earned during the financial period. Tax on dividend income from foreign equities is based on the tax regime of the respective countries that the Fund invests in.

No deferred tax is recognised as no temporary differences have been identified.

MAYBANK SINGAPORE REITS FUND

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Segment information

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

2.14 Critical accounting estimates and judgments

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Fund's results and financial position are tested for sensitivity to changes in the underlying parameters.

No major judgements have been made by the Manager in applying the Fund's accounting policies. There are no key assumptions concerning the future and other key sources of estimation uncertainty at reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3. NET GAIN ON FOREIGN EXCHANGE AND FORWARD CURRENCY CONTRACTS

| | 13.09.2018 (date of launch) to 31.07.2019 SGD |
|--|---|
| Realised foreign exchange gain | 5,616 |
| Unrealised foreign exchange gain | 6,551 |
| Realised gain on forward contracts (Note 15 (a)(ii)) | 45,227 |
| Unrealised gain on forward contracts (Note 15 (a)(ii)) | 230,558 |
| | <u>287,952</u> |

MAYBANK SINGAPORE REITS FUND

4. MANAGER'S FEE

The Manager's fee is computed on a daily basis at the following rate per annum ("p.a") of the NAV of the Fund before deducting the Manager's fee and Trustee's fee for the particular day.

| Classes of units | Annual management fee (%) |
|------------------|---------------------------|
| MYR Class | 1.20% |
| MYR (Hedged) | 1.20% |
| SGD Class | 1.20% |

The management fee is calculated and accrued daily in the Fund's base currency which is SGD, which is also the Fund's functional currency and paid monthly to the Manager.

5. TRUSTEE'S FEE

The Trustee's fee for financial period computed based on 0.02% p.a. of the NAV of each class, subject to a minimum of RM6,000 p.a. before deducting Manager's fee and Trustee's fee for the day. The Trustee fee is calculated and accrued daily.

6. TAXATION

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable income for the financial period. Dividend income derived from sources outside Malaysia are exempted from Malaysian income tax. However, such income may be subject to tax in the country from which it is derived.

The taxation charge for the financial period is on taxable dividend income derived from countries including Singapore, United States and Europe calculated at the rates prevailing in these countries. In accordance with Schedule 6 of the Income Tax Act 1967, interest income and dividend income earned by the Fund is exempted from Malaysian tax.

A reconciliation of income tax expense applicable to net income before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

| | |
|---|---|
| | 13.09.2018 (date of launch) to 31.07.2019 SGD |
| Net income before taxation | <u>3,152,825</u> |
| Taxation at Malaysian statutory rate of 24% | 756,678 |
| Effects of income not subject to tax | (823,469) |
| Effects of income taxed at source | 45,133 |
| Effects of expenses not deductible for tax purposes | 66,791 |
| Tax expense for the financial period | <u>45,133</u> |

MAYBANK SINGAPORE REITS FUND

7. FINANCIAL ASSETS AT FVTPL

| | | | | 31.07.2019 SGD |
|---|--------------------------|-----------------------------------|---------------------------------|------------------------------------|
| Financial assets at FVTPL | | | | <u>26,203,814</u> |
| 31.07.2019 | Quantity Unit | Aggregate cost SGD | Market value SGD | Percentage of NAV % |
| European Euro ("Euro") | | | | |
| Cromwell European REIT | 694,500 | 516,363 | 539,510 | 1.78 |
| Singapore Dollar ("SGD") | | | | |
| Ascendas India Trust | 414,900 | 562,305 | 585,009 | 1.93 |
| Ascendas Real Estate Investment Trust ("REIT") | 610,900 | 1,800,026 | 1,869,354 | 6.18 |
| Ascott Residence Trust | 239,600 | 289,382 | 313,876 | 1.04 |
| CapitaLand Commercial Trust | 542,600 | 1,117,551 | 1,117,756 | 3.70 |
| CapitaLand Mall Trust | 719,600 | 1,813,733 | 1,885,352 | 6.24 |
| CapitaLand Retail China Trust | 184,100 | 267,950 | 292,719 | 0.97 |
| Frasers Centrepoint Trust | 720,565 | 1,786,168 | 1,880,675 | 6.22 |
| Frasers Commercial Trust | 533,900 | 816,851 | 859,579 | 2.84 |
| Frasers Logistics & Industrial Trust | 430,400 | 479,347 | 516,480 | 1.71 |
| Keppel DC REIT | 1,031,500 | 1,640,186 | 1,763,865 | 5.83 |
| Keppel REIT | 901,600 | 1,083,623 | 1,117,984 | 3.70 |
| Mapletree Commercial Trust | 1,142,900 | 2,297,552 | 2,365,803 | 7.82 |
| Mapletree Industrial Trust | 802,900 | 1,716,299 | 1,806,525 | 5.97 |
| Mapletree Logistics Trust | 793,700 | 1,218,845 | 1,222,298 | 4.04 |
| Mapletree North Asia Commercial Trust | 1,648,700 | 2,280,614 | 2,341,154 | 7.74 |

MAYBANK SINGAPORE REITS FUND

7. FINANCIAL ASSETS AT FVTPL (CONT'D)

| | Quantity Unit | Aggregate cost SGD | Market value SGD | Percentage of NAV % |
|---|-------------------|--------------------------|------------------------|---------------------------|
| 31.07.2019 (cont'd) | | | | |
| SGD (cont'd) | | | | |
| Parkway Life REIT | 93,300 | 262,269 | 285,498 | 0.94 |
| Sasseur REIT | 727,200 | 554,327 | 581,760 | 1.92 |
| SPH REIT | 1,399,000 | 1,435,045 | 1,496,930 | 4.95 |
| Starhill Global REIT | 723,600 | 541,980 | 575,262 | 1.90 |
| Suntec REIT | 619,100 | 1,142,884 | 1,182,481 | 3.91 |
| | <u>14,280,065</u> | <u>23,106,937</u> | <u>24,060,360</u> | <u>79.55</u> |
| United States Dollar ("USD") | | | | |
| Keppel-KBS US REIT | 263,500 | 287,589 | 284,832 | 0.94 |
| Manulife US REIT | 831,800 | 993,774 | 1,012,955 | 3.35 |
| Prime US REIT | 250,000 | 298,584 | 306,157 | 1.01 |
| | <u>1,345,300</u> | <u>1,579,947</u> | <u>1,603,944</u> | <u>5.30</u> |
| Total investments | <u>16,319,865</u> | <u>25,203,247</u> | <u>26,203,814</u> | <u>86.63</u> |
| Unrealised gain on FVTPL investments * | | | <u>1,000,567</u> | |

* The unrealised gain on FVTPL investments comprise the amounts arising from changes in fair values and effects from foreign exchange.

(a) Changes in the fair value of FVTPL investments are recognised in 'unrealised gain/(loss) on FVTPL investments' in the profit or loss. Accumulated unrealised gains or losses are reclassified to 'realised gain on FVTPL investments' in the profit or loss when the associated assets are sold. See accounting policy Note 2.4(ii) for details.

MAYBANK SINGAPORE REITS FUND

8. DERIVATIVE ASSETS

| | Principal amount SGD | <-----Fair Value-----> | |
|--|----------------------------|------------------------|--------------------|
| | | Assets SGD | Liabilities SGD |

Foreign exchange related contracts

31.07.2019

Currency forwards:

| | | | |
|------------------|------------|---------|---|
| Less than 1 year | 19,900,000 | 230,558 | - |
|------------------|------------|---------|---|

As at the reporting date, there were 21 forward exchange contracts outstanding. The notional principal amount of the outstanding forward currency contracts amounted to SGD19,900,000.

The Fund entered into forward currency contracts during the financial period to hedge the foreign currency exposure of the MYR (Hedged) Class based on the features of the Class as disclosed in the Information Memorandum. As the Fund has not adopted hedge accounting during the financial period, the change in the fair value of the forward currency contract is recognised immediately in the statement of comprehensive income, and borne solely by the respective Class (i.e. MYR (Hedged) Class).

9. DEPOSIT WITH A LICENSED FINANCIAL INSTITUTION

31.07.2019
SGD

| | |
|--|------------------|
| Short-term placement with a maturity of less than 3 months | <u>3,735,667</u> |
|--|------------------|

The weighted average effective interest rates ("WAEIR") and average maturity of deposit with a licensed financial institution with maturity of less than 3 months as at the reporting date were as follows:

| | 31.07.2019 | |
|---|-------------------|-----------------------------|
| | WAEPR % p.a. | Average maturity Days |
| Deposit with a licensed financial institution | <u>2.90</u> | <u>1</u> |

MAYBANK SINGAPORE REITS FUND

10. AMOUNT DUE FROM/TO MANAGER

| | Note | 31.07.2019 SGD |
|---|-------|-------------------|
| Amount due from Manager is in respect of: | | |
| Creation of units | (i) | <u>218,496</u> |
| Amount due to Manager is in respect of: | | |
| Cancellation of units | (ii) | 722,756 |
| Manager's fee | (iii) | <u>31,686</u> |
| | | <u>754,442</u> |

- (i) The amount represented amount receivable from the Manager for units created.
- (ii) The amount represented amount payable to the Manager for units cancelled.
- (iii) The amount relates to the amount payable to the Manager arising from the accruals for Manager's fee at the end of the financial period. The normal credit term for Manager's fee is 15 days.

11. CASH AT BANK

The table below indicates the currencies that the Fund have in cash and bank as at the reporting date:

| | 31.07.2019 SGD |
|--------------------------|-------------------|
| Malaysian Ringgit ("RM") | 41,446 |
| SGD | <u>2,365,783</u> |
| | <u>2,407,229</u> |

12. AMOUNT DUE TO TRUSTEE

Amount due to Trustee relates to the amount payable arising from the accruals for Trustee's fee at the end of the financial period. The normal credit term for Trustee's fee is 15 days.

13. AMOUNT DUE TO BROKER

Amount due to broker relates to the amount payable to a broker arising from the purchase of investments. The settlement period for these payables are within 3 working days from the deal date.

MAYBANK SINGAPORE REITS FUND

14. OTHER PAYABLES AND ACCRUALS

| | 31.07.2019 |
|--------------------------|-------------------|
| | SGD |
| Due to external auditors | 3,444 |
| Due to tax agents | 1,347 |
| | <u>4,791</u> |

15. TOTAL EQUITY

| | Note | 31.07.2019 |
|-------------------------------|-------------|-------------------|
| | | SGD |
| Unitholders' capital | (a) | 28,373,037 |
| Accumulated realised income | (b) | 624,901 |
| Accumulated unrealised income | (c) | 1,236,842 |
| | | <u>30,234,780</u> |

(a) Unitholders' capital

The units are distributed based on the following share classes:

| | 31.07.2019 | |
|-------------------------|-------------------|-------------------|
| | Units | SGD |
| (i) MYR Class | 13,718,334 | 4,826,922 |
| (ii) MYR (Hedged) Class | 57,987,436 | 19,911,137 |
| (iii) SGD Class | 3,450,365 | 3,634,978 |
| | <u>75,156,135</u> | <u>28,373,037</u> |

(i) MYR Class

| | 13.09.2018 | |
|---|-------------------------|------------------|
| | (date of launch) | |
| | to | |
| | 31.07.2019 | |
| | Units | SGD |
| As at beginning of the financial period | - | - |
| Creation of units | 19,872,756 | 7,206,412 |
| Cancellation of units | (6,154,422) | (2,287,549) |
| Distribution equalisation (Note 16 (i)) | - | (91,941) |
| As at end of the financial period | <u>13,718,334</u> | <u>4,826,922</u> |

MAYBANK SINGAPORE REITS FUND

15. TOTAL EQUITY (CONT'D)

(a) Unitholders' capital (cont'd)

| | 13.09.2018 (date of launch) to 31.07.2019 | |
|--|--|-------------------|
| | Units | SGD |
| (ii) MYR (Hedged) Class | | |
| As at beginning of the financial period | - | - |
| Creation of units | 94,834,370 | 33,805,546 |
| Cancellation of units | (36,846,934) | (13,668,189) |
| Distribution equalisation (Note 16 (ii)) | - | (226,220) |
| As at end of the financial period | <u>57,987,436</u> | <u>19,911,137</u> |

The Fund is a multi-class Fund. The impact of the exchange rate movement between the SGD and MYR may result in the appreciation or depreciation of the unitholders investments in the Fund expressed in MYR. MYR (Hedged) Class represents a Class denominated in MYR which seeks to reduce the effect of currency fluctuations between the currency of the Class and the base currency of the Fund by entering into forward currency contracts to hedge the foreign currency exposure of this Class. See Note 8 of the financial statements for further details.

(iii) SGD Class

| | | |
|---|------------------|------------------|
| As at beginning of the financial period | - | - |
| Creation of units | 4,511,503 | 4,915,183 |
| Cancellation of units | (1,061,138) | (1,211,194) |
| Distribution equalisation (Note 16 (iii)) | - | (69,011) |
| As at end of the financial period | <u>3,450,365</u> | <u>3,634,978</u> |

As at the end of the financial period, the total number and value of units held legally or beneficially by the Manager are as follows:

| | 31.07.2019 | |
|----------------------------------|--------------------|----------------------|
| | No of units | Valued at NAV |
| The Manager (MYR Class) | <u>1,000</u> | <u>1,104</u> |
| The Manager (MYR (Hedged) Class) | <u>1,000</u> | <u>1,113</u> |
| The Manager (SGD Class) | <u>1,000</u> | <u>1,108</u> |

In the opinion of the Manager, the above units were transacted at the prevailing market price. Other than the above, there were no other units held by the Manager or parties related to the Manager.

MAYBANK SINGAPORE REITS FUND

15. TOTAL EQUITY (CONT'D)

(b) Accumulated realised income

13.09.2018
(date of launch)
to
31.07.2019
SGD

| | |
|--|----------------|
| As at beginning of the financial period | - |
| Net realised income for the financial period | 1,870,850 |
| Distributions out of retained earnings | (1,245,949) |
| As at end of the financial period | <u>624,901</u> |

(c) Accumulated unrealised income

| | |
|--|------------------|
| As at beginning of the financial period | - |
| Net unrealised gain for the financial period | 1,236,842 |
| As at end of the financial period | <u>1,236,842</u> |

(d) Classes of shares

(i) Types of classes of units

The Fund issues cancellable units, in three classes of units as detailed below:

| Classes of units | Currency denomination | Categories of investors | Distribution policy |
|--------------------|-----------------------|-------------------------|------------------------|
| MYR Class | RM | Institutional | Distribution of income |
| MYR (Hedged) Class | RM | Institutional | Distribution of income |
| SGD Class | SGD | Institutional | Distribution of income |

There are different charges and features for each class as follows:

- (a) Initial investments for each class
- (b) Additional investments
- (c) Minimum holdings
- (d) Transfer, switching and conversion charges for each class
- (e) Hedging strategy (See Note 15 (a)(ii))

(ii) NAV computation

The computation of NAV of the Fund is based on the Fund's functional currency, SGD, irrespective of the multiple classes of units (denominated in other currencies). Due to multiple classes in this Fund, the non-class designated income and expenses incurred by the Fund are apportioned based on the multi-class ratio, which is the size of the respective class relative to the whole Fund. The Fund's NAV per unit of respective classes is calculated by dividing the net assets attributable to members of respective classes with the total number of outstanding units of respective classes.

MAYBANK SINGAPORE REITS FUND

15. TOTAL EQUITY (CONT'D)

(d) Classes of shares (cont'd)

(iii) Redemption of units by unitholders

These units are redeemable at the unitholder's option. Redeemable units can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV of respective classes. The outstanding units are carried at the redemption amount that is payable at the date of the statement of financial position if the unitholder exercises the right to put back the unit to the Fund.

There is no restriction on the putting of the units back to the Fund (i.e. redemption), subject to the minimum redemption amount of units of each class and the minimum unit holding for each class. If the unit holdings of a unitholder are, after a redemption request, falls below the minimum unit holdings for the Fund, a request for full redemption is deemed to have been made.

16. DISTRIBUTION

The sources of distribution declared for the various classes of units are as follows:

| | 13.09.2018 (date of launch) to 31.07.2019 SGD |
|---|--|
| (i) MYR Class | |
| Dividend income | 64,068 |
| Interest income | 4,215 |
| Net realised gain on sale of investments | 143,161 |
| Less: Expenses | (26,089) |
| Less: Taxation | (4,464) |
| Distribution out of realised reserve | <u>180,891</u> |
| Distribution out of distribution equalisation (Note 15 (a) (i)) | 91,941 |
| Distribution for the financial period | <u>272,832</u> |
| Gross distribution per unit (sen) | 6.10 |
| Net distribution per unit (sen) | 6.00 |
| Distribution date | 31/7/2019 |

MAYBANK SINGAPORE REITS FUND

16. DISTRIBUTION (CONT'D)

13.09.2018
(date of launch)
to
31.07.2019
SGD

(ii) MYR (Hedged) Class

| | |
|--|------------------|
| Dividend income | 328,934 |
| Interest income | 21,642 |
| Net realised gain on sale of investments | 735,005 |
| Less: Expenses | (136,555) |
| Less: Taxation | (21,979) |
| Distribution out of realised reserve | <u>927,047</u> |
| Distribution out of distribution equalisation (Note 15 (a) (ii)) | 226,220 |
| Distribution for the financial period | <u>1,153,267</u> |
| | |
| Gross distribution per unit (sen) | 6.10 |
| Net distribution per unit (sen) | 6.00 |
| Distribution date | 31/7/2019 |

(iii) SGD Class

| | |
|---|----------------|
| Dividend income | 49,800 |
| Interest income | 3,277 |
| Net realised gain on sale of investments | 111,279 |
| Less: Expenses | (22,724) |
| Less: Taxation | (3,621) |
| Distribution out of realised reserve | <u>138,011</u> |
| Distribution out of distribution equalisation (Note 15 (a) (iii)) | 69,011 |
| Distribution for the financial period | <u>207,022</u> |
| | |
| Gross distribution per unit (SGD cent) | 6.10 |
| Net distribution per unit (SGD cent) | 6.00 |
| Distribution date | 31/7/2019 |

MAYBANK SINGAPORE REITS FUND

17. TRANSACTIONS WITH BROKERS/DEALERS/FINANCIAL INSTITUTIONS

Transactions with the brokers/dealers in terms of trade values for the current financial period from 13 September 2018 (date of launch) to 31 July 2019 are as follows:

| | Value of trade SGD | Percentage of trade % | Brokerage fees SGD | Percentage of brokerage fees % |
|---|--------------------------|-----------------------------|--------------------------|---|
| CLSA Ltd | 5,971,927 | 9.59 | 11,919 | 15.01 |
| Maybank Investment Bank Bhd ("MIBB") | 56,272,585 | 90.41 | 67,494 | 84.99 |
| | <u>62,244,512</u> | <u>100.00</u> | <u>79,413</u> | <u>100.00</u> |

* MIBB is a subsidiary of MBB, the ultimate holding company of the Manager.

Transactions with the financial institution in terms of trade values are as follows:

| 13.09.2018 (date of launch) to 31.07.2019 | Value of placements | |
|--|---------------------|---------------|
| | SGD | % |
| Malayan Banking Bhd ("MBB")** | <u>344,158,747</u> | <u>100.00</u> |

** MBB is a related party of the Manager.

18. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES

For the purpose of these financial statements, parties are considered to be related to the Fund or the Manager if the Fund or the Manager has the ability directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Fund or the Manager and the party are subject to common control or common significant influence. Related parties maybe individuals or other entities. In addition to the related party information disclosed elsewhere in the financial statements, the following is the significant related party transaction and balances of the Fund during the financial period.

(i) Significant related party transaction

| | 13.09.2018 (date of launch) to 31.07.2019 SGD |
|--|---|
| <u>MBB:</u> Interest income from deposits | <u>43,745</u> |

MAYBANK SINGAPORE REITS FUND

18. SIGNIFICANT RELATED PARTY TRANSACTION AND BALANCES (CONT'D)

(ii) Significant related party balances

31.07.2019
SGD

MBB:

| | |
|--|------------------|
| Deposits with a licensed financial institution | <u>3,735,667</u> |
|--|------------------|

The Manager is of the opinion that the transactions with the related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

19. MANAGEMENT EXPENSE RATIO

The MER of the Fund is the ratio of the sum of fees and expenses incurred by the Fund to the average NAV of the Fund calculated on a daily basis. The fees and expenses include Manager's fee, Trustee's fee, auditor's remuneration, tax agent's fee and other administrative expenses. For the financial period from 13 September 2018 (date of launch) to 31 July 2019, the MER of the Fund stood at 1.09%.

20. PORTFOLIO TURNOVER RATIO

The PTR of the Fund is the ratio of average acquisitions and disposals of the Fund for the financial period to the average NAV of the Fund calculated on a daily basis. For the financial period from 13 September 2018 (date of launch) to 31 July 2019, the PTR of the Fund stood at 1.94 times.

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(a) Classification of financial instruments

The Fund's financial assets and financial liabilities were measured on an ongoing basis at either fair value or at amortised cost based on their respective classifications. The significant accounting policies in Note 2.3 to Note 2.14 to the financial statements describe how the classes of financial instruments are measured and how income and expenses are recognised.

The following table analyses the financial assets and liabilities (excluding tax-related matters) of the Fund in the statement of financial position as at the reporting date by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

MAYBANK SINGAPORE REITS FUND

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

(a) Classification of financial instruments (cont'd)

| 31.07.2019 | Financial assets at FVTPL SGD | Financial assets at amortised cost SGD | Financial liabilities at amortised cost SGD | Total SGD |
|--|--|--|---|-------------------|
| Financial assets | | | | |
| Financial assets at FVTPL | 26,203,814 | - | - | 26,203,814 |
| Derivative assets | 230,558 | - | - | 230,558 |
| Dividend receivable | - | 188,644 | - | 188,644 |
| Interest receivable | - | 297 | - | 297 |
| Dividend receivable | - | 188,644 | - | - |
| Amount due from managers | - | 218,496 | - | 218,496 |
| Deposit with a licensed financial institution | - | 3,735,667 | - | 3,735,667 |
| Cash at bank | - | 2,407,229 | - | 2,407,229 |
| Total financial assets | 26,434,372 | 6,738,977 | - | 32,984,705 |
| Financial liabilities | | | | |
| Amount due to Manager | - | - | 754,442 | 754,442 |
| Amount due to Trustee | - | - | 529 | 529 |
| Amount due to brokers | - | - | 357,042 | 357,042 |
| Other payables and accruals | - | - | 4,791 | 4,791 |
| Total financial liabilities | - | - | 1,116,804 | 1,116,804 |

(b) Financial instruments that are carried at fair value

The fair value of quoted investments in REITs are determined by reference to the last bid price on the relevant stock exchanges (e.g. Singapore Exchange and New York Stock Exchange) as at the statement of financial position date.

(c) Fair value hierarchy

The Fund uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

MAYBANK SINGAPORE REITS FUND

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES (CONT'D)

(c) Fair value hierarchy (cont'd)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value:

| | Level 1 SGD | Level 2 SGD | Level 3 SGD | Total SGD |
|---------------------------|----------------|----------------|----------------|--------------|
| 31.07.2019 | | | | |
| Financial assets at FVTPL | 26,203,814 | - | - | 26,203,814 |
| Derivative assets | - | 230,558 | - | 230,558 |

(d) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

Other than its investments at FVTPL, the Fund's financial instruments were not carried at fair value but their carrying amounts were reasonable approximations of fair value due to their short-term maturity.

21. SEGMENTAL REPORTING

The chief operating decision-maker of the Manager makes the strategic decisions on the resources allocation of the Fund. The decisions are based on an integrated investment strategy to ensure the Fund achieve its targeted return with an acceptable level of risk within the portfolio.

The chief operating decision-maker is responsible for the performance of the Fund by investing a minimum of 70% of its NAV into a basket of listed SREITs. These includes but are not limited to initial public offer of SREITs which are to be listed on the Singapore stock exchange. The balance of 30% of the Fund's NAV will be invested in liquid asset which include but are not limited to fixed deposit and money market instruments. Also, up to 20% of the Fund's NAV may be invested in REIT listed on other stock exchanges.

The internal reporting for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of MFRS and IFRS.

MAYBANK SINGAPORE REITS FUND

22. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

(a) Introduction

The Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring of risks.

Financial risk management is also carried out through sound internal control systems and adherence to the investment restrictions as stipulated in the Deed, SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework and CMSA.

(b) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as equity prices. The maximum risk resulting from financial instruments equals their fair value. The market risk is managed through consistent monitoring and swift response to various factors that may adversely affect the Fund.

(i) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Fund's investments in quoted equity securities. This risk can be minimised through investing in a wide range of companies in different sectors, which function independently from one another.

Equity price risk concentration

The Fund's exposure to equity price risk based on its portfolio of investments as at the reporting date is disclosed in Note 7 to the financial statements.

Equity price risk sensitivity

Management's best estimate of the effect on the Fund's NAV due to a reasonable change in equity index, with all other variables held constant is indicated in the table below. The impact to NAV and net loss after taxation is expected to be the same.

| | 31.07.2019 | |
|-----------------|------------------------------------|---|
| | Changes in equity price % | Effects on NAV Increase/ (decrease) SGD |
| Quoted equities | + 5 | 1,310,191 |
| | - 5 | (1,310,191) |

MAYBANK SINGAPORE REITS FUND

22. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The base currency of the Fund is SGD. As the investments of the Fund may be denominated in currencies other than the base currency, any fluctuation in the exchange rate between SGD and the currencies in which the Fund's investments are denominated in may have an impact on the fair value of the Fund's quoted equities. If the currencies in which the investments are denominated depreciate against the base currency, this will have an adverse effect on the NAV of the Fund in the base currency and vice versa. Any gains or losses arising from the fluctuation in the exchange rate may further increase or decrease the returns of the investment and of the Fund.

The table below analyses the net positions of the Fund's financial assets and financial liabilities (excluding derivative assets and liabilities) which are exposed to foreign exchange risk as at 31 July 2019. As the Fund's functional currency is SGD, the financial assets and financial liabilities (excluding derivative assets and liabilities) in other currencies are exposed to the movement of foreign exchange rates. The exposure might lead to the appreciation or depreciation of the financial assets and financial liabilities of the Fund that may affect the value of the NAV attributable to unitholders.

| | MYR SGD | USD SGD | EUR SGD | TOTAL SGD |
|---|---------------|------------------|----------------|------------------|
| 31.07.2019 | | | | |
| Financial assets | | | | |
| Financial assets at FVTPL | - | 1,603,944 | 539,510 | 2,143,454 |
| Dividend receivables | - | 8,676 | 21,686 | 30,362 |
| Cash at bank | 41,446 | - | - | 41,446 |
| Total financial assets | 41,446 | 1,612,620 | 561,196 | 2,215,262 |
| Net on-balance sheet open position | | | | |
| | 41,446 | 1,612,620 | 561,196 | 2,215,262 |

The Fund did not hedge its exposure to financial assets and financial liabilities denominated in foreign currencies.

MAYBANK SINGAPORE REITS FUND

22. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Currency risk (cont'd)

The table below summarises the sensitivity of the Fund's net on-balance sheet open position (excluding derivative assets and derivative liabilities) to movements in exchange rates. The analysis is based on the assumptions that the exchange rates will increase or decrease by 5% with all other variables held constant.

| | Changes in price % | Effects on NAV Increase/ (Decrease) SGD |
|-------------------|--------------------------|---|
| 31.07.2019 | | |
| MYR/SGD | +5 | 2,072 |
| | -5 | (2,072) |
| | | <hr/> |
| USD/SGD | +5 | 80,631 |
| | -5 | (80,631) |
| | | <hr/> |
| EUR/SGD | +5 | 28,060 |
| | -5 | (28,060) |
| | | <hr/> |

(d) Credit risk

Credit risk is the risk that the issuer/counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund is exposed to the risk of credit-related losses that can occur as a result of an issuer/counterparty's inability or unwillingness to honour its contractual obligations to make timely repayments of interest, principal and proceeds from realisation of investments. These credit exposures exist within financing relationships and other transactions.

The Manager manages the Fund's credit risk by undertaking credit evaluation and close monitoring of any changes to the issuer/counterparty's credit profile to minimise such risk. It is the Fund's policy to enter into financial instruments with reputable counterparties. The Manager also closely monitors the creditworthiness of the Fund's counterparties (e.g., brokers, custodian, banks, etc.) by reviewing their credit ratings and credit profile on a regular basis.

(i) Credit risk exposure

At the reporting date, the Fund's maximum exposure to credit risk is represented by the carrying amount of each class of financial asset recognised in the statement of financial position.

None of the Fund's financial assets were past due or impaired as at the reporting date.

MAYBANK SINGAPORE REITS FUND

22. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

(ii) Credit quality of financial assets

The Fund maintains its cash at bank, deposit with a licensed financial institutions and interest receivables with a financial institution with 'AAA' rating. The rating is obtained from RAM Holdings Bhd's official website.

(e) Liquidity risk

Liquidity risk is defined as the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Exposure to liquidity risk arises because of the possibility that the Fund could be required to pay its liabilities or redeem its units earlier than expected. The Fund is exposed to cash redemptions of its units on a regular basis. Units sold to unitholders by the Manager are redeemable at the unitholders' option based on the Fund's NAV per unit at the time of redemption calculated in accordance with the Fund's Deed.

The Manager's policy is to always maintain a prudent and sufficient level of liquid assets so as to meet normal operating requirements and expected redemption requests by unitholders. Liquid assets comprise of cash, deposits with financial institutions and other instruments which are capable of being converted into cash within 7 days.

The following table summarises the maturity profile of the Fund's financial liabilities. Balances due within twelve months equal their carrying amounts, as the impact of discounting is insignificant.

MAYBANK SINGAPORE REITS FUND

22. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Liquidity risk (cont'd)

| 31.07.2019 | Less than 1 month SGD | More than 1 month SGD | Total SGD |
|--|--------------------------------------|--------------------------------------|----------------------|
| Financial assets | | | |
| Financial assets at FVTPL | 26,203,814 | - | 26,203,814 |
| Derivative assets | - | 230,558 | 230,558 |
| Deposits with a licensed financial institution | 3,735,667 | - | 3,735,667 |
| Dividend receivable | 168,275 | 20,369 | 188,644 |
| Interest receivable | 297 | - | 297 |
| Amount due from Manager | 218,496 | - | 218,496 |
| Cash at bank | 2,407,229 | - | 2,407,229 |
| Total undiscounted financial assets | <u>32,733,778</u> | <u>250,927</u> | <u>32,984,705</u> |
| Financial liabilities and unitholders' equity | | | |
| Amount due to Manager | 754,442 | - | 754,442 |
| Amount due to Trustee | 529 | - | 529 |
| Amount due to broker | 357,042 | - | 357,042 |
| Distributions payable | 1,633,121 | - | 1,633,121 |
| Other payables and accruals | 4,791 | - | 4,791 |
| Unitholders' equity | 30,234,780 | - | 30,234,780 |
| Total undiscounted financial liabilities and unitholders' equity | <u>32,984,705</u> | <u>-</u> | <u>32,984,705</u> |
| Liquidity (gap)/surplus | <u>(250,927)</u> | <u>250,927</u> | <u>-</u> |

Notes:

(i) Financial assets

Analysis of financial assets at FVTPL and deposits into maturity groupings is based on the expected date on which these assets will be realised. The Fund's quoted equities have been included in the "less than 1 month" category on the assumption that these are highly liquid investments which can be realised should all of the Fund's unitholders' capital be required to be redeemed. The other assets shall not comprise of tax recoverable in view that it is not a financial asset. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date on which the assets will be realised.

MAYBANK SINGAPORE REITS FUND

22. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Liquidity risk (cont'd)

(ii) Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

(iii) Unitholders' capital

The unitholders can request for redemption on their units by giving the Manager a T + 10 calendar day notice period, the unitholders' capital have been categorised as having a maturity of "less than 1 month".

As a result, it appears that the Fund has a liquidity gap within "less than 1 month". However, the Fund believes that it would be able to liquidate its investments should the need arise to satisfy all the redemption requirements.

As at 31 July 2019, the Fund did not have any liquidity gap / surplus.

23. CAPITAL MANAGEMENT

The capital of the Fund can vary depending on the demand for redemptions and subscriptions to the Fund.

The Fund's objectives for managing capital are:

- (a) To invest in investments meeting the description, risk exposure and expected returns indicated in its Information Memorandum;
- (b) To achieve consistent returns while safeguarding capital by using various investment strategies;
- (c) To maintain sufficient liquidity to meet the expenses of the Fund, and to meet redemption requests as they arise; and
- (d) To maintain sufficient fund size to ensure that the operations of the Fund are cost-efficient.

24. COMPARATIVE

There are no comparative figures presented as this is the Fund's first set of audited financial statements since the Fund was launched on 13 September 2018.