



AIMS APAC REIT MANAGEMENT LIMITED

As Manager of AIMS APAC REIT
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Media Release

AIMS APAC REIT maintains stable DPU of 2.50 cents in 2Q FY2020

Singapore, 5 November 2019 – AIMS APAC REIT Management Limited (the Manager) as manager of AIMS APAC REIT (AA REIT) today announced a Distribution Per Unit (DPU) of 2.50 cents, with a total distributable income of S\$17.4 million for the second quarter ended 30 September 2019 (2Q FY2020).

Gross revenue of S\$30.6 million was stable compared to the preceding quarter ending 30 June 2019 (1Q FY2020), mainly due to maiden rental contribution from the recently acquired Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia, and higher rental and recoveries at 8 Tuas Avenue 20 and 1 Bukit Batok Street 22. The increase was offset by lower rental and recoveries for the properties at 20 Gul Way, 27 Penjuru Lane and 30 Tuas West Road.

Net property income for the quarter stood at S\$22.5 million, or S\$0.5 million lower than the preceding quarter, due to higher property operating expenses.

The Manager's Chief Executive Officer, Koh Wee Lih, said, "Our strategy of active portfolio management has delivered another quarter of stable distribution despite the challenging operating environment. This quarter we successfully completed the strategic acquisition of Boardriders Asia Pacific HQ and continued to progress the asset enhancement initiative at NorthTech. We will continue to pursue opportunities to grow the portfolio, unlock value and future-proof AA REIT, in line with our strategy."

During the quarter, the Manager successfully executed 27 new and renewal leases representing 65,450 sqm (10.1% of total net lettable area). Portfolio occupancy decreased slightly to 92.2%, as compared to 94.4% in the preceding quarter mainly due to the transition of master leases to multi-tenancy leases at some properties.

The Manager also announced the completion of the Boardriders Asia Pacific HQ acquisition on 15 July 2019, resulting in revenue contribution from the property for part of 2Q FY2020.

In addition, on 18 July 2019, the Manager announced it had successfully secured a master tenant for the 3 Tuas Avenue 2 property which is currently under redevelopment. The master tenant, a global medical device company with headquarters in USA, will occupy the entire premises and has committed to a 10-year master lease on a triple net lease basis with an

initial net property income yield of 7.3%¹ with rental escalations every two years. The redevelopment is expected to complete in the first half of 2020.

The Manager remains on track to complete its asset enhancement initiative (AEI) for NorthTech, at 29 Woodlands Industrial Park E1 by the end of 2019. Following the AEI, NorthTech will be a high-technology industrial property offering tenants a modern and energy efficient facility.

On 16 October 2019, AA REIT's sponsor, AIMS Financial Group, announced it had exercised its call option and undertaken a secondary placement in relation to its 70.3 million Units in AA REIT. The Units were mostly placed to high quality institutional and sovereign wealth investors across Asia Pacific and Europe, with the intention of diversifying the investor base, enhancing the investor profile, and improving the trading liquidity of the Units of AA REIT. AIMS Financial Group reaffirms its long-term commitment to AA REIT, and will continue to strive to deliver sustainable and stable long-term returns to Unitholders.

In October 2019, S&P Global Ratings reaffirmed AA REIT's "BBB-" investment grade rating with a stable outlook.

Key highlights for 2Q FY2020 are:

- DPU of 2.50 cents for the quarter;
- Stable gross revenue of S\$30.6 million, comparable to 1Q FY2020;
- Net property income was S\$22.5 million, marginally lower by S\$0.5 million compared to 1Q FY2020 mainly due to higher property operating expenses;
- Executed 27 new and renewal leases representing 65,450 sqm (10.1% of total net lettable area);
- Achieved portfolio occupancy of 92.2%, above JTC industry average of 89.3% for 3Q 2019;
- Completed the acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia, for A\$38.46 million with a headline yield of 7.8% on 15 July 2019; and
- Secured a master tenant at 3 Tuas Avenue 2 on 18 July 2019 for the entire premises of 268,000 sqft, on a 10-year lease on a triple net lease basis.

For 2Q FY2020, the Manager achieved the following financial performance metrics:

- 75.3% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes;
- Weighted average debt maturity of 2.3 years. AA REIT has undrawn committed facilities to repay the S\$30.0 million fixed rate notes maturing in December 2019;
- Aggregate leverage as at 30 September 2019 is at 35.4%; and
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.5%.

¹ Based on estimated project development cost (including land cost).

Outlook

Based on advanced estimates from the Ministry of Trade and Industry, on a quarter-on-quarter seasonally-adjusted annualised basis, the Singapore economy expanded by 0.6% in the third quarter of 2019 as compared to the 2.7% contraction in the preceding quarter, narrowly avoiding a technical recession. The Singapore economy growth for 2019 is expected to weaken, after taking into account the economic environment as well as its performance in the first half of 2019. The manufacturing sector is likely to continue to face strong headwinds for the rest of the year, in tandem with the subdued outlook of Singapore's key final demand markets, including the US, Eurozone and regional economies.

There remain several uncertainties and downside risks which continue to cloud the global economy. Such risks include the unresolved US-China trade tensions which would have the most impact on US, China and the highly trade-dependent ASEAN economies, as well as the continuing UK Brexit uncertainties which could continue to pose risks to growth in the EU.

Negative developments on these issues could cause further disruptions to global supply chains and the Singapore economy would likely be impacted due to its dependence on trade and manufacturing activities. However, as it is a regional hub, Singapore could potentially benefit from businesses reassessing their supply chains and sourcing locations.

Against this external backdrop, the Manager remains focused on anticipating and adapting to changes by building a diversified and resilient portfolio through unlocking organic growth and strategic acquisitions to ensure the creation of sustainable, long-term value for Unitholders.

Summary of AIMS APAC REIT Group results

	2Q FY2020	1Q FY2020	+/(-)	2Q FY2019	+/(-)	1H FY2020	1H FY2019	+/(-)
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	30,595	30,589	<0.1	29,416	4.0	61,184	58,341	4.9
Net property income	22,490	22,941	(2.0)	19,292	16.6	45,431	38,723	17.3
Share of results of joint venture (net of tax)	6,035	3,374	78.9	3,549	70.0	9,409	6,888	36.6
Distributions to Unitholders ⁽¹⁾	17,422	17,371	0.3	17,139	1.7	34,793	34,278	1.5
Distribution per Unit ("DPU") (cents)	2.50	2.50	-	2.50	-	5.00	5.00	-

Note:

- (1) The Manager resolved to distribute S\$17.4 million for 2Q FY2020, comprising (i) taxable income of S\$16.0 million from Singapore operations; and (ii) tax-exempt income distribution of S\$1.0 million and capital distribution of S\$0.4 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia and Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia. AA REIT's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 2Q FY2020, the Manager has resolved to distribute 97.9% of the Singapore taxable income available for distribution to the Unitholders.

Distribution and Books Closure Date

Distribution	For 1 July 2019 to 30 September 2019
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution ²
Distribution Rate	(a) Taxable Income Distribution: 2.30 cents per Unit (b) Tax-Exempt Income Distribution: 0.15 cents per Unit (c) Capital Distribution ² : <u>0.05 cents per Unit</u> <u>2.50 cents per Unit</u>
Books Closure Date	13 November 2019
Payment Date	20 December 2019

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² This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia and Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia.

Important Notice

The value of units of AIMS APAC REIT (“**AA REIT**”) (“**Units**”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, AIMS APAC REIT Management Limited (“**Manager**”), or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of AA REIT may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of AA REIT is not necessarily indicative of the future performance of AA REIT.

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

About AIMS APAC REIT (www.aimsapacreit.com)

Managed by the Manager, AA REIT was established with the principal investment objective of owning and investing in a diversified portfolio of income-producing industrial real estate located throughout the Asia Pacific that is used for industrial purposes, including, but not limited to warehousing and distribution activities, business park activities and manufacturing activities. AA REIT’s existing portfolio consists of 27 industrial properties, of which 25 properties are located throughout Singapore, a property located in Gold Coast, Queensland, Australia and a 49.0% interest in one business park property, Optus Centre, which is located in Macquarie Park, New South Wales, Australia with an estimated total value of approximately S\$1.5 billion as at 30 September 2019.

About AIMS Financial Group (www.aims.com.au)

AIMS Financial Group (“**AIMS**”) is the sole sponsor of AA REIT. Established in 1991, AIMS is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, venture capital, stock broking and high-tech investment. AIMS is also a strategic investor in the Sydney Stock Exchange.

AIMS has raised funds from capital markets and issued residential mortgage-backed securities, predominantly rated AAA by both Standard & Poor’s and Fitch Ratings. AIMS has also attracted a number of international investors into the Australian markets and is the investment manager for various funds.

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