AIMS APAC REIT MANAGEMENT LIMITED

As Manager of AIMS APAC REIT
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Media Release

AIMS APAC REIT maintains
DPU of 2.50 cents in 3Q FY2020

Singapore, 31 January 2020 – 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$17.6 million for the third quarter ended 31 December 2019 (3Q FY2020).

Gross revenue of S$29.5 million was S$1.1 million lower when compared to the preceding quarter ended 30 September 2019 (2Q FY2020), mainly due to the conversion from master leases to multi-tenancy leases at certain properties, as well as lower rental and recoveries at 20 Gul Way and 15 Tai Seng Drive. The decrease was partially offset by the full quarter rental contribution from the recently acquired Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia.

Net property income (NPI) for 3Q FY2020 rose by S$0.6 million from the preceding quarter to S$23.1 million, mainly due to lower property operating expenses[1] which was partially offset by lower gross revenue. As a result, NPI margin increased to 78.5% in 3Q FY2020 compared to 73.5% in 2Q FY2020.

The Manager's Chief Executive Officer, Koh Wee Lih, said, "We are pleased to deliver another quarter of stable returns, with our Unitholders receiving DPU of 7.50 cents for the year to date.

"The consistent distributions are a testament to our strategy of active portfolio management, which has seen the completion of the base contract for our asset enhancement initiative (AEI) at NorthTech, and property redevelopment at 3 Tuas Avenue 2 earlier this month.

"During the quarter, we secured a new lease with Optus Administration Pty Limited (Optus) for an additional 12-year term from 1 July 2021. This was a significant outcome following an extensive period of negotiations and collaboration between AIMS Financial Group as sponsor, the Manager and Optus, highlighting AA REIT's ability to foster strong relationships with our partners and tenants."

During the quarter, the Manager successfully executed 21 new and renewal leases representing 81,196 sqm (12.6% of total net lettable area). Portfolio occupancy decreased to

[1] The lower operating expenses are due to a property tax refund for 20 Gul Way.

89.4%, as compared to 92.2% in the preceding quarter mainly due to the transition of master leases to multi-tenancy leases at 1A International Business Park and 20 Gul Way.

On 25 November 2019, the Manager announced the execution of a new agreement for lease with the existing master tenant Optus, for a further 12-year term at the Optus Centre property in Macquarie Park, New South Wales, Australia. The new lease will commence from 1 July 2021 following the completion of an AEI, to cater to Optus' evolving requirements. The estimated net property income for the first year of the new lease is approximately A$28.3 million. Average net property income over the 12-year lease term, taking into consideration rental escalation, is projected to be approximately A$36.5 million per year. The implied value of AA REIT's 49% share in Optus Centre, based on the valuation of A$570.0 million[2] is A$279.3 million upon the execution of the agreement for lease (after taking into account the lease incentives and AEI works).

On 2 January 2020, the Manager announced that the base contract for the AEI for NorthTech, was completed within budget. Following the enhancement works, tenants are provided a high-tech, light industrial building that is modern and energy and water efficient, seeing an increase to the property's value to S$116.5 million[3]. During the AEI, the property's rental income was not affected as the property remained operational while the upgrades were being carried out.

Furthermore, the Manager announced the completion of the redevelopment project at 3 Tuas Avenue 2 and the issuance of the Temporary Occupation Permit (TOP) for the property on 10 January 2020, in line with the project's expected completion. The design-and-build redevelopment transformed the asset into a modern and versatile ramp-up industrial facility suitable for production and storage. The master tenant, a global medical device company, will occupy the entire premises under the initial 10-year master lease. The estimated project development costs (including land value and other transaction costs) of S$45.2 million is S$3.0 million lower than the initial estimate of S$48.2 million. The property's value upon the completion of the redevelopment is S$51.8 million[4].

Key highlights for 3Q FY2020 are:

- DPU of 2.50 cents for the quarter;
- Gross revenue of S$29.5 million;
- NPI for the quarter rose to S$23.1 million, or S$0.6 million higher than 2Q FY2020;
- Executed 21 new and renewal leases representing 81,196 sqm (12.6% of total net lettable area);
- Achieved portfolio occupancy of 89.4%, slightly above JTC industrial average of 89.2% for 4Q 2019;
- Secured an additional 12-year term lease with existing master tenant Optus at the Optus Centre property in Macquarie Park, New South Wales, Australia;
- Completion of the AEI base works for NorthTech, increasing property's value to S$116.5 million; and

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[2] Based on Knight Frank NSW Valuations & Advisory Pty Ltd's valuation dated 25 November 2019 on an "as-is" basis for 100% interest of the asset.

[3] Based on Savills Valuation And Professional Services (S) Pte Ltd's valuation dated as at 2 January 2020. Prior to the AEI, the property was valued at S$102.0 million as at 31 March 2018 by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

[4] Based on Savills Valuation and Professional Services (S) Pte Ltd's valuation dated 10 January 2020.

- Completion of the redevelopment project at 3 Tuas Avenue 2 and the issuance of the Temporary Occupation Permit (TOP).

For 3Q FY2020, the Manager achieved the following financial performance metrics:

- 79.5% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes;
- Weighted average debt maturity of 2.7 years (increased from 2.3 years from the preceding quarter following the issuance of S$100.0 million 5-year fixed rate notes at 3.60% in November 2019);
- Aggregate leverage as at 31 December 2019 is at 35.2%; and
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.5%.

Outlook

Based on advance estimates from the Ministry of Trade and Industry, on a quarter-on-quarter seasonally-adjusted annualised basis, the Singapore economy expanded at a slower pace of 0.1% in the fourth quarter of 2019, compared to 2.4% growth the preceding quarter. This took the full year economic growth for 2019 to 0.7%. Taking into account the growth outlook for Singapore's key final demand markets and the projected recovery in the global electronics cycle in 2020, the Singapore economy is expected to grow by 0.5% to 2.5% in 2020.

There remain a number of uncertainties which continue to cloud the global economy. The recent evolving respiratory illness outbreak caused by a novel coronavirus with cases reported in international locations, including Singapore, poses a serious public health threat which may lead to further restriction of business activities in the affected economies. Notwithstanding the signing of a partial "Phase One" US-China trade deal, US-China trade tensions remain a source of risk, which would have the most impact on US and China and will also impact the highly trade-dependent ASEAN economies. In addition, continued uncertainties around any negotiations between the UK and EU during the transition period after the Brexit withdrawal date could continue to pose risks to growth in the UK and 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, being 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 these 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

	3Q FY2020	2Q FY2020	+/(-)	3Q FY2019	+/(-)	YTD FY2020	YTD FY2019	+/(-)
	S$'000	S$'000	%	S$'000	%	S$'000	S$'000	%
Gross revenue	29,458	30,595	(3.7)	29,819	(1.2)	90,642	88,160	2.8
Net property income	23,110	22,490	2.8	19,447	18.8	68,541	58,170	17.8
Share of profits of joint venture (net of tax)	47,367	6,035	>100.0	3,471	>100.0	56,776	10,359	>100.0
Distributions to Unitholders(1)	17,586	17,422	0.9	17,218	2.1	52,379	51,496	1.7
Distribution per Unit ("DPU") (cents)	2.50	2.50	-	2.50	-	7.50	7.50	-

Note:

(1) The Manager resolved to distribute S$17.6 million for 3Q FY2020, comprising (i) taxable income of S$16.2 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 3Q FY2020, the Manager has resolved to distribute 99.6% of the Singapore taxable income available for distribution to the Unitholders.

Distribution and Books Closure Date

Distribution	For 1 October 2019 to 31 December 2019
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[5]
Distribution Rate	(a) Taxable Income Distribution: 2.30 cents per Unit (b) Tax-Exempt Income Distribution: 0.15 cents per Unit (c) Capital Distribution[5]: 0.05 cents per Unit 2.50 cents per Unit
Books Closure Date	10 February 2020
Payment Date	26 March 2020

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[5] This relates to the tax deferred component arising from the distributions remitted from the Group's investments in 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.

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.