



AIMS APAC REIT MANAGEMENT LIMITED

As Manager of AIMS APAC REIT
1 George Street, #23-03 One George Street
Singapore 049145

Media Release

AIMS APAC REIT announces total distributions to Unitholders of S\$14.1 million for 4Q FY2020

Singapore, 12 May 2020 – AIMS APAC REIT Management Limited (the Manager) as manager of AIMS APAC REIT (AA REIT) today announced total distributions to Unitholders of S\$14.1 million for the quarter ended 31 March 2020 (4Q FY2020), with a Distribution Per Unit (DPU) of 2.00 cents.

This brings the total DPU for FY2020 to 9.50 cents, with total distributions to Unitholders amounting to S\$66.5 million. The total DPU for FY2020 was lower compared to the previous year, mainly due to the partial retention of the distributable income of S\$2.9 million to conserve cash for the Group's working capital purposes in view of the COVID-19 situation, as well as from a higher proportion of management fees paid in cash for the year. The DPU for FY2020 would have been 9.90 cents had the distributable income of S\$2.9 million been distributed.

Gross revenue achieved for FY2020 was S\$118.9 million, up 0.7% or S\$0.8 million compared to the prior year. This was mainly due to maiden rental contribution from Boardriders Asia Pacific HQ from July 2019 of S\$2.6 million and 3 Tuas Avenue 2 from March 2020 of S\$0.4 million. The increase was also partly attributable to the full year rental contribution from 51 Marsiling Road which became income-producing from 27 April 2018 as well as higher rental and recoveries for NorthTech and the properties at 8 Tuas Avenue 20 and 1 Bukit Batok Street 22. The increase was partially offset by lower rental and recoveries for the properties at 27 Penjuru Lane and 15 Tai Seng Drive as well as the conversion from master leases to multi-tenancy leases for the property at 1A International Business Park in November 2019 and two phases for the property at 30 Tuas West Road.

The Manager's Chief Executive Officer, Mr Koh Wee Lih, said, "We are pleased to deliver another resilient performance in FY2020. It was a busy year for AA REIT which successfully delivered against our strategy of proactive property management. We further strengthened our portfolio with the strategic and yield-accretive acquisition of Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia, and unlocked value in our existing properties, with the asset enhancement initiative at NorthTech, and the redevelopment of 3 Tuas Avenue 2.

"In addition, our ability to build strong relationships with our tenants and cater to their business needs, underpinned several new and renewed leases being successfully secured during the year, including leases at 3 Tuas Avenue 2 in Singapore and Optus Centre in Australia, delivering long term stability for the portfolio."

During 4Q FY2020, the Manager successfully executed 22 new and renewal leases presenting 30,632 sqm (4.6% of total net lettable area). Portfolio occupancy remained stable at 89.4%, as compared to the preceding quarter, and is above the industrial average of 89.2%. This is mainly due to the commencement of rental income contribution from 3 Tuas Avenue 2 as well as additional leases secured at 20 Gul Way and 1A International Business Park during 4Q FY2020.

Mr Koh added, "As we build a quality portfolio through our ongoing strategy of active portfolio management, delivering sustainable and stable returns for Unitholders remains a key objective for AA REIT. While challenges remained in the operating environment throughout the year, and as the evolving COVID-19 situation continues, we maintain our focus on a prudent capital management approach."

Key highlights for 4Q FY2020 are:

- DPU of 2.00 cents per Unit for the quarter;
- Gross revenue of S\$28.2 million was lower than that of the preceding quarter mainly due to the conversion from master lease to multi-tenancy leases in November 2019 at 1A International Business Park, full quarter impact on the final phase expiry on the master lease at 20 Gul Way in 3Q FY2020 and the expiry of the second phase of the master lease at 30 Tuas West Road in February 2020;
- Net property income decreased by S\$2.6 million from the preceding quarter to S\$20.5 million;
- Executed 22 new and renewal leases in 4Q FY2020, representing 30,632 sqm (4.6% of total net lettable area); and
- Portfolio occupancy remained stable at 89.4%, and above industrial average of 89.2%.

For 4Q FY2020, the Manager recorded the following financial performance metrics:

- 81.1% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes;
- Weighted average debt maturity of 2.4 years. In May 2020, AA REIT received commitments from its lenders to refinance the facilities with a new four-year term loan facility of S\$100.0 million and a new three-year term loan facility of A\$32.5 million. Post refinancing, weighted average debt maturity (on a pro forma basis) will increase to 3.3 years, with no debt due for refinancing till November 2021;
- Aggregate leverage as at 31 March 2020 is at 34.8%; and
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.5%.

COVID-19 update

In addition to the serious implications on health and the healthcare system, the COVID-19 pandemic continues to pose challenges for businesses and the economy globally, including in Singapore and Australia where AA REIT's portfolio is located. The respective governments have implemented unprecedented measures in the hope of flattening the infection rates among their populations. The Singapore government had implemented the ongoing Circuit Breaker measures on 7 April 2020 to break the chain of transmissions of COVID-19 in the community. The ongoing measures include the suspension of non-essential services, closure

of schools as well as mandatory safe distancing measures which requires workplaces to accommodate staff working from home where possible. In Australia, the government's ongoing restrictions on the movement of people and the closure of non-essential businesses are also in place.

These developments have significantly affected overall economic activities and created unprecedented challenges for the industrial real estate industry, a trend which the Manager expects to continue in the coming months. It has also greatly changed the way we go about our daily lives and the way we work.

Operational impact on AA REIT

There has been minimal impact to the Manager's and AA REIT's operations following the commencement of the Circuit Breaker period in Singapore as the Manager has been able to continue to carry out critical functions of asset and facility management of the portfolio with reduced on-site staff supporting tenants, while operating safely and within government guidelines.

At an operational level, the Manager is committed to providing a safe place for tenants and employees to work and is following government guidelines on maintaining increased hygiene and cleaning standards. The Asset Management team has been working closely with the respective facility managers of the properties to adhere to government guidelines on measures such as mandatory temperature screening, increased cleaning frequency and safe distancing measures. With a cohesive approach in place, AA REIT's operations at the properties have been able to run smoothly.

AA REIT's diverse portfolio remains resilient. More than 50%¹ of tenants in Singapore remain in operation during the Circuit Breaker period as they are deemed essential services. A diversified tenant base is a cornerstone of AA REIT's resilient portfolio. With 192 tenants across 27 properties in Singapore and Australia, our gross revenue is distributed across tenants operating in a broad range of industries. AA REIT's portfolio is also well balanced with both multi-tenanted and master leased properties, as well as with a high portfolio occupancy rate and a long weighted average lease expiry (WALE).

While the Manager expects prospective tenants to become more risk-adverse across the various industrial sub-clusters during the COVID-19 outbreak, the Manager will continue to proactively manage the properties and leases in AA REIT's portfolio.

Relief for tenants

On 26 March 2020, the Singapore Government's Resilience Budget included a 30% rebate on property tax payable for premises used for an industrial purpose or business park. AA REIT is committed to pass on the property tax rebates, estimated to be around S\$2.3 million²,

¹ Based on 4Q FY2020 gross rental income.

² Subject to change, depending on occupancy of properties for the entire year of 2020; basis of apportioning annual value for individual units as determined by IRAS and other parameters to be set by IRAS on passing on property tax rebates to tenants.

received from the Inland Revenue Authority of Singapore (IRAS) to qualifying tenants in Singapore to help them through this trying period.

We will continue to be in constant and active dialogues with our tenants affected by the COVID-19 situation to address their circumstances.

Capital Management

AA REIT continues to adopt a prudent and disciplined approach to capital management. As at 31 March 2020, AA REIT's aggregate leverage was 34.8%, which is well within the new aggregate leverage limit of 50%³. The new measure by MAS to increase the leverage limit for S-REITs from 45% to 50% will provide AA REIT with greater headroom to manage its capital structure. AA REIT's interest coverage ratio (ICR) of approximately 4.3 times for the financial year ended 31 March 2020 is also well within the ICR requirement of a minimum of 2.5 times⁴.

In May 2020, AA REIT received commitments from its lenders to refinance the facilities due in 2020 with a new four-year term loan facility of S\$100 million and a new three-year term loan facility of A\$32.5 million. These loan commitments, together with the total undrawn committed facilities of S\$181.1 million as at 31 March 2020 will enable AA REIT to fulfil its liabilities as and when they fall due.

The Manager is closely monitoring AA REIT's cash flows and is taking various steps to conserve cash. In view of the COVID-19 situation, distributions to Unitholders for 4Q FY2020 were reduced by approximately S\$2.9 million due to the partial retention of the distributable income from AA REIT's investments in Australia to fund the Group's working capital requirements. We will also continue to focus on conserving cash by prioritising critical asset enhancement/capital expenditure initiatives and implementing cost savings on operating expenses, where possible. As at 31 March 2020, AA REIT had cash balances of approximately S\$20.5 million and undrawn committed facilities of S\$181.1 million. The Manager remains focused on maintaining adequate cash reserves in order to effectively manage AA REIT's operations through the COVID-19 crisis.

"These unprecedented times have created challenges for all. The Manager believes that these challenges can be overcome by taking collective responsibility to ensure all parties can endure through the period. The Manager remains focused on maintaining strong relationships with tenants and supporting them through this period. It is also committed to taking steps to ensure the strength of the portfolio for the long term to provide Unitholders sustainable returns into

³ On 16 April 2020, the Ministry of Finance (MOF), IRAS, and the Monetary Authority of Singapore (MAS) announced new measures to provide real estate investment trusts listed on the Singapore Exchange (S-REITs) with greater flexibility to manage their cash flows and raise funds amid a challenging operating environment due to COVID-19. These comprise an extension of the deadline for distribution of taxable income by MOF and IRAS, as well as a raising of the leverage limit and deferment of new regulatory requirements by MAS.

⁴ In its public consultation last year, MAS had proposed for S-REITs to have a new minimum interest coverage ratio of 2.5 times before they are allowed to increase their leverage to beyond the prevailing 45% limit (up to 50%). However, MAS has deferred the new ICR requirement to 1 January 2022 in light of the current COVID-19 pandemic situation. The MAS ICR is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, and foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees.

the future. Together, we can weather this storm and emerge stronger through resilience and commitment,” shared Mr Koh.

The Manager remains confident in the strength of its portfolio and its business strategy to navigate through these unprecedented times. In addition to the interests of Unitholders, the health, safety and well-being of AA REIT’s tenants and its employees are also its top priorities and will continue to make decisions with these priorities in mind.

Outlook

The COVID-19 global outbreak has continued to escalate since February 2020, which has brought about significant deterioration to the operating environment and has negatively impacted the economic situation in many countries, including Singapore and Australia. There remains a significant degree of uncertainty over the severity and duration of the outbreak. Downside risks include a protracted global outbreak, more severe and prolonged disruptions to global supply chains and the possibility of financial shocks triggered by the economic impact of COVID-19.

Based on advance estimates from the Ministry of Trade and Industry (MTI) announced on 26 March 2020, the Singapore economy contracted by 2.2% on a year-on-year (y-o-y) basis in the first quarter of 2020 (1Q 2020), reversing the 1.0% growth in the fourth quarter of 2019 (4Q 2019). On a quarter-on-quarter (q-o-q) seasonally-adjusted annualised basis, the Singapore economy shrank by 10.6% as compared to the 0.6% growth in the preceding quarter. The Singapore manufacturing sector contracted by 0.5% on a y-o-y basis in 1Q 2020, moderating from the 2.3% decline in the previous quarter, weighed down by output declines in the electronics and chemicals clusters, which more than offset output expansions in the biomedical manufacturing and precision engineering clusters. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector expanded by 4.2%, a turnaround from the 5.9% decline in the preceding quarter.

MTI announced that, after taking into account the weaker-than-expected performance of the Singapore economy in 1Q 2020 and the sharp deterioration in the external and domestic environment due to the ongoing COVID-19 pandemic, the GDP growth forecast for the Singapore economy is further downgraded to “-4.0% to -1.0%” in 2020.

The COVID-19 situation continues to evolve and further measures may be put in place by the authorities in Singapore and Australia. The Manager remains vigilant and will continue to proactively manage the portfolio to protect its long-term value for Unitholders.

Summary of AIMS APAC REIT Group results

	4Q FY2020	3Q FY2020	+/(-) %	4Q FY2019	+/(-) %	FY2020	FY2019	+/(-) %
	S\$'000	S\$'000		S\$'000		S\$'000	S\$'000	
Gross revenue	28,218	29,458	(4.2)	29,918	(5.7)	118,860	118,078	0.7
Net property income	20,513	23,110	(11.2)	20,323	0.9	89,054	78,493	13.5
Share of profits of joint venture (net of tax)	4,323	47,367	(90.9)	13,402	(67.7)	61,099	23,761	>100.0
Distributions to Unitholders ¹	14,134	17,586	(19.6)	19,000	(25.6)	66,513	70,496	(5.6)
Distribution per Unit ("DPU") (cents)	2.00 ²	2.50	(20.0)	2.75	(27.3)	9.50 ²	10.25	(7.3)

Notes:

- (1) The Manager resolved to distribute S\$14.1 million for 4Q FY2020, comprising (i) taxable income of S\$13.5 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.6 million 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 FY2020, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders.
- (2) AA REIT retained S\$2.9 million Australian distributable income to conserve cash for the Group's working capital purposes in view of the COVID-19 situation. The DPU for 4Q FY2020 and FY2020 would be 2.40 cents and 9.90 cents respectively, had the distributable income of S\$2.9 million been distributed.

Distribution and Record Date

Distribution	For 1 January 2020 to 31 March 2020
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income
Distribution Rate	(a) Taxable Income Distribution: 1.913 cents per Unit (b) Tax-Exempt Income Distribution: <u>0.087 cents per Unit</u> <u>2.000 cents per Unit</u>
Record Date	20 May 2020
Payment Date	29 June 2020

For enquiries, kindly contact:

Media contact:

Andy Lim
Baldwin Boyle Shand
Tel: +65 6538 9211
Email: andy.lim@baldwinboyle.com

Investor contact:

Terence Lim
Head, Investment & Investor Relations
Tel: + 65 6309 1050
Email: investorrelations@aimsapac.com

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, logistics and business park real estate, located throughout the Asia Pacific region. The real estate assets are utilised for a variety of purposes, including but not limited to warehousing and distribution activities, business park activities and manufacturing activities. AA REIT’s existing portfolio consists of 27 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.

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, 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.