



AIMS APAC REIT MANAGEMENT LIMITED

As Manager of AIMS APAC REIT
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Media Release

AIMS APAC REIT TO ACQUIRE STRATEGICALLY LOCATED RAMP-UP LOGISTICS WAREHOUSE AT JURONG INNOVATION DISTRICT

- **First industrial REIT with presence in Jurong Innovation District, an advanced manufacturing campus and proximity to future Tuas Mega Port**
- **Modern, high-quality warehouse 100% leased to Master Tenant with strong lease covenant, uplifts overall portfolio occupancy to 94.2%¹**
- **Proposed Acquisition will provide initial NPI yield of 7.07%² and is DPU accretive**

Singapore, 11 August 2020 – AIMS APAC REIT Management Limited as Manager of AIMS APAC REIT (AA REIT), today announced that HSBC Institutional Trust Services (Singapore) Limited, the trustee of AA REIT, had on 7 August 2020, entered into a Put and Call Option Agreement to acquire 7 Bulim Street, located in the Jurong West Logistics Cluster, Singapore (the Property) for a purchase consideration of S\$129.6 million (the Proposed Acquisition) from Titan (Wenya) Pte. Ltd. The Property, fully leased to KWE-Kintetsu World Express (S) Pte Ltd (KWE), will be acquired at an initial Net Property Income (NPI) yield of 7.07%².



7 Bulim Street, located at Jurong Innovation District, with good connectivity and proximity to the future Tuas Mega Port

¹ As at 30 June 2020 on a pro forma basis.

² Based on the Property's NPI in the first year of ownership of S\$9.2 million over the Purchase Consideration of S\$129.6 million. The initial NPI Yield based on the estimated total acquisition costs of S\$135.5 million would be 6.76%.

The Manager's Chief Executive Officer, Mr Koh Wee Lih commented, "The Proposed Acquisition further strengthens AA REIT's portfolio of industrial and logistics assets in Singapore, and is in line with our strategy to build a high-quality, diversified portfolio of assets that create long-term value for our Unitholders.

"The yield accretive acquisition will enhance the income of AA REIT's portfolio amidst the current challenging market conditions, and the strong lease covenant and master tenant provides stability. The modern ramp-up warehouse presents an attractive long-term investment opportunity, as a strategically located property within the Jurong Innovation District, a first in this advanced manufacturing campus, with good connectivity to major expressways, and the future Tuas Mega Port and Checkpoint."

The Property will be acquired with an existing master lease to KWE, a wholly-owned subsidiary of a major Japanese freight forwarding and logistics group³. The existing lease commenced on 1 January 2014 for a term of 10 years, with a five-year option for the master tenant to renew its lease at the then prevailing market rate by 30 June 2023.

The purchase consideration of S\$129.6 million for the Property is in line with an independent valuation conducted by Savills Valuation And Professional Services (S) Pte Ltd, which valued the Property at S\$130.0 million as at 7 August 2020. The total cost of the Proposed Acquisition is estimated at approximately S\$135.5 million, comprising the purchase consideration of S\$129.6 million and transaction costs⁴ of approximately S\$5.9 million.

With the favourable demand dynamics for logistics space in Singapore, the Proposed Acquisition is expected to enhance AA REIT's portfolio upon completion, increasing its Logistics and Warehouse cluster from 46.4%⁵ to 51.1% as well as greater rental contribution from master leases from 30.3%⁵ to 36.4%. Overall portfolio occupancy rate also will improve from 93.6%⁶ to 94.2% on a pro forma basis.

The Proposed Acquisition is proposed to be funded by a combination of the net proceeds from the issuance of perpetual securities of S\$123.5 million and debt financing of S\$12.0 million. On a pro forma funding structure of perpetual securities and debt financing, the Proposed Acquisition will add 0.18 cents to the FY2020 Distribution Per Unit (DPU) of 9.50 cents to 9.68 cents on a pro forma basis.

Following the completion of the Proposed Acquisition, AA REIT will have a total of 28 properties, of which 26 properties are located throughout Singapore, a property located in Gold Coast, Queensland, Australia and a 49% interest in a property located in Macquarie Park, New South Wales, Australia.

³ Kintetsu World Express, Inc.

⁴ Includes stamp duty, acquisition fee payable to Manager, professional advisory fees and other costs etc.

⁵ Based on Gross Rental Income for the 3 months ended 30 June 2020.

⁶ As at 30 June 2020.

About the Property

The 7 Bulim Street Property is a master-tenanted four-storey ramp-up logistics facility, with an ancillary office on each level. The industrial facility is situated on a land area of 34,095 square metres, which has a remaining land tenure of approximately 22.2 years (as at 30 June 2020), with a gross floor area of 68,190 square metres.

The Property is strategically located in the Jurong West Logistics Cluster in Singapore, within the Jurong Innovation District (JID). The JID is part of the Singapore Government's plan to develop a one-stop 600-hectare advanced manufacturing campus, hosting businesses involved in prototyping and test-bedding, production and distribution, technology, research and education. The first phase of the Government's development of the Jurong West area is due to be completed by 2022.

Its location provides enhanced connectivity through its proximity to the future Tuas Mega Port, current PSA ports, the Pan-Island Expressway and Kranji Expressway, Tuas Checkpoint, as well as the upcoming Jurong Region MRT Line.

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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.