



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 achieves distributions to Unitholders of S\$14.1 million for 2Q FY2021

Key highlights for 2Q FY2021:

- Maintains DPU of 2.00 cents for the quarter
- Portfolio maintains healthy committed occupancy of 94.5% and long WALE of 4.23 years
- Successfully executed 22 new and renewal leases in 2Q FY2021, representing 38,109 sqm (5.7% of total net lettable area)
- Subsequent to 2Q FY2021¹, successfully completes the acquisition of 7 Bulim Street, which is 100% leased to Master Tenant, uplifting overall portfolio occupancy to 95.0%²
- Conservative leverage at 33.6% (as at 30 September 2020) provides ample debt headroom, well below the MAS limit of 50%
- Weighted average debt maturity stood at 2.8 years (on a pro forma basis), with no debt due for refinancing till November 2021
- Ranked 3rd out of 45 REITs and Business Trusts at Governance Index for Trusts 2020

AIMS APAC REIT Group Financial Results

	2Q FY2021	1Q FY2021	+/(-)	2Q FY2020	+/(-)	1H FY2021	1H FY2020	+/(-)
	S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	30,492	27,240	11.9	30,595	(0.3)	57,732	61,184	(5.6)
Net property income	21,324	18,629	14.5	22,490	(5.2)	39,953	45,431	(12.1)
Share of profits of joint venture (net of tax)	4,309	3,315	30.0	6,035	(28.6)	7,624	9,409	(19.0)
Distributions to Unitholders ⁽¹⁾	14,134 ⁽²⁾	14,134 ⁽³⁾	-	17,422	(18.9)	28,268	34,793	(18.8)
Distribution per Unit ("DPU") (cents)	2.00 ⁽²⁾	2.00 ⁽³⁾	-	2.50	(20.0)	4.00	5.00	(20.0)

Notes:

- (1) The Manager resolved to distribute S\$14.1 million for 2Q FY2021, comprising (i) taxable income of S\$12.7 million from Singapore operations; and (ii) tax-exempt income and capital distribution of S\$1.4 million remitted from the Group's investment in Optus Centre, Macquarie Park, New South Wales, 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 FY2021, the Manager has resolved to distribute 98.2% of the Singapore taxable income available for distribution to the Unitholders.
- (2) The distributions to Unitholders in 2Q FY2021 is net of the amount reserved for distribution to Perpetual Securities holders.
- (3) The distributions to Unitholders in 1Q FY2021 included the release of Australian distributable income previously retained in 4Q FY2020 of S\$1.8 million which partially offset an estimated Additional Rental Relief for eligible tenants under the Singapore rental relief framework of approximately S\$2.6 million.

¹ Acquisition of 7 Bulim Street completed on 9 October 2020.

² As at 30 September 2020 on a pro forma basis.

Singapore, 27 October 2020 – AIMS APAC REIT Management Limited (the Manager) as manager of AIMS APAC REIT (AA REIT or the REIT) today announced total distributions to Unitholders of S\$14.1 million for the second quarter ended 30 September 2020 (2Q FY2021), with a Distribution Per Unit (DPU) of 2.00 cents, unchanged from the previous quarter ended 30 June 2020 (1Q FY2021).

AA REIT registered gross revenue of S\$30.5 million and net property income (NPI) of S\$21.3 million for 2Q FY2021, representing a year-on-year decrease of 0.3% and 5.2% respectively. The marginal decrease in gross revenue was mainly due to lower contributions from 1A International Business Park arising from the conversion from master lease to multi-tenancy leases and the expiry of the master lease at 541 Yishun Industrial Park A. This was partially offset by rental contribution from the recently completed property at 3 Tuas Avenue 2 as well as Boardriders Asia Pacific HQ in Australia.

Distributions to Unitholders stood at S\$14.1 million for 2Q FY2021, a decrease of S\$3.3 million or 18.9% year-on-year. On a year-on-year basis, DPU was 20.0% lower at 2.00 cents mainly due to lower net property income, management fees paid fully in cash for 2Q FY2021 as well as amount reserved for distribution to Perpetual Securities holders.

The Manager's Chief Executive Officer, Mr Koh Wee Lih, said, "We are pleased to have achieved a resilient performance amidst the global uncertainties. We have been progressively passing on rebates and concessions to qualifying tenants in Singapore within the prescribed timeline and will continue to nurture and actively engage with our tenants as business activities gradually resume."

"Our resilient portfolio, anchored by 50% in the logistics and warehouse sector, has continued to enjoy a high occupancy, well above JTC industrial average."

Portfolio Update

In 2Q FY2021, the Manager successfully executed 22 new and renewal leases representing 38,109 sqm (5.7% of total net lettable area). This was supported by strong demand for logistics and warehouse facilities following the reopening of Singapore's economy. Notably, as businesses recognise the unpredictable nature of the COVID-19 pandemic and the potential impact to global supply chains, many businesses have increased their stockpile and inventory levels, which further supported the demand for AA REIT's logistics and warehouse properties. As at 30 September 2020, AA REIT's portfolio occupancy stood at 94.5%, considerably above JTC industrial average of 89.6%, backed by a long weighted average lease expiry (WALE) of 4.23 years.

On 9 October 2020, AA REIT announced the completion of the acquisition of 7 Bulim Street, a strategically located, modern ramp-up logistics warehouse located at Jurong Innovation District (JID), for S\$129.6 million. The property is fully master-leased to KWE-Kintetsu World Express (S) Pte Ltd, a wholly-owned subsidiary of a Japanese freight forwarding and logistics group. 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.

Added Mr Koh, “Notably, AA REIT has experienced a healthy demand for logistics facilities. This arose from the pandemic conditions, which led to a shift in global supply chains and the resulting additional warehousing needs. We remain optimistic over the warehouse and logistics sector.”

“We are focused on the continued execution and evaluation of yield accretive investment opportunities in Singapore and Australia. The latest acquisition of 7 Bulim Street, strategically located within the Jurong Innovation District, further strengthens AA REIT’s portfolio of industrial and logistics assets in Singapore. With a strong lease covenant and master tenant, this will provide the REIT with greater stability, 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 Jurong Innovation District is well on track to become a top-tier innovation ecosystem, with many multinational companies setting up high-tech facilities³ in recent years.”

With the recent completion of the acquisition of 7 Bulim Street, AA REIT’s portfolio is backed by a diversified tenant base, with 194 tenants across 28 properties in Singapore and Australia operating in a broad range of industries, and a well-balanced mix of both multi-tenanted and master leased properties.

Capital Management

The Manager continues to adopt a prudent and disciplined approach to capital management.

In 2Q FY2021, AA REIT successfully issued S\$125 million of perpetual securities to further diversify its sources of funding. The Series 002 Perpetual Securities were issued under the S\$750,000,000 Multicurrency Debt Issuance Programme established by the Issuer on 30 November 2018. Net proceeds from the proposed issue of the Series 002 Perpetual Securities was subsequently utilised to fund the acquisition of 7 Bulim Street.

As at 30 September 2020, AA REIT’s aggregate leverage was 33.6%, which is well within the aggregate leverage limit of 50%, providing the REIT with more than adequate debt headroom to manage its capital structure. AA REIT’s adjusted interest coverage ratio of approximately 3.6 times is also well above the minimum requirement of 2.5 times⁴. The Manager continues to monitor AA REIT’s cash flows and remains focused on maintaining adequate cash reserves through prioritising critical asset enhancement, deferring uncommitted capital expenditure and implementing cost savings, where possible.

As at 30 September 2020, AA REIT had cash balances of approximately S\$142.0 million, mainly due to the net proceeds from the issuance of the S\$125.0 million Perpetual Securities, and undrawn committed facilities of S\$209.3 million.

³ A leading South Korean automobile manufacturer has recently announced that it will be locating its future mobility research and development facility in JID, which will be completed by 2022.

⁴ The Monetary Authority of Singapore has deferred the new 2.5 times adjusted interest coverage ratio (Adjusted ICR) requirement to 1 January 2022 in light of the current COVID-19 pandemic situation. For the purpose of the computation, interest expense included borrowing costs on lease liabilities and interest expense for Adjusted ICR further included the amount reserved for distribution to Perpetual Securities holders.

Outlook

Six months after the World Health Organisation declared COVID-19 a global pandemic, there has been a positive shift in economic sentiments. While some economies are gradually easing restrictions and businesses are resuming normal operations, some markets have experienced a second wave of the pandemic. The stream of relapses and repeated periodic lockdown of cities and venues with large crowds have prevented the full-fledged opening of economic activities, and countries continue to remain cautious.

Based on advance estimates for the third quarter of 2020 (3Q 2020) by the Ministry of Trade and Industry (MTI), the Singapore economy expanded by 7.9% on a quarter-on-quarter seasonally-adjusted basis, partially reversing the 13.2% contraction from the preceding quarter. This improved performance came largely on the back of the phased re-opening of the economy following the Circuit Breaker that was implemented between 7 April and 1 June 2020, as well as the growth in the manufacturing sector. On a year-on-year basis, Singapore's economy contracted by 7.0%⁵.

The manufacturing segment had been resilient, expanding 3.9% on a quarter-on-quarter seasonally-adjusted basis and by 2.0% year-on-year in 3Q 2020, reversing the contractions recorded previously. The growth was largely driven by output expansions in the electronics and precision engineering clusters, which were in turn supported by the strong global demand for semiconductors and semiconductor manufacturing equipment.

Based on JTC Corporation's market report on 3Q 2020 released on 22 October 2020, the occupancy rate of Singapore's overall industrial property market rose marginally by 0.2 percentage points to 89.6%, compared to the previous quarter, driven by an increase in demand for storage amid a delay in new completions. Based on approved plans as at end September 2020, around 0.6 million sqm could be completed in the last quarter of 2020. Looking further ahead, between 2021 and 2022, around 4.4 million sqm of industrial space is expected to be completed. Due to the impact of COVID-19 on the construction sector, the completion of 0.7 million sqm of new industrial spaces has been delayed from 2020, to 2021 and 2022.

Additionally, the Ministry of Law has extended the period for relief from legal and enforcement actions for inability to perform contractual obligations (Relief Period) by one month to 19 November 2020 for leases and licences of non-residential property. Eligible tenants who qualify for Additional Rental Relief under the rental relief framework and wish to take up a repayment scheme⁶ will now have up till 19 November 2020 to serve a written notice on their landlord.

⁵ Ministry of Trade and Industry, 14 October 2020, Singapore's GDP Contracted by 7.0% in the Third Quarter of 2020.

⁶ The scheme for industrial properties entails the repayment of accumulated arrears of not more than 4 months over the remainder of the lease, up to a maximum of 9 months with effect from 1 December 2020.

In Australia, the Reserve Bank of Australia (RBA) maintained official interest rates after its most recent meeting in October 2020 at a historic low of 0.25%, after the Australian economy experienced a sharp contraction in the second quarter. In the first half of 2020, the Australian economy has been supported by a substantial easing of fiscal policy. Inflation pressures remain subdued, while labour market conditions have improved somewhat over the past few months. The RBA plans to retain this level until the outlook for inflation and employment is in line with its targets.

The overall outlook for the industrial sector in both Singapore and Australia remains supported by structural growth drivers such as growth in e-commerce driving warehouse demand and office decentralisation to drive business park demand, as well as acquisition growth potential, given the low interest rate environment and accretive opportunities, amongst others.

The Manager remains vigilant and will continue to proactively manage the portfolio to protect its long-term value for Unitholders.

Distribution and Record Date

Distribution	For 1 July 2020 to 30 September 2020	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution ⁷	
Distribution Rate	(a) Taxable Income Distribution:	1.80 cents per Unit
	(b) Tax-Exempt Income Distribution:	0.07 cents per Unit
	(c) Capital Distribution ⁷ :	<u>0.13 cents per Unit</u> <u>2.00 cents per Unit</u>
Record Date	4 November 2020	
Payment Date	18 December 2020	

For enquiries, kindly contact:

Media contact:

Dolores Phua / Valencia Wong
Citigate Dewe Rogerson
Tel: +65 6589 2383 / +65 6589 2382
Email: dolores.phua@citigatedewerogerson.com /
valencia.wong@citigatedewerogerson.com

Investor contact:

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

⁷ 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, 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 28 properties, of which 26 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.