

	<p>AIMS APAC REIT MANAGEMENT LIMITED</p> <p>As Manager of AIMS APAC REIT 1 George Street, #23-03 One George Street Singapore 049145</p>
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(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 5 December 2006 (as amended))

SGX ANNOUNCEMENT

PROPOSED ACQUISITION OF 315 ALEXANDRA ROAD, SINGAPORE

1. INTRODUCTION

1.1 Proposed Acquisition of 315 Alexandra Road, Singapore

AIMS APAC REIT Management Limited (the “**Manager**”), as manager of AIMS APAC REIT (“**AA REIT**”), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT (the “**Trustee**”), through its wholly-owned sub-trust, HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT Alexandra Trust (the “**Purchaser**”) has on 27 January 2021 entered into a put and call option agreement (the “**Option Agreement**”) with Aster (Alexandra) Pte. Ltd. (the “**Vendor**”) in relation to the proposed acquisition (the “**Proposed Acquisition**”) of the property located at 315 Alexandra Road, Singapore 159944 (the “**Property**”), including the Building¹ erected thereon.

Pursuant to the Option Agreement, the Purchaser and the Vendor (collectively, the “**Parties**” and each a “**Party**”) are required to enter into the sale and purchase agreement for the Property including the Building (the “**Purchase Agreement**”) on the day the Call Option (as defined herein) is exercised by the Purchaser, or on the day the Put Option (as defined herein) is exercised by the Vendor (as the case may be).

1.2 Description of the Property

The Property is a 5-storey light industrial building originally built in the 1960s and expanded to accommodate the 3-storey Annex building at the rear of the Property. The building configuration provides for a ground floor showroom, vehicle servicing station on level 1 and 2, and B1 industrial and office use for qualified tenants from levels 2 to 5. The Property is situated on a land area of 7,720 square metres, which has a remaining land tenure of approximately 34.2 years (as at 31 December 2020), with a gross floor area of 16,647 square metres.

The Property is located along the Alexandra Road premium showroom precinct in the south-central location of Singapore. The Property is around five minutes’ bus transport from Queenstown and Redhill MRT stations, 15 minutes’ drive to the central business district (“**CBD**”) and five minutes’ drive to two major expressways – the Central Expressway (CTE) and Ayer Rajah Expressway (AYE). Due to its proximity to the CBD and surrounding prime residential estates, properties in the area are tightly held and mostly occupied.

¹ “**Building**” means the building(s) and structure(s) erected on or at the Property, including all mechanical and electrical plant, machinery and equipment (if any) installed in and / or located at the Property (including equipment for and related to the provision of power, gas and water to the Property) (“**FF&E**”).

Aside from adjoining car show rooms, other nearby businesses include IKEA, Mitsubishi Electric, the recently developed 13-storey 442 room Park Hotel, Anchorpoint Shopping Centre, Alexandra Hospital and Mapletree Business City, an integrated office, business park and retail campus style development. As the Property is subject to JTC sale conditions, the Property is being sold on a partial leaseback arrangement, where Sime Darby Property Singapore Limited (“SDPSL”), will lease back 70% of the building’s total gross floor area for a minimum period of 10 years.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Valuation and Purchase Consideration

The Manager has commissioned an independent property valuer, Savills Valuation And Professional Services (S) Pte Ltd (“Savills”) to value the Property. The market value of the Property as at 26 January 2021 is S\$104.7 million as stated by Savills in its valuation report dated 26 January 2021. The methods used by Savills were the Income Capitalisation Method, Discounted Cash Flow Analysis and Direct Comparison Method, each being used as a check against the other.

The purchase price payable to the Vendor in connection with the Proposed Acquisition is approximately S\$102.0 million (the “Purchase Price”). The Purchase Price was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuation of the Property set out above.

The Purchaser has paid an option fee of S\$1.02 million (the “Option Fee”) to the Vendor’s solicitors to be held in escrow. The Option Fee is refundable to the Purchaser if the Call Option and the Put Option are not exercised.

2.2 Principal Terms and Conditions of the Option Agreement

(a) Put and Call Options

Pursuant to the Option Agreement:

- (i) in consideration of the Purchaser’s payment of the Option Fee, and conditional upon the satisfaction of the Conditions Precedent (as defined herein), the Vendor granted to the Purchaser a right (the “Call Option”) to require the Vendor to enter into the Purchase Agreement with the Purchaser for the purchase of the Property, including the FF&E, at the Purchase Price and on the terms of the Purchase Agreement; and
- (ii) in consideration of the mutual covenants in the Option Agreement, and conditional upon the fulfilment of the Conditions Precedent, the Purchaser granted to the Vendor a right (the “Put Option”) to require the Purchaser to enter into the Purchase Agreement with the Vendor for the sale of the Property including the FF&E at the Purchase Price and on the terms of the Purchase Agreement.

(b) Conditions Precedent

The principal terms of the Option Agreement include fulfilment of various conditions precedent including the following, which are to be fulfilled before the Purchaser can serve the Call Option notice on the Vendor or the Vendor can serve the Put Option notice on the Purchaser (as the case may be):

- (i) receipt of the approval of the JTC Corporation (“**JTC**”) for the sale and purchase of the Property to the Purchaser (“**JTC Sale Approval**”) on or prior to 27 January 2022, being the date falling 12 months from the date of the Option Agreement;
- (ii) each Party not being in material breach of any provision of the Option Agreement or not having failed to perform and comply in all material respects with any of the covenants and agreements referred to in the Option Agreement required to be performed on or prior to the exercise of the Call Option or Put Option (as applicable);
- (iii) there being no resolution or court order passed for the winding up of either Party, the appointment of a liquidator, receiver or judicial manager, any distress, attachment or other legal process levied, enforced or sued out on or against the Property; and
- (iv) there being no acquisition or notice of intended acquisition by any Governmental Agency² affecting more than 5% of the aggregate land area of the Property,

(collectively, the “**Conditions Precedent**”).

(c) Exercise of Call Option

The Purchaser may exercise the Call Option by delivering to the Vendor the Call Option notice before the expiry of the call option exercise period (the “**Call Option Exercise Period**”), being the period commencing on the date of the Purchaser’s receipt of the Fulfilment Notice (as defined in the Option Agreement) and ending on the date falling five business days after the date of the Purchaser’s receipt of the Fulfilment Notice.

(d) Exercise of Put Option Application of Option Fee

The Vendor may exercise the Put Option by delivering to the Purchaser the Put Option notice before the expiry of the put option exercise period (the “**Put Option Exercise Period**”), being the period commencing immediately after the expiry of the Call Option Exercise Period and ending five business days thereafter.

(e) Application of Option Fee

The Vendor shall apply the Option Fee as payment of the deposit required to be paid by the Purchaser pursuant to the Purchase Agreement. The Vendor shall, forthwith after the date of expiry of the Put Option Exercise Period, refund the Option Fee to the Purchaser if neither the Call Option nor the Put Option has been exercised by the relevant party prior to the expiry of the Call Option Exercise Period or the Put Option Exercise Period (as the case may be).

² “**Governmental Agency**” means any Singapore governmental, semi-governmental, administrative, regulatory, fiscal or judicial, local or statutory agency, authority, body, commission, department, exchange, tribunal or entity.

(f) Termination of the Option Agreement by the Purchaser

The Purchaser shall be entitled to rescind or terminate (as applicable) the Put and Call Option Agreement if:

- (i) any of the terms and conditions of the JTC Sale Approval which are imposed on the Purchaser are not acceptable to the Purchaser (acting reasonably);
- (ii) in the event an EBS is mandated and Decontamination Works is required, the Vendor fails to carry out and complete the Decontamination Works to the satisfaction of JTC and each relevant Government Agency by the date for completion of such works as required by JTC or the Completion Date (as defined in the Purchase Agreement);
- (iii) the Government of Singapore or other Governmental Agency give any notice of acquisition or intended acquisition affecting more than 5% of the aggregate land area of the Property;
- (iv) there is Material Damage (as defined in the Option Agreement) prior to the exercise of the Call Option or the Put Option;
- (v) there is an unsatisfactory reply to the Legal Requisitions (as defined in the Put and Call Option Agreement) sent by the Purchaser's solicitors in so far as such Legal Requisitions relate to the Property; or
- (vi) there is a material breach of certain key warranties given by the Vendor as set out in the Option Agreement or the Purchase Agreement.

(g) Termination of the Option Agreement by the Vendor

The Vendor shall be entitled to rescind or terminate (as applicable) the Put and Call Option Agreement if:

- (i) there is Material Damage (as defined in the Option Agreement) prior to the exercise of the Call Option or the Put Option;
- (ii) there is a material breach of any of the warranties given by the Purchaser as set out in the Option Agreement or the Purchase Agreement; or
- (iii) the specific terms imposed by JTC or such other Governmental Agency or the cost of any eventual Decontamination Works is not acceptable to the Vendor subject to agreed levels with the Purchaser.

(h) Rescission or Termination of Option Agreement

If either Party rescinds or terminates the Option Agreement pursuant to and in accordance with the terms of the Option Agreement prior to the exercise of the Call Option and Put Option, the Vendor shall (or the Vendor shall instruct the Vendor's Solicitors, as the case may be) refund in full to the Purchaser all moneys paid under the Option Agreement, without interest or deduction, and the Purchaser shall return to the Vendor all the documents of title received by it from the Vendor and withdraw any caveats and cancel any entries relating to the Property in the Singapore Land Authority. Each Party shall bear its own solicitors' costs in the matter and save in respect of any antecedent breach of the Option Agreement and neither Party shall have any further

claim or demand against the other for damages, costs or otherwise arising out of or in connection with the Option Agreement.

2.3 Principal Terms and Conditions of the Purchase Agreement

The principal terms of the Purchase Agreement include, among others, the following:

- (i) JTC Sale Approval being obtained by the Vendor prior to completion of the sale of the Property;
- (ii) if at any time after the date of the Purchase Agreement and prior to completion of the sale of the Property, the Property is damaged (excluding for the avoidance of doubt, any fair wear and tear) and such damage does not amount to Material Damage (as defined in the Purchase Agreement), then neither party shall on that account terminate the Purchase Agreement and the Vendor shall at its own cost and expense repair that damage or, if that is not possible, as soon as practicable after the completion of the sale of the Property; and
- (iii) if the Property is damaged (ordinary wear and tear excepted), and that damage amounts to Material Damage (as defined in the Purchase Agreement), either party shall be entitled (but not obligated) to rescind the Purchase Agreement;.

2.4 Total Acquisition Cost

The total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is currently estimated to be approximately S\$106.6 million, comprising:

- (i) the Purchase Price of approximately S\$102.0 million;
- (ii) estimated stamp duty payable in connection with the Proposed Acquisition of approximately S\$3.1 million; and
- (iii) estimated transaction costs of approximately S\$1.5 million comprising the acquisition fee of 1% of the Purchase Price payable to the Manager for the Proposed Acquisition of approximately S\$1.02 million in cash, and professional and other fees and expenses of approximately S\$0.48 million incurred or to be incurred by AA REIT in connection with the Proposed Acquisition.

2.5 Method of Financing

The Proposed Acquisition is proposed to be funded fully by debt via a combination of a new six-year term loan and utilisation of AA REIT’s existing debt facilities.

The final decision regarding the method of financing the Proposed Acquisition will be made by the Manager at the appropriate time, taking into account the then prevailing market conditions.

2.6 Pro Forma Financial Effects of the Proposed Acquisition

The pro forma financial effects of the Proposed Acquisition presented below are strictly for illustrative purposes and do not reflect the actual financial position or performance of AA REIT following the completion of the Proposed Acquisition. They have been prepared based on the audited financial statements of AA REIT for the financial year ended 31 March 2020, and on the assumption that the Proposed Acquisition will be fully funded by debt, comprising a new six-year term loan and AA REIT’s existing debt facilities.

There is no assurance that the actual method of financing of the Proposed Acquisition will be similar to the assumed method of financing set out above.

(a) Pro Forma Distribution per Unit (“DPU”)

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Proposed Acquisition on AA REIT’s DPU for the financial year commencing on 1 April 2019 and ended on 31 March 2020, as if AA REIT had completed the Proposed Acquisition on 1 April 2019 and held the Property through to 31 March 2020 and based on the Property’s Net Property Income (“NPI”) in the first year of ownership.

	Before the Proposed Acquisition	After the Proposed Acquisition
Distributions to Unitholders (S\$’000)	66,513	69,870
Units in issue (’000) ⁽¹⁾	706,663	706,663
DPU (cents) ⁽²⁾	9.50	9.98
DPU Accretion (%)	N.A.	5.1%

Notes:

- (1) Number of Units in issue as at 31 March 2020.
- (2) DPU is calculated based on the applicable number of Units entitled to the distribution for each respective period.

(b) Pro Forma Net Asset Value (“NAV”) and Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY: The table below sets out the pro forma financial effects of the Proposed Acquisition on the NAV per Unit and Aggregate Leverage as at 31 March 2020, as if the Proposed Acquisition was completed on 31 March 2020.

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV represented by Unitholders funds (S\$’000)	954,955	953,055
Units in issue (’000)	706,663	706,663
NAV per Unit (S\$)	1.35	1.35
Aggregate Leverage (%) ⁽¹⁾	34.8%	39.0%

Note:

- (1) Aggregate Leverage limit for Singapore real estate investment trusts is 50.0%.

2.7 Tenancy Profile

The anchor tenant, SDPSL provides real estate and facility services to Performance Motors Limited (“PML”), a related party that exclusively distributes BMW cars and motorcycles in Singapore. PML has been operating at the Property since the 1990s and is currently the showroom for BMW’s M-series and motorcycles.

The remaining nine sub-tenants comprise tenants from various industries including IT, medical, consumer products, food and beverage and business services.

With SDPSL anchoring the Property, the weighted average lease expiry (by gross income) (“WALE”) is projected to be 7.8 years, thereby providing stability to the asset and portfolio income.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Property is proposed to be acquired and held for long-term investment purposes. The Manager believes that the Proposed Acquisition will bring the following key benefits to Unitholders:

(a) AA REIT's Maiden Acquisition in a City Fringe Location

The Proposed Acquisition will be AA REIT's first acquisition in a city fringe location, which has traditionally has been tightly held by private landlords and other Singapore industrial REITs due to its proximity and accessibility to the CBD, Mapletree Business City and nearby prime residential estates.

(b) Good Quality Asset with Cashflow Underpinned by Strong Credit Covenants

The Property is anchored for 10 years by SDPSL, a wholly-owned subsidiary of Sime Darby Property Berhad, one of Malaysia's largest property developers and listed on Bursa Malaysia. Sime Darby Property Berhad is majority owned by Malaysia Government investment fund, Permodalan Nasional Berhad. The next two largest tenants, CTC Global and Carestream Health are also subsidiaries of significant global companies, Itochu Corporation and Onex Corporation respectively.

(c) Portfolio Diversification

With a long asset WALE of 7.8 years and roster of high quality tenants across various business industries, the Property is expected to provide income and sector diversification for AA REIT.

(d) DPU Accretive

The Proposed Acquisition will provide immediate DPU accretion and long-term income stability to the portfolio.

4. INTERESTS OF DIRECTOR AND SUBSTANTIAL UNITHOLDERS

Save as disclosed in this announcement and apart from their interests in the Units (if any), none of the Directors of the Manager or substantial unitholders of AA REIT has any interest, direct or indirect, in the Proposed Acquisition.

5. OTHER INFORMATION

5.1 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006(b) and Rule 1006(c) are set out in the table below.

	AA REIT	Proposed Acquisition	Relative Percentage
Rule 1006(b) Net profits attributable to the assets acquired compared to AA REIT's net profits (S\$'000) ⁽¹⁾	46,620 ⁽²⁾	3,152 ⁽³⁾	6.8%
Rule 1006(c) Aggregate value of the consideration to be given compared with AA REIT's market capitalisation (S\$' million)	912.0 ⁽⁴⁾	102.0	11.2%

Notes:

- (1) In the case of a real estate investment trust, the NPI is a close proxy to the net profits attributable to the assets.
- (2) AA REIT's NPI comprised the NPI of AA REIT and its subsidiaries for the six-month period ended 30 September 2020 of S\$39,953,000 and included the share of profits of joint venture (net of tax) (excluding share of revaluation surplus of joint venture) of S\$6,667,000.
- (3) The Property's net profits was based on the NPI for the first six months of ownership upon completion of the Proposed Acquisition.
- (4) Based on the number of units in issue as at 26 January 2021 and AA REIT's volume weighted average price of S\$1.2906 per Unit on 26 January 2021, being the market day immediately preceding the date of this announcement.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, a transaction would be regarded as being a disclosable transaction.

The Manager is of the view that the Proposed Acquisition is in the ordinary course of AA REIT's business as the Property being acquired is within the investment mandate of AA REIT. As such, the Proposed Acquisition should therefore not be subject to Chapter 10 of the Listing Manual.

5.2 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Proposed Acquisition or any other transactions contemplated in relation to the Proposed Acquisition.

5.3 Additional Information required pursuant to Rule 706A of the Listing Manual

In connection with the Acquisition, the Manager wishes to announce AA REIT's incorporation of a wholly-owned subsidiary, AA REIT (Alexandra) Pte. Ltd. and the establishment of a new wholly-owned sub-trust, AA REIT Alexandra Trust as detailed below:

Name of company	AA REIT (Alexandra) Pte. Ltd.
Country of incorporation	Singapore
Share capital	S\$1 comprising 1 share
Shareholder	HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of AA REIT
Principal activity	Investment holding

Name of trust	AA REIT Alexandra Trust
Country of incorporation	Singapore
Share capital	S\$1,000 comprising 1,000 units
Unitholders	1. HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee of AA REIT 2. AA REIT (Alexandra) Pte. Ltd.
Principal activity	Direct ownership of the Property

6. DOCUMENTS FOR INSPECTION

Copies of the Option Agreement (which contains the form of the Purchase Agreement) and the independent valuation report by Savills are available for inspection during normal business hours at the registered office of the Manager³ at 1 George Street, #23-03 One George Street, Singapore 049145 for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

AIMS APAC REIT Management Limited

(as Manager of AIMS APAC REIT)

(Company Registration No. 200615904N)

Koh Wee Lih

Chief Executive Officer

27 January 2021

³ Prior appointment with the Manager will be appreciated.

Important Notice

The value Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by the 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.