



**AIMS
AA REIT**

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 delivers full year distribution of
S\$63.2 million to Unitholders for FY2021**

Key highlights for 4Q FY2021:

- Performance underpinned by stable operations and accretive acquisitions
 - DPU of 2.90 cents per Unit for 4Q FY2021, a 45% increase from 4Q FY2020
 - Limited impact on landlord's rental relief (1.4% of FY2021 gross revenue) demonstrating resilience of the tenant base. This allowed for the full release of the balance S\$1.1 million previously retained in 4Q FY2020
 - Augmented by commencement of a new lease for recently acquired property at 7 Bulim Street, and higher rentals from three other properties
- Healthy portfolio committed occupancy maintained at 95.4%, above industry average of 90.0%, and long weighted average lease expiry of 3.95 years
- 37 new and renewal leases, representing 103,965 sqm or 14.0% of total net lettable area of the portfolio, were signed during the quarter
- Reduced leverage at 33.9%¹ (31 March 2020: 34.8%), with undrawn committed facilities of S\$135.2 million and lower blended funding cost of 3.0% compared to 3.5% for FY2020

Singapore, 5 May 2021 – AIMS APAC REIT Management Limited (the Manager) as manager of AIMS APAC REIT (AA REIT or the REIT) today announced the results for the fourth quarter (4Q FY2021), and full year (FY2021) ended 31 March 2021.

| | 4Q FY2021 | 3Q FY2021 | +/(–) | 4Q FY2020 | +/(–) | FY2021 | FY2020 | +/(–) |
|--|-----------------------|--------------|--------|--------------|--------|---------|---------|--------|
| | S\$'000 | S\$'000 | % | S\$'000 | % | S\$'000 | S\$'000 | % |
| Gross revenue | 32,759 | 32,142 | 1.9 | 28,218 | 16.1 | 122,633 | 118,860 | 3.2 |
| Net property income | 24,000 | 23,579 | 1.8 | 20,513 | 17.0 | 87,532 | 89,054 | (1.7) |
| Share of profits of joint venture (net of tax) | 24,292 ⁽¹⁾ | 3,438 | >100.0 | 4,323 | >100.0 | 35,354 | 61,099 | (42.1) |
| Distributions to Unitholders ⁽²⁾⁽³⁾ | 20,493 | 14,486 | 41.5 | 14,134 | 45.0 | 63,247 | 66,513 | (4.9) |
| Distribution per Unit ("DPU") (cents) | 2.90 | 2.05 | 41.5 | 2.00 | 45.0 | 8.95 | 9.50 | (5.8) |

Notes:

- (1) The share of profits of joint venture (net of tax) comprised contribution from the Group's 49.0% interest in Optus Centre. The higher contribution in 4Q FY2021 was mainly due to share of revaluation gain of S\$20.7 million (4Q FY2020: S\$1.2 million) recognised for Optus Centre
- (2) The Manager resolved to distribute S\$20.5 million to Unitholders for 4Q FY2021, comprising (i) taxable income of S\$16.2 million from Singapore operations; and (ii) capital distribution of S\$4.3 million. 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 FY2021, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders.

¹ As at 31 March 2021.

- (3) In 4Q FY2020, AA REIT retained S\$2.9 million of the Australian distributable income to conserve cash for the Group's working capital purposes in view of COVID-19. In 2Q FY2021, distributions to Unitholders included the release of S\$1.8 million of the previous year's retained distributable income. The 4Q FY2021 distributions to Unitholders included the release of the balance S\$1.1 million distributable income previously retained in 4Q FY2020. With this, the 4Q FY2020 retained distributable income of S\$2.9 million has been fully released in FY2021.

Distributions to Unitholders for 4Q FY2021 was S\$20.5 million, which was S\$6.4 million or 45.0% higher year-on-year. The DPU of 2.90 cents for 4Q FY2021 represents a 41.5% increase from the DPU of 2.05 cents in the previous quarter ended 31 December 2020 (3Q FY2021).

This brings the total FY2021 DPU to 8.95 cents and cumulative distributions to Unitholders to S\$63.2 million, which was S\$3.3 million lower compared to FY2020 distributions to Unitholders. This was mainly due to lower net property income (net of amount reserved for distribution to Perpetual Securities holders), and management fees paid fully in cash for FY2021 but partially offset by the full release of the Australian distributable income of S\$2.9 million previously retained in 4Q FY2020.

The FY2021 gross revenue of S\$122.6 million was S\$3.8 million higher compared to FY2020. This was mainly due to the full year contribution from Boardriders Asia Pacific HQ (acquired in July 2019) and the newly redeveloped 3 Tuas Avenue 2 (from March 2020 onwards), as well as 7 Bulim Street (acquired in October 2020). The increase was partially offset by the estimated Additional Rental Relief for eligible tenants under the Singapore rental relief framework of S\$1.7 million, lower contributions from 1A International Business Park arising from the conversion of master lease to multi-tenancy leases, and expiry of the previous master lease at 541 Yishun Industrial Park A in April 2020. The new master tenant secured for the property at 541 Yishun Industrial Park A commenced its maiden rental contribution from January 2021.

Commenting on AA REIT's FY2021 performance, the Manager's Chief Executive Officer, Mr Koh Wee Lih, said, "Backed by our active asset management strategy, our portfolio occupancy has increased to 95.4% from 89.4% a year ago, taking into consideration the recent accretive acquisition at 7 Bulim Street.

"We continue to see high resiliency across our portfolio, underpinned by quality assets, with over 50% of tenants in the essential services. Over half of the REIT's tenants by gross rental income, operate in the logistics and warehouse space, which is well-supported by structural demand drivers such as the growth in e-commerce. This, coupled with the untapped GFA of approximately 0.5 million sqft, provides a stable income stream and further avenue for organic growth.

"Looking ahead, we are actively exploring the expansion of AA REIT's capacity to further strengthen partnerships with our stakeholders, including existing and potential investors, capital and operational partners, and tenants. This will further diversify the REIT's capital sources, investment allocation and partnership opportunities, which will result in improved occupancy across the portfolio and enhanced growth for the future. The REIT remains firmly focused on building a quality portfolio through active portfolio management and delivering sustainable and stable returns for Unitholders."

Portfolio Update

In 4Q FY2021, the Manager successfully executed 37 new and renewal leases representing 103,965 sqm or 14.0% of total net lettable area. The high occupancy is expected to be sustained, as strong demand for logistics and warehouse facilities continue to be underpinned by e-commerce, stockpiling and shifts in supply chain. As at 31 March 2021, AA REIT's portfolio occupancy stood at 95.4%, which was above the industry average of 90.0%. Its weighted average lease expiry (WALE) stood at 3.95 years.

On 27 January 2021, AA REIT announced the acquisition of a property at 315 Alexandra Road, for a purchase consideration of S\$102.0 million². The acquisition is subject to approval by JTC.

Capital Management

The Manager remains steadfast on its disciplined approach to capital management.

As at 31 March 2021, AA REIT's aggregate leverage was 33.9% and well within the aggregate leverage limit of 50% set by the Monetary Authority of Singapore. This debt headroom provides AA REIT with financial flexibility to pursue new acquisitions and asset enhancement initiatives as they arise. AA REIT's adjusted interest coverage ratio of approximately 3.3 times is also well above the minimum requirement of 2.5 times³. The Manager's approach to management of the REIT's cash flow, will continue to be prudent and selective, with priority granted to crucial asset enhancements and deferment of non-critical capital expenditure, where possible.

Overall blended funding cost of 3.0% is lower as compared to 3.5% for FY2020 mainly due to lower floating rates and lower fixed rates on the interest rate swaps and cross-currency interest rate swaps entered in FY2021.

As at 31 March 2021, AA REIT had a cash balance of approximately S\$11.2 million and undrawn committed facilities of S\$135.2 million. AA REIT is in advanced discussions with its lenders to refinance several tranches of its debt facilities to meet the current financial obligations as and when they fall due.

Outlook

The International Monetary Fund has raised global growth projections for 2021 and 2022 to reflect additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of 2021. Global prospects, however, remain uncertain with government fiscal support and economic recovery diverging across markets and sectors. While some economies in the West expect consumer-led recoveries as their governments close in on vaccination goals, some countries in Asia are struggling to contain a resurgence

² The Property's NPI yield of 6.2% is based on the first year of ownership of S\$6.3 million over the Purchase Consideration of S\$102.0 million. The Property's NPI yield based on the estimated total acquisition costs of S\$106.6 million would be 5.9%. Refer to the announcement on 27 January 2021 for further details.

³ 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 which further included the amount reserved for distribution to Perpetual Securities holders.

of the virus, to the extent of overwhelming hospitals and more tightening measures. The spread of virus mutations also pose significant threats to the expected global recovery.

As Singapore eases COVID-19 movement restrictions in April 2021, business activity and sentiment are gradually improving. The ramp up of Singapore's mass vaccination programme is anticipated to result in the re-opening of international borders and underpin Singapore's economic growth.

Based on advance estimates for the first quarter of 2021 by the Ministry of Trade and Industry (MTI), the Singapore economy expanded by 0.2% year-on-year, a turnaround from the 2.4% contraction recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the economy expanded by 2.0%, extending the 3.8% expansion in the preceding quarter. This was led by the manufacturing sector, which grew by 7.5% year-on-year. On a quarter-on-quarter seasonally-adjusted basis, the manufacturing sector expanded by 7.6%.

Taking into account the developments in the global and domestic economic environment including the ongoing COVID-19 pandemic, MTI announced that the GDP growth forecast for the Singapore economy is maintained at "4.0% to 6.0%" in 2021. In addition, Prime Minister Lee Hsien Loong in his May Day Rally speech updated that there is a good chance for Singapore to achieve GDP growth of 6% or better in 2021.

Based on JTC Corporation's market report for 1Q 2021, the occupancy rate for the overall industrial property market rose marginally by 0.1 percentage points quarter-on-quarter to 90.0%, as delays in completion of new industrial space persist. For the rest of 2021, an estimated 2.4 million sqm of industrial space is scheduled for completion, while an additional 2.8 million sqm of industrial space is expected to be completed between 2022 and 2024. As the economy starts to recover in 2021, demand for industrial space is projected to increase, while price and rentals are likely to remain stable.

The economic recovery in Australia is well under way and is stronger than had been expected, with employment rates returning to pre-pandemic levels. However, the economy is still operating with spare capacity.

After its most recent meeting in April 2021, the Reserve Bank of Australia (RBA) had maintained its target cash rate of 10 basis points, marking this as the lowest rate set by the RBA in its history.

Against the macroeconomic headwinds arising from the pandemic, economic recovery remains dependent on the effectiveness of vaccination programmes and government fiscal support. The overall Singapore industrial outlook continues to be supported by favourable operating conditions of the biomedical manufacturing sector, improving demand in the electronics sector, and continued e-commerce purchasing activity by consumers.

Including the new master tenant at 541 Yishun Industrial Park A, and addition of 7 Bulim Street, AA REIT's portfolio of 28 properties in Singapore and Australia, is backed by 193 tenants across its multi-tenanted and master leased properties and diversified across a broad range of business industries.

Amidst the evolving COVID-19 environment, the Manager will continue to proactively manage its portfolio to deliver sustainable distributions and create long-term value for Unitholders.

Distribution and Record Date

| | | |
|-------------------|---|--|
| Distribution | For 1 January 2021 to 31 March 2021 | |
| Distribution Type | (a) Taxable Income (b) Capital Distribution ⁴ | |
| Distribution Rate | (a) Taxable Income Distribution: | 2.287 cents per Unit |
| | (b) Capital Distribution ⁴ : | <u>0.613 cents per Unit</u> <u>2.900 cents per Unit</u> |
| Record Date | 14 May 2021 | |
| Payment Date | 24 June 2021 | |

For enquiries, kindly contact:

Media contact:

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

Investor contact:

Russell Ng / Terence Lim
AIMS APAC REIT Management Limited
Tel: + 65 6309 1050
Email: investorrelations@aimsapac.com

⁴ 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.