



(Constituted in the Republic of Singapore pursuant to a trust deed dated 5 December 2006 (as amended))

## SGX ANNOUNCEMENT

### PROPOSED ACQUISITION OF 1 WOOLWORTHS WAY, BELLA VISTA, NEW SOUTH WALES 2153, AUSTRALIA

#### 1. INTRODUCTION

##### 1.1 Proposed Acquisition of 1 Woolworths Way, Bella Vista, New South Wales, Australia

AIMS APAC REIT Management Limited, in its capacity as manager of AIMS APAC REIT (“**AA REIT**”), and as manager of AA REIT, the “**Manager**”, is pleased to announce that AIMS Capital Management Pty Ltd, in its capacity as trustee of Bella Vista Trust (a wholly-owned subsidiary trust of AA REIT) (the “**Bella Vista Trust Trustee**”), has on 30 September 2021 entered into a contract for sale agreement (the “**Contract for Sale Agreement**”) with Inmark Asset Management Pty Ltd, in its capacity as trustee of Inmark Sydney Property 1 Trust (the “**Vendor**”), to acquire a 100% freehold interest in the property located at 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia (also known as 1-11 Lexington Drive, Bella Vista, New South Wales 2153, Australia) (the “**Property**”) from the Vendor (the “**Proposed Acquisition**”). The acquisition is subject to the approval by the Foreign Investment Review Board of Australia.

##### 1.2 Description of the Property

The Property was constructed in 2005 and is a master-tenanted corporate campus comprising three multi-level interconnecting buildings housing A-grade office accommodation, a data centre operation and amenities, and 3,120 car parking spaces. The Property has a total site area of 95,350 square metres (“**sqm**”), with a total building net lettable area of 44,972 sqm.

The Property is located at Norwest Business Park, approximately 35 kilometres northwest of Sydney’s central business district (“**CBD**”), and is situated between two metro lines (being the Norwest line and Bella Vista line). Further, the Property is in close proximity to public transport and major arterial roads, with direct access to all major logistics and distribution precincts of metropolitan Sydney.

## **2. DETAILS OF THE PROPOSED ACQUISITION**

### **2.1 Valuation and Purchase Consideration**

The Manager has commissioned an independent property valuer, Knight Frank NSW Valuations and Advisory Pty Ltd (“**Knight Frank**”) to value the Property. The market value of the Property as at 30 September 2021 is A\$463.25 million (approximately S\$454.0 million<sup>1</sup>) as stated by Knight Frank in its valuation report dated 30 September 2021. The methods used by Knight Frank were based on the Income Capitalisation and Discounted Cash Flow Analysis methodologies.

The purchase price payable to the Vendor in connection with the Proposed Acquisition is approximately A\$463.25 million, exclusive of goods and services tax (approximately S\$454.0 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.

### **2.2 Principal Terms and Conditions of the Contract for Sale Agreement**

The principal terms of the Contract for Sale Agreement include customary provisions relating to the Proposed Acquisition, including representations and warranties.

### **2.3 Total Acquisition Cost**

The total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is currently estimated to be approximately A\$494.3 million (approximately S\$484.4 million), comprising:

- (i) the Purchase Price of approximately A\$463.25 million (approximately S\$454.0 million);
- (ii) estimated stamp duty payable in connection with the Proposed Acquisition of approximately A\$25.5 million (approximately S\$25.0 million); and
- (iii) acquisition fee payable in Units (“**Acquisition Fee Units**”) of approximately A\$4.6 million (approximately S\$4.5 million) comprising 1.0% of the Purchase Price payable to the Manager for the Proposed Acquisition;
- (iv) other transaction costs comprising professional and other fees and expenses of approximately A\$0.9 million (approximately S\$0.9 million) incurred or to be incurred by AA REIT in connection with the Proposed Acquisition.

### **2.4 Method of Financing**

The Total Acquisition Cost is proposed to be funded by a combination of debt financing, Acquisition Fee Units and the net proceeds raised from the issuance of perpetual securities. Please refer to the announcement titled “Proposed Issue of S\$250 million 5.375 per cent. Perpetual Securities” on 23 August 2021 for further details on the perpetual securities issued (the “**Perpetual Securities**”).

The Manager may also consider funding the Proposed Acquisition by a combination of debt

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<sup>1</sup> Unless otherwise indicated, all S\$ equivalent figures are based on the illustrative exchange rate of A\$1.00 : S\$0.98.

financing, Acquisition Fee units, net proceeds raised from the issuance of the Perpetual Securities and new equity.

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 prevailing market conditions. Once the final decision has been made, the Manager will announce any update to the *pro forma* financial effects of the Proposed Acquisition, if applicable.

## **2.5 Pro Forma Financial Effects of the Proposed Acquisition**

The *pro forma* financial effects of the Proposed Acquisition presented below are strictly for illustrative purposes only and do not reflect the actual position or performance of AA REIT following the completion of the Proposed Acquisition. The *pro forma* financial effects were prepared based on AA REIT's latest audited financial statements for the financial year ended 31 March 2021 ("**FY2021**") and on the following assumptions:

- (i) AA REIT had purchased, held and operated the Property for FY2021;
- (ii) The Property's net profits was based on the Net Property Income ("**NPI**") for the first year of ownership upon completion of the Proposed Acquisition; and
- (iii) the Total Acquisition Cost was funded by A\$278.0 million (approximately S\$272.4 million) of debt, Acquisition Fee Units and the remainder amount to be funded by the proceeds of S\$207.5 million from the issuance of the Perpetual Securities which were assumed to be issued on 1 April 2020 at a distribution rate of 5.375%;
- (iv) the Manager had elected to receive 100.0% of its base management fee in relation to the Proposed Acquisition in AA REIT units; and
- (v) for illustrative purposes only, the AA REIT units issued for the Acquisition Fee Units and base management fee were issued at the 10-day volume weighted average price ("**VWAP**") prior to 30 September 2021 of S\$1.4135 per unit.

### **2.5.1 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 FY2021, assuming AA REIT had completed the Proposed Acquisition on 1 April 2020 and held the Property through to 31 March 2021 and based on the Property's NPI in the first year of ownership.

	Before the Proposed Acquisition	After the Proposed Acquisition
Distributions to unitholders of AA REIT (“Unitholders”) (S\$’000)	63,247	66,674
Units in issue (’000)	706,663 <sup>(1)</sup>	711,480 <sup>(2)</sup>
DPU (cents) <sup>(3)</sup>	8.95	9.37
DPU Accretion (%) <sup>(4)</sup>	Not Applicable	4.69

**Notes:**

- (1) Number of Units in issue as at 31 March 2021.
- (2) Includes new Acquisition Fee Units and payment of base management fees in units at an illustrative price of S\$1.4135 per new unit.
- (3) DPU is calculated based on the applicable number of Units for the year.
- (4) DPU Accretion based on utilisation of S\$207.5 million of proceeds from the Perpetual Securities.

## 2.5.2 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 of AA REIT and Aggregate Leverage as at 31 March 2021, assuming the Proposed Acquisition had been completed on 31 March 2021.

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV represented by Unitholders’ funds (S\$’000)	962,758	936,887
Units in issue (’000)	706,663	711,480 <sup>(1)</sup>
NAV per Unit (S\$)	1.36	1.32
Aggregate Leverage (%) <sup>(2)</sup>	33.9	38.6 <sup>(3)</sup>

**Notes:**

- (1) Includes new Acquisition Fee Units and payment of base management fees in units at an illustrative price of S\$1.4135 per new unit.
- (2) Aggregate Leverage limit for Singapore real estate investment trusts is 50.0%.
- (3) Based on gross proceeds of S\$250.0 million issued from the Perpetual Securities. Assuming S\$207.5 million of Perpetual Securities had been issued, the aggregate leverage would be 39.3%.

## 2.6 Tenancy Profile

The master tenant of the Property, Woolworths Group Limited (“**Woolworths**”), is a publicly-listed company on the Australian Securities Exchange. Woolworths is a major retail operator in Australia and New Zealand, with 3,357 stores and approximately 215,000 employees. Its business divisions comprise Australian Food, New Zealand Food and Big W, engaging in the operations of supermarkets, food stores, retail wholesale and discount general merchandise stores. The Property is wholly-leased to Woolworths for a term of 26 years commencing from 1 November 2005, and with four (4) options to renew for a further period of five (5) years pursuant to each option (the “**Woolworths Lease Agreement**”).

### 3. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Chapter 10 of the listing manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the listing manual of the SGX-ST, the “**Listing Manual**”) governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by AA REIT. Such transactions are classified into the following categories:

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

A transaction by AA REIT may fall into any of the categories set out above depending on the size of the relative figures computed on, *inter alia*, the following bases of comparison set out in Rules 1006(b) and 1006(c) of the Listing Manual:

- (i) the net profits attributable to the assets to be acquired, compared with AA REIT’s net profits; and
- (ii) the aggregate value of the consideration given, compared with AA REIT’s market capitalisation based on the total number of issued units in AA REIT excluding treasury Units.

The relative figures for the Proposed Acquisition using the applicable bases of comparison described above are set out in the table below.

	AA REIT	The Property	Relative Figure (%)
<b>Rule 1006(b)</b>			
Net profits attributable to the assets acquired compared to AA REIT’s net profits (S\$’000) <sup>(1)</sup>	26,854 <sup>(2)</sup>	5,865 <sup>(3),(4)</sup>	21.8
<b>Rule 1006(c)</b>			
Aggregate value of the consideration to be given compared with AA REIT’s market capitalisation (S\$’ million)	1,009.5 <sup>(5)</sup>	454.0 <sup>(4)</sup>	45.0

**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 three-month period ended 30 June 2021 of S\$23,080,000 and included the share of profits of joint venture (net of tax) (excluding share of revaluation surplus of joint venture) of S\$3,774,000.
- (3) The Property's net profits was based on the NPI for the first three months of ownership upon completion of the Proposed Acquisition.
- (4) Based on A\$1.00 = S\$0.98.
- (5) Based on the number of units of AA REIT ("Units") in issue as at 29 September 2021 of 707,435,223 Units and AA REIT's VWAP of S\$1.427 per Unit on 29 September 2021, being the market day immediately preceding the date of this announcement.

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 policy of AA REIT and does not change the risk profile of AA REIT. As such, the Proposed Acquisition is therefore not subject to Chapter 10 of the Listing Manual.

#### **4. 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:

##### **4.1 Transformation third acquisition in Australia, which provides access to a strategic business park and data centre precinct, with strong road and rail transport connectivity**

The Proposed Acquisition will further strengthen AA REIT's foothold in Sydney's resilient business park market with access to a strategic business park and data centre location. Located within the Norwest Business Park, the Property is home to a thriving community of established domestic and multinational corporations. The Property is also well connected to all the major public transport motorways and networks, providing direct access to the Sydney CBD and all logistics and distribution precincts in metropolitan Sydney.

##### **4.2 Long balance lease term of 10 years underpinned by strong tenant covenant and built-in rental escalation of 2.75% per annum**

The Property is master-tenanted by Woolworths with a balance lease term of 10 years. Woolworths has a BBB long-term and A-2 short-term issuer credit ratings by S&P Global Ratings and rated Baa2 (stable outlook) from Moody's. The Woolworths Lease is subject to a fixed rental escalation of 2.75% per annum.

##### **4.3 Rare significant 9 hectare freehold site provides immense re-development potential to cater for future expansion from the current building area of 44,972 sqm to a maximum gross floor area of 180,000 sqm**

The Property is situated on a rare and significant 9 hectare freehold land in Norwest which would be difficult to replicate in the surrounding land parcels. Due to the infrastructure and zoning, the land provides for both business park and data centre usage. The existing buildings arrangements and parking provisions provide flexibility and are catered for future site

expansion for additional buildings. Such potential development will increase the lettable area and correspondingly provide additional income stream to the portfolio as the current net lettable area of 44,972 sqm provides for significant development headroom of up to a maximum gross floor area of around 180,000 sqm.

#### **4.4 Significant capital investment in the Property with over A\$50 million committed by Woolworths**

Since its construction in 2005, the Property has undergone several upgrades and improvements. More recently, a multi-storey carpark was constructed in 2016 provided over 1,000 of car parking space. Woolworths have committed over A\$50 million on office fit outs, foyer refurbishment and other amenities. New solar panel were installed across the building roof area, which provides the property with a renewable energy source and aligns with AA REIT's commitment to incorporate ESG factors into its strategy and operations.

#### **4.5 Increases contribution of Australia freehold assets to portfolio from 21.8% to 38.4% and enhances portfolio quality and metrics**

The Property will increase the contribution from Australian properties to AA REIT's portfolio as well as increase the average portfolio ground lease term from around 45.3 years to 56.9 years (by valuation), on a *pro forma* historical basis for FY2021. In addition, the fully occupied Property and long balance lease term of 10 years will extend the portfolio WALE from 3.98 years to 4.92 years on a *pro forma* historical basis for FY2021, providing further resilience to the portfolio. Woolworths will also become the top tenant of AA REIT based on the expected first year gross revenue contribution, adding another reputable and strong tenant covenant to its roster of tenants.

#### **4.6 DPU accretive transaction**

The Proposed Acquisition reiterates AA REIT's strategy to seek yield-accretive and quality income-producing assets to grow its portfolio. On a *pro forma* historical basis for FY2021, the Proposed Acquisition is expected to be DPU accretive to Unitholders.

### **5. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS**

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

### **6. OTHER INFORMATION**

#### **6.1 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.

## 6.2 Establishment of new wholly-owned sub-trusts

In connection with the Proposed Acquisition, the Manager wishes to announce AA REIT's establishment of new wholly-owned sub-trusts as detailed below:

<b>Name of Trust</b>	AA REIT Australia Trust (NSW)
<b>Name of Trustee</b>	AIMS Investment Managers Ltd, in its capacity as trustee of AA REIT Australia Trust (NSW)
<b>Country of constitution</b>	Australia
<b>Unit Capital</b>	A\$23,162,500 comprising 23,162,500 units at A\$1 each
<b>Unitholder</b>	AIMS Capital Management Pty Ltd in its capacity as trustee of AIMS APAC REIT (Australia) Trust
<b>Principal Activity</b>	Investment holding

<b>Name of Trust</b>	Bella Vista Trust
<b>Name of Trustee</b>	AIMS Capital Management Pty Ltd, in its capacity as trustee of Bella Vista Trust
<b>Country of constitution</b>	Australia
<b>Unit Capital</b>	A\$23,162,500 comprising 23,162,500 units at A\$1 each
<b>Unitholder</b>	AIMS Investment Managers Ltd in its capacity as trustee of AA REIT Australia Trust (NSW)
<b>Principal Activity</b>	Direct ownership of the Property

## 7. Documents for Inspection

Copies of the following documents are available for inspection<sup>2</sup> during normal business hours at the registered office of the Manager at 1 George Street, #23-03 One George Street, Singapore 049145, from the date of this announcement up to and including the date falling three months from the date of this announcement:

- (i) the Contract for Sale Agreement; and
- (ii) the independent valuation report by Knight Frank on the Property.

BY ORDER OF THE BOARD

**AIMS APAC REIT Management Limited**  
(Company Registration No. 200615904N)  
as Manager of AIMS APAC REIT

Stella Yeak  
Company Secretary  
30 September 2021

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<sup>2</sup> Prior appointment with the Manager will be appreciated.



**Important Notice**

The value of the 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 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](http://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](http://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 funds management, mortgage lending, investment banking and property investment. AIMS is also the owner of the Sydney Stock Exchange.

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.