



AIMS APAC REIT MANAGEMENT LIMITED

As Manager of AIMS APAC REIT
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Media Release

AIMS APAC REIT TO ACQUIRE WOOLWORTHS HEADQUARTERS AT NORWEST BUSINESS PARK, SYDNEY, FOR A\$463.25 MILLION¹

- **Transformational third acquisition in Australia; Provides entry to a strategic business park and data centre location with strong road and rail transport connectivity**
- **A-Grade corporate campus that is 100% leased to Woolworths, one of the Top 10 ASX listed companies by market capitalisation, and the largest supermarket retailer in Australia**
- **Long lease term balance of 10 years and built-in rental escalation of 2.75% per annum**
- **Rare significant 9-hectare freehold site provides for future re-development potential to expand the current building footprint of 44,972 sqm to a maximum gross floor area of 180,000 sqm**
- **Portfolio value will be significantly enlarged by 26.6% to over S\$2.18 billion²**
- **Increases portfolio contribution of Australia freehold assets from 21.8% to 38.4%, and raises portfolio WALE to 4.92 years**
- **Acquisition will provide an initial NPI yield of 5.17%³ and is DPU accretive**
- **Acquisition of Property aligns with AA REIT's commitment to ESG**
- **The acquisition is subject to approval by the Foreign Investment Review Board of Australia**

Singapore, 30 September 2021 – AIMS APAC REIT Management Limited (Manager) as Manager of AIMS APAC REIT (AA REIT), today announced that AIMS Capital Management Pty Ltd, the trustee of Bella Vista Trust (a wholly-owned subsidiary trust of AA REIT), had on 30 September 2021 entered into a contract for sale agreement to acquire Woolworths Headquarters, located in New South Wales, Australia (the Property) for a purchase consideration of A\$463.25 million (approximately S\$454.0 million⁴) (the Proposed Acquisition) from Inmark Asset Management Pty Ltd. The Property, fully leased to Woolworths Group Limited (Woolworths), will be acquired at an initial Net Property Income (NPI) yield of 5.17%.

The Manager's Chairman, Mr George Wang, commented, "This Proposed Acquisition will strengthen AA REIT's foothold in Sydney's resilient business park market. The asset sits on a rare nine-hectare freehold land, within the Norwest Business Park, with good connectivity and direct access to the Sydney CBD. The precinct is also home to a thriving community of established domestic and multinational corporations such as Australia Post, Resmed, IBM and Optus and data centres for the Reserve Bank of Australia and Commonwealth Bank of Australia.

¹ The purchase consideration of A\$463.25 million excludes transaction costs of approximately A\$31.0 million, which includes stamp duty, acquisition fee payable to the Manager, professional advisory fees and other costs. As such, the total acquisition cost is A\$494.25 million (approximately S\$484.4 million).

² Using an illustrative exchange rate of A\$1.00 : S\$0.98.

³ Based on the Property's NPI in the first year of ownership of A\$23.9 million over the Purchase Consideration of A\$463.25 million. The initial NPI Yield based on the estimated total acquisition costs of A\$494.25 million would be 4.84%.

⁴ Using an illustrative exchange rate of A\$1.00 : S\$0.98.



Woolworths HQ, an A-Grade corporate campus comprising three multi-level interconnecting buildings, housing office accommodation, a data centre operation and amenities

Furthermore, this acquisition will be DPU accretive⁵ and will provide AA REIT with long-term income stability, through the long lease term and fixed annual escalation”.

The Property has undergone significant capital investment over the years with progressive upgrades to the office fit-outs and amenities, ground floor reception foyer, including the construction of a new multi-storey carpark with a capacity of over 1,000 parking bays and new solar panels across the building rooftop. This Proposed Acquisition is also significant as the Norwest sub-market will provide an entry into another attractive major business park precinct in Australia, after AA REIT’s acquisition of Optus Centre in Macquarie Park, Sydney, in 2014.

Apart from being able to benefit from annual rental escalations and long-term capital appreciation, there is immense potential to unlock value as this Property was designed to cater for future site expansion for additional buildings. Such potential development will increase the lettable area and correspondingly provide additional income stream and stability to AA REIT’s portfolio.

Mr Wang further added, “This is a transformational acquisition for AA REIT, representing the largest asset in the REIT’s high-quality portfolio, and wholly-leased to one of Australia’s largest companies listed on Australian Securities Exchange Ltd (ASX).

This acquisition is reminiscent of the Optus Headquarters Campus acquisition in 2014. At that time, the property was acquired for A\$377.0 million. The valuation of Optus Headquarters Campus has now grown to A\$660.0 million (75.1% uplift, as at 31 March 2021), following our recent 10 year lease extension, which has provided a strong return to AA REIT’s unitholders. The Optus campus freehold site is approximately 7.6 hectares with 84,194 sqm of Net Lettable Area, of which AA REIT’s share is 49%.

This acquisition is in line with AA REIT’s investment strategy to buy quality assets that generate attractive long-term total returns for unitholders”.

⁵ Based on a *pro forma* historical basis for the financial year ended 31 March 2021 (FY2021). Please refer to AA REIT’s announcement dated 30 September 2021 titled “Proposed Acquisition of 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia” for further details.



Fully leased to Australia's largest supermarket chain, Woolworths Group Limited

The Property is a freehold, A-Grade corporate campus, 100% leased to Woolworths, one of the Top 10 ASX listed companies by market capitalisation, and the largest supermarket retailer in Australia. The balance lease term of 10 years is subject to built-in rental escalation of 2.75% per annum.

Post-Acquisition, Woolworths will become the largest tenant in AA REIT's portfolio. Woolworths current market capitalisation is approximately A\$50 billion⁶ and holds 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 Property acquisition will significantly enlarge our portfolio value by over 26.6% to S\$2.183 billion as well as raise the contribution of Australian freehold properties to AA REIT's portfolio, from 21.8% to 38.4%. In addition, the fully occupied Property and its WALE of 10 years will provide additional resilience to the portfolio, lifting the overall occupancy rate to 95.9% and WALE from 3.98 years to 4.92 years on a *pro forma* historical basis for FY2021 .

The purchase consideration of A\$463.25 million (approximately S\$454.0 million) for the Property is in line with an independent valuation conducted by Knight Frank NSW Valuations and Advisory Pty Ltd (Knight Frank), which valued the Property at A\$463.25 million as at 30 September 2021.

The total cost of the Proposed Acquisition is A\$494.25 million (approximately S\$484.4 million), and comprises the purchase consideration of A\$463.25 million (approximately S\$454.0 million) and transaction costs⁷ of approximately A\$31.0 million (approximately S\$30.4 million).

With a competitive local debt financing package secured for 60% of the purchase consideration and net proceeds raised from the recent issuance of the S\$250 million perpetual securities, the Manager has sufficient capacity to complete the transaction.

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

⁶ Market capitalisation as at 30 September 2021.

⁷ Includes stamp duty, acquisition fee payable to the Manager, professional advisory fees and other costs.

With the Proposed Acquisition, the aggregate leverage will increase to 38.6%, which remains well within the MAS aggregate leverage limit of 50%. At this aggregate leverage, the proposed funding structure utilising local debt financing and perpetual securities is expected to add 0.42 cents to the FY2021 Distribution Per Unit (DPU) of 8.95 cents to 9.37 cents on a *pro forma* historical basis for FY2021. Upon settlement, the Manager has elected to receive the acquisition fee in AA REIT units.

Following the completion of the Proposed Acquisition, AA REIT will have a total of 29 properties, of which 26 properties are located throughout Singapore, a property located in Gold Coast, Queensland, Australia, a property located in Bella Vista, New South Wales, Australia and a 49% interest in a property located in Macquarie Park, New South Wales, Australia.

About the Property

The Woolworths HQ property is a corporate campus comprising of three inter-connecting buildings, housing A-grade office accommodation, a data centre operation, and amenities. The property was constructed in 2005 and has a total site area of 90,010 square metres, with a total net lettable area (NLA) of 44,972 square metres. The current NLA provides for significant development potential to circa 180,000 sqm in line based on the maximum allowable gross floor area.

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

Located 35 kilometres northwest of Sydney CBD, at Norwest Business Park, the property comes with ample parking space, bearing 3,120 parking lots and is well-connected between two metro stations (Norwest and Bella Vista). It is also within proximity to key motorways.

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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 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 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.