



**AIMS  
AA REIT**

**AIMS APAC REIT MANAGEMENT LIMITED**

As Manager of AIMS APAC REIT  
1 Raffles Place #39-03, One Raffles Place  
Singapore 048616

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

**Media Release**

**AIMS APAC REIT's 1Q FY2023 Net Property Income increases 34.3% Year-on-Year**

**Key highlights for 1Q FY2023:**

- Achieved a new high in occupancy rate of 97.9%
- Executed 10 new and 14 renewal leases (with 9.5% positive rental reversion)
- Aggregate leverage of 37.0% with blended debt funding cost of 2.7% compared to 2.8% for 1Q FY2022

	<b>1Q FY2023</b>	<b>1Q FY2022</b>	<b>+/(-)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Gross revenue	41,301	31,813	29.8
Net property income (NPI)	30,990	23,080	34.3
Distributions to Unitholders	16,348	15,917	2.7
Distribution per Unit (DPU) (cents)	2.28	2.25	1.3

**Singapore, 26 July 2022** – AIMS APAC REIT Management Limited (the Manager) as manager of AIMS APAC REIT (AA REIT) is pleased to announce a 1.3% growth in DPU to 2.28 cents for the quarter from 2.25 cents in the previous corresponding period (1Q FY2022). Total distributions to Unitholders for the quarter were S\$16.3 million, 2.7% higher compared to 1Q FY2022.

Gross revenue for the quarter increased 29.8% year-on-year (y-o-y) to S\$41.3 million, while net property income rose 34.3% to S\$31.0 million. The improved performance was mainly due to contributions from Woolworths Headquarters which was completed on 15 November 2021 and higher rental income from existing properties including 20 Gul Way, NorthTech, 15 Tai Seng, 27 Penjuru Lane and 8 & 10 Pandan Crescent.

The higher revenue was offset by higher operating expenses, distributions to Perpetual Securities holders, higher interest expense and management fees following the acquisition of Woolworths Headquarters. Consequently, distributions to Unitholders and DPU rose by 2.7% and 1.3% respectively compared to 1Q FY2022.

Commenting on AA REIT's performance this quarter, the Manager's CEO, Mr Russell Ng, said, "We have seen a positive rental reversion of 9.5% for this quarter backed by strong leasing activities from our existing tenants. Our financial performance continues to be supported by healthy demand from new tenants in the logistics sector and contribution from

our 3 master tenanted Australian properties that make up 39.5% of our portfolio. Amidst growing macroeconomic headwinds, we will remain firmly focused on maintaining our stable operations, while prudently driving asset enhancement initiatives and portfolio rejuvenation strategy to reposition selected properties, and add value to AA REIT's resilient portfolio."

The Manager's Chairman, Mr George Wang, added, "We aim to further deepen our regional presence in Australia, with a priority on high quality assets that provide good investment returns for the long term to build greater resilience for AA REIT's portfolio."

## **Portfolio Update**

During the quarter, the Manager executed 10 new and 14 renewal leases (with 9.5% positive rental reversion), representing 30,525 sqm or 3.9% of total net lettable area (NLA), contributed by strong leasing momentum. As at 30 June 2022, AA REIT continued to achieve a stable and resilient performance, with overall portfolio occupancy at a high of 97.9%, while weighted average lease expiry (WALE) stood at 4.93 years. The healthy committed occupancy is expected to be sustained, as demand for industrial space continues to be underpinned by the resilient e-commerce and logistics sectors as well as Singapore's reopening of its borders.

## **Prudent Capital Management**

As at 30 June 2022, AA REIT's aggregate leverage was 37.0%, well within the aggregate leverage limit of 50% set by the Monetary Authority of Singapore. Total gross debt outstanding stood at S\$830.7 million and blended debt funding cost was 2.7% for the quarter, lower than the 2.8% for 1Q FY2022 mainly due to lower overall cost of funding.

Approximately 88% of AA REIT's borrowings are on fixed rates (including forward interest rate swaps) with an average debt to maturity term of 3.8 years. AA REIT remains well-positioned to service its loan obligations and recorded a healthy interest coverage ratio of 5.0 times as at 30 June 2022.

During the quarter, AA REIT successfully refinanced its existing debt of approximately S\$140 million due in FY2023 and FY2024. As a result, AA REIT has no refinancing obligations until FY2024. Together with AA REIT's undrawn committed facilities and cash and bank balances of S\$231.7 million, AA REIT has the financial flexibility to pursue new acquisition opportunities and asset enhancement initiatives.

## **Outlook**

### *Macro Economy*

The International Monetary Fund is projecting global economic growth to slow to 3.6% in 2022 and 2023, due to the conflict in Ukraine which has contributed to shortages beyond the energy and agricultural sectors, leading to soaring commodity prices and elevated inflation. Inflationary concerns have led central banks to tighten monetary policy and raise interest rates.

## *Singapore*

Based on advance estimates released by the Ministry of Trade and Industry on 14 July 2022, Singapore's economy grew by 4.8% year-on-year in the second quarter of 2022, extending the 4.0% growth recorded in the previous quarter.

The manufacturing sector expanded by 8.0% year-on-year in the second quarter of 2022, similar to the 7.9% growth in the previous quarter. Growth during the quarter was supported by output expansion in most clusters, particularly in the electronics and precision engineering clusters.

Separately, the Monetary Authority of Singapore (MAS) further tightened its monetary policy on 14 July 2022 to slow inflation and help ensure medium-term price stability. The MAS also raised its inflation forecast for 2022, with overall inflation now projected at 5.0% to 6.0%, from the earlier range of 4.5% to 5.5%.

According to JTC Corporation's market report for 1Q 2022 released on 28 April 2022, occupancy rate for the overall industrial property market decreased by 0.4 percentage points from the previous quarter to 89.8%. This was underpinned by a significant pickup in new completions and an increase in supply exceeding new demand. The all-industrial rental index and all-industrial price index rose by 1.0% and 2.1% respectively in 1Q 2022, compared to the previous quarter.

## *Australia*

According to data released by the Australian Bureau of Statistics on 1 June 2022, Australian GDP rose by 0.8% in 1Q 2022. Its GDP is forecast to grow by 4.25% over 2022. Following the reopening of cities, workers have gradually returned to their workplaces, supporting demand for business parks and decentralised locations.

While inflation is high in Australia and is forecast to hit 7% this year, it remains lower than in many other countries. At the most recent July meeting, Reserve Bank of Australia increased the cash rate by 50 basis points to 1.35%. The Australian economy remains resilient as the unemployment rate of 3.9% for May 2022 is the lowest rate in almost 50 years.

## *Looking Ahead*

Demand for industrial space remains robust from an ongoing expansion from various sectors such as technology, manufacturing and logistics. Notwithstanding macroeconomic uncertainties such as rising interest rates, higher commodity prices and inflationary pressures, expansionary demand from occupiers in the various industry clusters will continue to provide support for the industrial and business park sectors.

## Distribution and Record Date

Distribution	For 1 April 2022 to 30 June 2022
Distribution Type	(a) Taxable Income (b) Tax Exempt Income (c) Capital Distribution <sup>1</sup>
Distribution Rate	(a) Taxable Income Distribution: 1.40 cents per Unit (b) Tax Exempt Income: - (c) Capital Distribution <sup>1</sup> : <u>0.88 cents per Unit</u> <u>2.28 cents per Unit</u>
Record Date	4 August 2022
Payment Date	23 September 2022

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<sup>1</sup> 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](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 29 properties, of which 26 properties are located throughout Singapore, and 3 properties located in Australia, including a property located in Gold Coast, Queensland, a 49.0% interest in Optus Centre located in Macquarie Park, New South Wales and Woolworths Headquarters located in Bella Vista, New South Wales.

### 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.