



**AIMS**  
**AA REIT**

# Corporate Presentation

## Phillip Securities Webinar

15 September 2022



20 Gul Way, Singapore



Woolworth HQ, Australia



3 Tuas Avenue 2, Singapore



# Agenda

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Outlook and Strategy



Optus Centre, Australia





# Overview of AA REIT

20 Gul Way, Singapore



# Overview of AIMS APAC REIT

Curated portfolio of high-quality assets in Singapore and Australia

## Sponsor: AIMS Financial Group

- Established in 1991, AIMS is a diversified financial services and investment group, active in the areas of fund management, mortgage lending, investment banking and property investment
- Headquartered in Sydney, with businesses across Australia, China, Hong Kong SAR and Singapore
- Owner of the Sydney Stock Exchange

## Investment Mandate

To invest in a diversified portfolio of income-producing industrial, logistics and business park real estate throughout the Asia Pacific region

## Diversified across industrial sub-sectors

### Logistics & Warehouse



### Business Park



### General & Light Industrial



### Hi-Tech



## Diversified geographic presence

### Singapore

- 26 properties
- 60.5% of portfolio value



### Australia

- 3 properties<sup>1</sup>
- 39.5% of portfolio value



## Resilient portfolio



**29<sup>1</sup>**  
High quality assets



**S\$2.4bn**  
Total assets



**785,426 sqm**  
Net lettable area



**97.9%**  
Occupancy



**4.9 years**  
Portfolio WALE<sup>2</sup>



**201**  
Tenants

Notes:

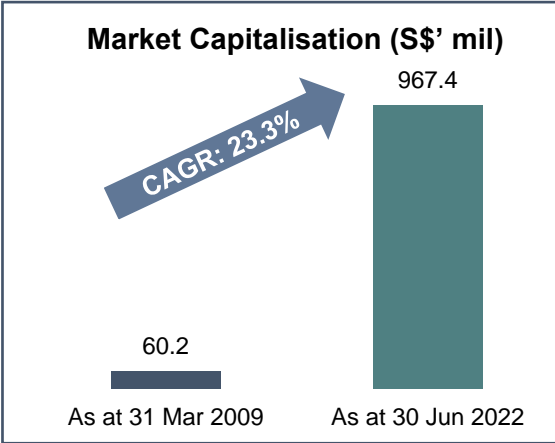
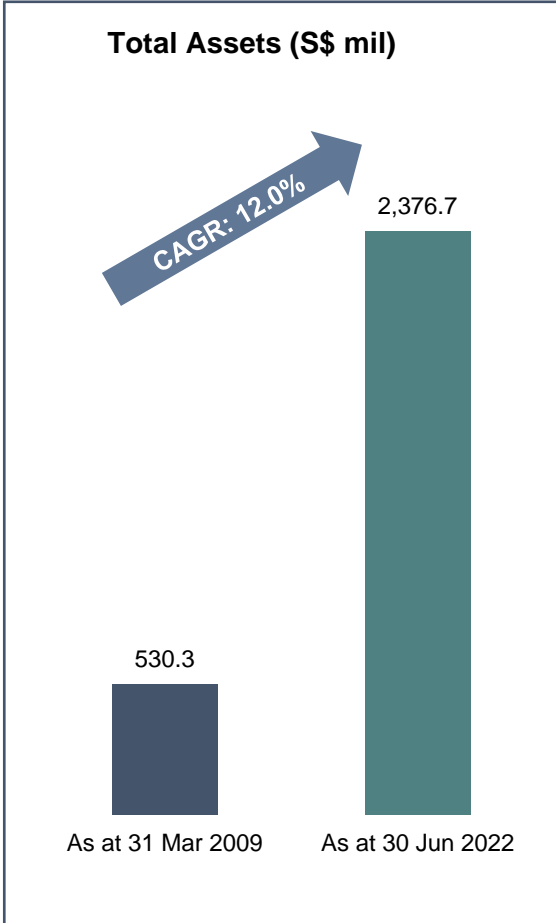
All information stated is as at 30 June 2022.

1. Includes 49% interest in Optus Centre.

2. Weighted average lease expiry by 1Q FY2023 gross rental income.

# Creation of unitholder value from active management

Transformational growth backed by established Sponsor



### Inclusion into Key Indices

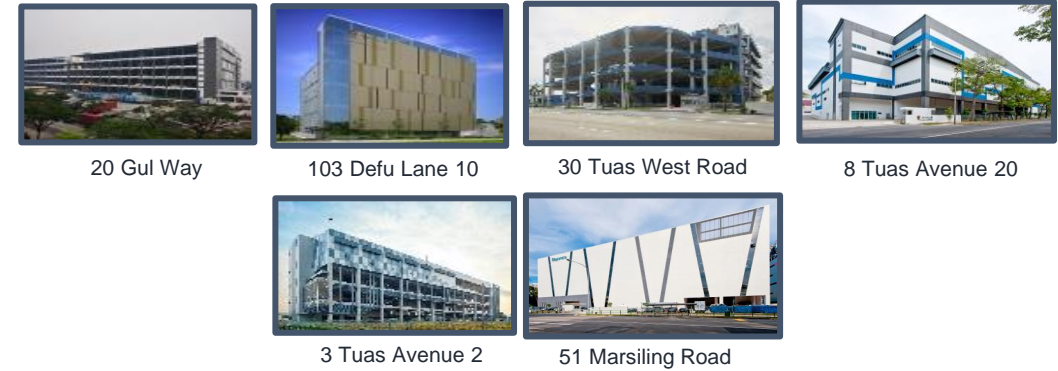


Sept 2021  
FTSE EPRA Nareit Global Developed Index

May 2020  
MSCI Singapore Small Cap Index

Delivered total return of 226.9%<sup>1</sup> from FY2010

## 6 Development Projects



## 3 Asset Enhancement Initiatives



## 4 Targeted Acquisitions



These 13 completed developments, AEs and acquisitions are today valued at S\$1.6 million and account for 72.4% of our total portfolio value<sup>2</sup>

Notes:  
 1. Total return is calculated based on the closing unit price of S\$0.215 on 31 March 2010 and the closing unit price of S\$1.370 on 31 August 2022. Assumes the investor fully subscribes for his/her right entitlement and distributions are fully reinvested into the Trust (i) at the closing price on the ex-distribution date; and (ii) on the day distributions were paid out.  
 2. Based on the carrying value of investment properties as at 30 June 2022 as well as the 49.0% interest in the carrying value of Optus Centre and excluding right-of-use assets.

# Proactive asset and lease management

Well-diversified portfolio anchored by Australian business parks and strong tenant covenants

## Active Lease Management

### FY2020

#### Optus Centre



Completed a 12-year lease extension with AA REIT's largest tenant, Optus Administration, Australia's second largest telecommunications company

#### 3 Tuas Avenue 2



Secured 10-year master lease agreement prior to completion of the redevelopment with ResMed, a global medical device design and development, storage and distribution company

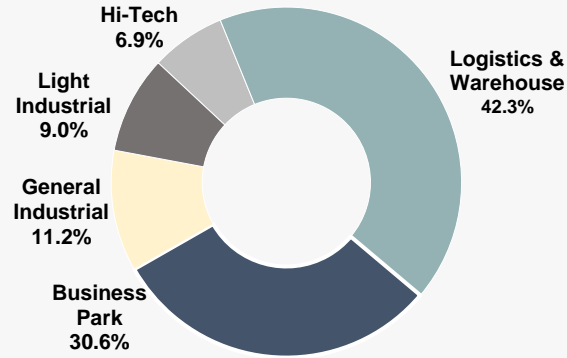
### FY2022

#### NorthTech



Executed 10-year lease renewal with Illumina Singapore, a leading global developer, manufacturer and marketer of life science tools

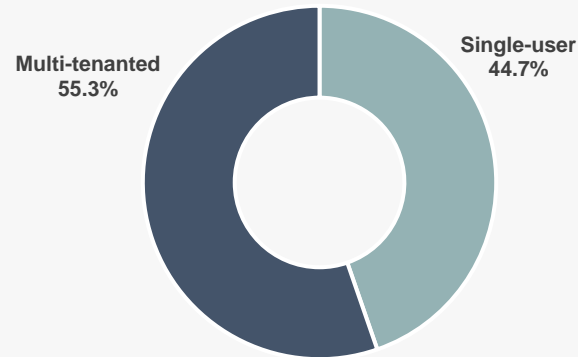
### Gross Rental Income<sup>1</sup> by Sub-Sectors



### Diversification in sub-sectors underpin business resilience amid market volatility

- Anchored by high-quality Australian business parks master tenanted on long lease terms with rental escalation
- Exposure to hi-tech space with large corporate tenant and long lease
- Ramp-up facilities account for ~33% of GRI<sup>1</sup> and offer potential for strong rental reversion

### Gross Rental Income<sup>1</sup> by Property Type



### Balanced exposure to single-user and multi-tenanted buildings with long WALE<sup>1</sup> of 4.9 years

- All single-user assets are at market rent with long lease terms providing income stability, majority (~83%<sup>1</sup>) have built-in escalations
- Multi-tenanted assets, of which majority (~65%<sup>1</sup>) are logistics properties, have shorter WALE with potential for rental growth










Notes:  
All information stated is as at 30 June 2022.  
1. By 1Q FY2023 gross rental income (GRI).



# Track record in redevelopment and asset enhancement

Active development and enhancement strategy to unlock value within the portfolio

- Developed over ~2.8 million<sup>1</sup> sq ft of logistics, warehouse and high-specification industrial space
- Development potential of up to 500,000 sq ft of untapped gross floor area (GFA) in Singapore

2011	2013	2014	2015	2016	2018
					
<b>20 Gul Way (Phase 1 &amp; 2)</b>	<b>103 Defu Lane 10</b>	<b>26 Tuas Avenue 7</b>	<b>30 Tuas West Road</b>	<b>8 Tuas Avenue 20</b>	<b>3 Tuas Avenue 2</b>
<ul style="list-style-type: none"> <li>▪ 1.16 mil sq ft five-storey ramp up warehouse</li> <li>▪ Increased plot ratio from 0.46 to 1.4</li> </ul>	<ul style="list-style-type: none"> <li>▪ Modern 203k sq ft six-storey industrial facility</li> <li>▪ Increased plot ratio from 1.20 to 2.50</li> </ul>	<ul style="list-style-type: none"> <li>▪ Two-storey purpose built factory</li> <li>▪ Built additional 2,077 sq ft of space</li> </ul>	<ul style="list-style-type: none"> <li>▪ 288k sq ft five-storey ramp up warehouse</li> <li>▪ Plot ratio increased from 1.15 to 2.07</li> </ul>	<ul style="list-style-type: none"> <li>▪ 159k sq ft three-storey industrial facility</li> <li>▪ Plot ratio increased from 1.03 to 1.40</li> </ul>	<ul style="list-style-type: none"> <li>▪ 268k sqft four-storey ramp up industrial facility</li> <li>▪ Plot ratio increased from 0.92 to 1.40</li> </ul>
					
	<b>20 Gul Way (Phase 2E &amp; 3)</b>		<b>1 Kallang Way 2A</b>	<b>51 Marsiling Road</b>	<b>NorthTech</b>
	<ul style="list-style-type: none"> <li>▪ Further development of additional 497k sq ft</li> <li>▪ Increased plot ratio from 1.4 to 2.0</li> </ul>		<ul style="list-style-type: none"> <li>▪ Eight-storey light industrial building with warehouse space</li> <li>▪ Increased net lettable area by 13%</li> </ul>	<ul style="list-style-type: none"> <li>▪ 231k sq ft greenfield BTS<sup>2</sup> five-storey industrial facility</li> <li>▪ Valued at \$43.0 million upon completion</li> </ul>	<ul style="list-style-type: none"> <li>▪ Four-storey hi-tech industrial building</li> <li>▪ Property value increased to S\$128.0 mil<sup>3</sup> from \$72.0 mil<sup>4</sup></li> </ul>



**Development**



**Asset enhancement**

Notes:..

1. Refers to space added from development projects
2. Refers to built-to-suit.
3. Based on 31 March 2022 valuation.
4. Based on purchase price as at acquisition date 21 February 2011.

# Focused execution on yield accretive investments

Disciplined and targeted acquisitions to deliver Unitholder value

## February 2014 49% interest in Optus Centre, Australia

- Maiden entry into Australia
- Freehold asset leased to Australia's 2<sup>nd</sup> largest telecommunications company, and subsidiary of Singtel
- Long lease term of 8.1 years<sup>1</sup> (triple-net) with annual escalations



A\$184.25 million<sup>2</sup>  
Purchase Price

A\$364.56 million<sup>3</sup>  
Current Value

## July 2019 Boardriders Asia Pacific HQ, Australia

- Sale-and-leaseback of a freehold asset to a global leading action sports and lifestyle company
- Long lease term of 12 years<sup>1</sup> (triple-net) with in-built rental escalations



A\$38.46 million  
Purchase Price

A\$53.50 million<sup>4</sup>  
Current Value

## October 2020 7 Bulim Street, Singapore

- Modern ramp-up building strategically located within the Jurong Innovation District
- Master leased to major Japanese freight forwarding and logistics group which is a wholly-owned subsidiary of Japanese railway holding company Kintetsu Group



S\$129.60 million  
Purchase Price

S\$130.50 million<sup>4</sup>  
Current Value

## November 2021 Woolworths HQ, Australia

- Freehold asset strategically located to benefit from future infrastructure investment and urban regeneration
- Master leased (triple-net) to Australia's largest supermarket retailer and one of the top 10 ASX-listed companies (by market capitalization) for 10 years<sup>1</sup> with built-in rental escalations



A\$463.25 million  
Purchase Price

Potential value uplift from long-term capital appreciation due to strategic location and longer-term re-development potential

Notes:

1. As at date of announcement.
2. Reflects 49.0% interest in the property.
3. Reflects 49.0% interest in the property and based on valuation as at 31 March 2022.
4. Based on valuation as at 31 March 2022.

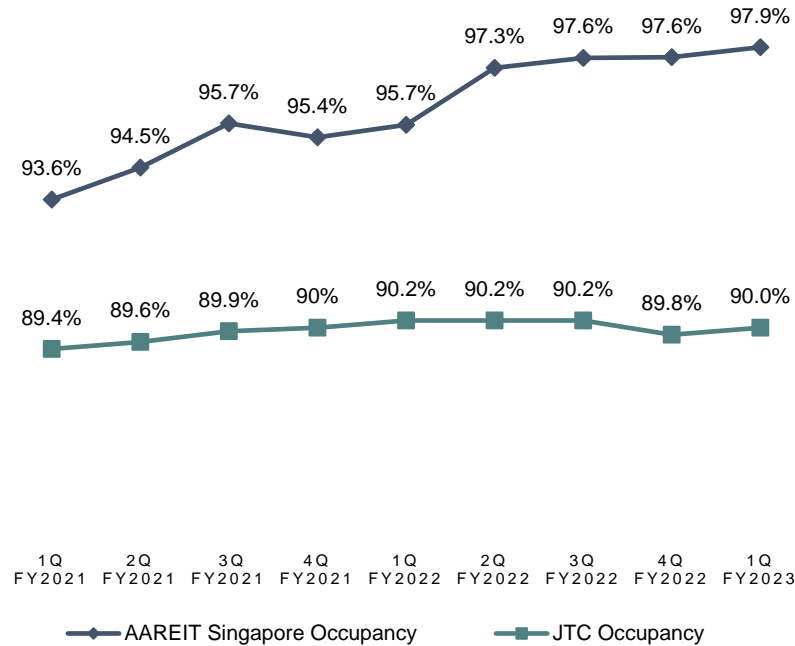


# High-quality portfolio underpins resilient performance

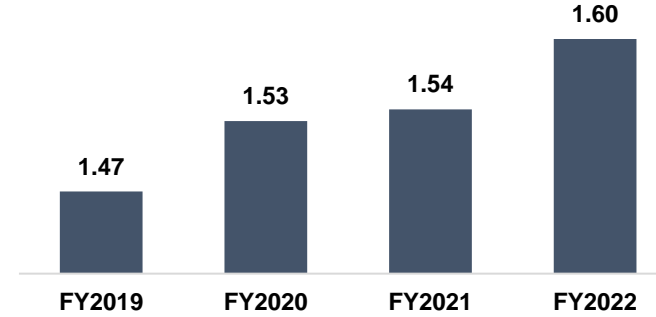
Demonstration of resilience amid COVID-19 pandemic

Active asset and lease management ensure healthy portfolio metrics and steady returns despite pandemic-related operations

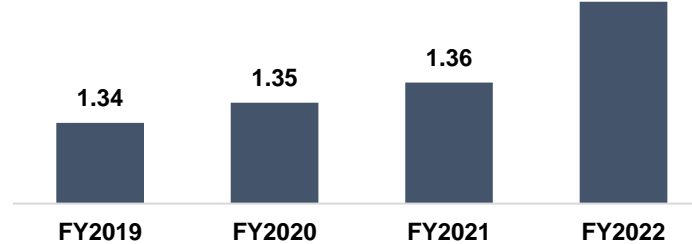
## Consistently high occupancy that is above industry average



## Same store valuation growth<sup>2</sup> (S\$'billion)

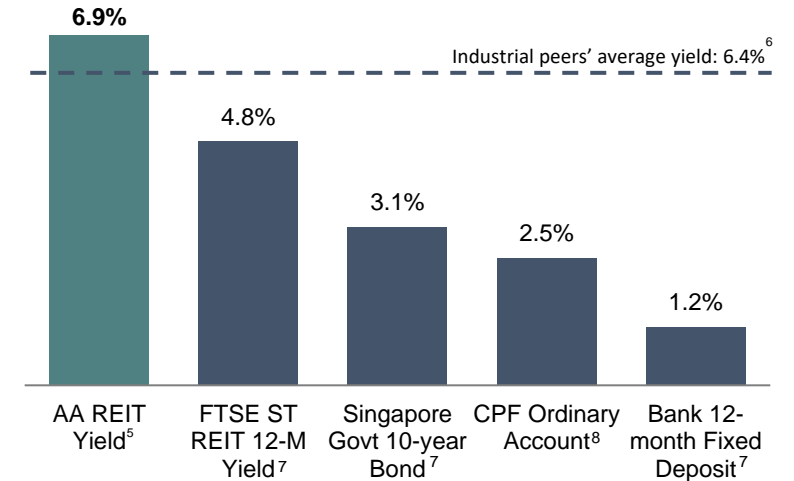


## Steady increase in Net Asset Value (S\$ per Unit)



Healthy returns to Unitholders since 2009 with attractive yield

31 March 2010 to 31 August 2022	Total Return (%)
AA REIT	231.6 <sup>3</sup>
Straits Times Index	72.1 <sup>4</sup>
FTSE Straits Times REIT Index	174.5 <sup>4</sup>



Notes:

- JTC is the government agency in charge of Singapore's industrial progress and the occupancy rate refers to the occupancy rate of Singapore's industrial properties.
- Total portfolio valuation as at 31 March 2019, 31 March 2020, 31 March 2021 and 31 March 2022 respectively, excluding Boardriders APAC HQ acquired in July 2019, 7 Bulim Street acquired in October 2020 and Woolworth HQ acquired in November 2021.
- Total return are calculated based on the closing unit price of S\$0.215 on 31 March 2010 and the closing unit price of S\$1.390 on 31 August 2022. Assumes the investor fully subscribes for his/her right entitlement and distributions are fully reinvested into the Trust (i) at the closing price on the ex-distribution date; and (ii) on the day distributions were paid out.
- Based on Bloomberg and assuming dividends are reinvested in the Index.
- Comprising 1Q FY2023 DPU of 2.28 cents, 4Q FY2022 DPU of 2.36 cents, 3Q FY2022 DPU of 2.35 cents and 2Q FY2022 DPU of 2.50 cents, and based on the last traded Unit Price of as at 6 September 2022.
- Peers' estimates are based on Bloomberg estimates for current year and based on the last traded Unit Price as at 6 September 2022.
- Bloomberg data as at 6 September 2022.
- CPF Ordinary Account interest rate.



# 1Q FY2023 Business and Portfolio Highlights

NorthTech, Singapore



# 1Q FY2023 key highlights

Healthy portfolio metrics and strong balance sheet

## Financial Performance

- **Strong Gross Revenue growth of 29.8%** year-on-year (y-o-y) to S\$41.3 million
- **Net Property Income rose 34.3%** to S\$31.0 million mainly due to contributions from acquisition of Woolworths Headquarters (completed on 15 November 2021) and higher rental income from existing properties
- **Distributions to Unitholders and DPU rose by 2.7% and 1.3%** y-o-y respectively

Gross Revenue  
**S\$41.3 million**

Net Property Income  
**S\$31.0 million**

## Proactive Asset Management

- **High portfolio occupancy of 97.9%**, with **well-staggered lease expiry profile of 4.9 years**
- **Strong leasing momentum** with the execution of 10 new and 14 renewal leases representing 30,525 sqm or **3.9% of total net lettable area (NLA)**
- Achieved strong **positive portfolio rental reversion of 9.5%**

Distribution Per Unit  
**2.28 cents**

## Prudent Capital Management

- Active refinancing of debt maturing with **no refinancing obligations until FY2024** and **healthy average debt maturity of 3.8 years**
- **Healthy aggregate leverage ratio of 37.0%**<sup>1</sup> and **low blended debt funding cost of 2.7%**
- **88% of REIT's borrowings on fixed rates** and **interest coverage ratio**<sup>2</sup> of **5.0 times**

Net Asset Value Per Unit  
**S\$1.39**

Portfolio Value  
**S\$2.2 billion**<sup>3</sup>

### Notes:

1. Aggregate leverage ratio is computed as total borrowings as a percentage of total assets and includes lease liabilities that are entered into in the ordinary course of AA REIT's business on or after 1 April 2019 in accordance with MAS guidelines. The total borrowings excluded Perpetual Securities holders' funds.
2. The interest coverage ratio ("ICR") is calculated by dividing the trailing 12 months earnings before interest, tax, depreciation and amortisation (excluding effects of any fair value changes of derivatives and investment properties, foreign exchange translation), by the trailing 12 months interest expense and borrowing-related fees (excluding interest expense on lease liabilities). The adjusted ICR is 2.7X and includes the amount reserved for distribution to Perpetual Securities. The ICR and Adjusted ICR excluded interest expense on lease liabilities.
3. Based on the carrying value of investment properties as well as the 49.0% interest in the carrying value of Optus Centre, Macquarie Park, NSW, Australia and excluding right-of-use assets.

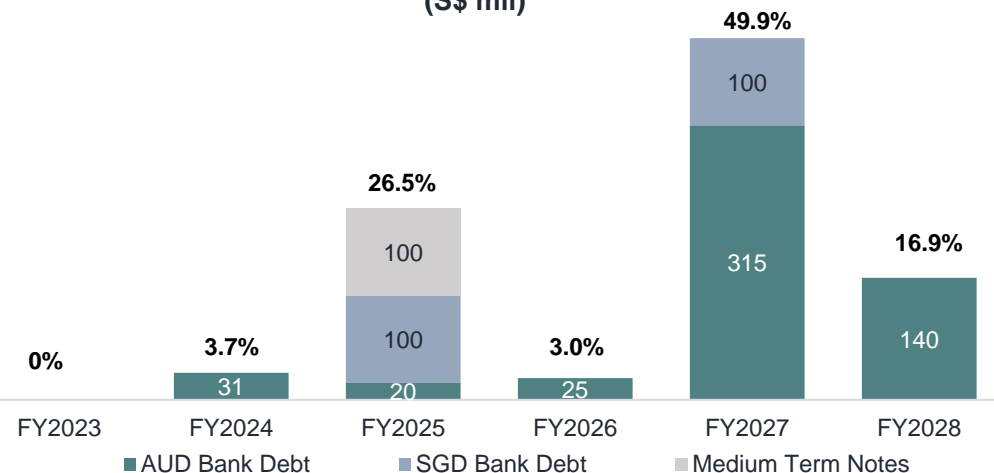
# Prudent capital management

Proactive refinancing activities and disciplined risk management

## Well-staggered debt maturity profile

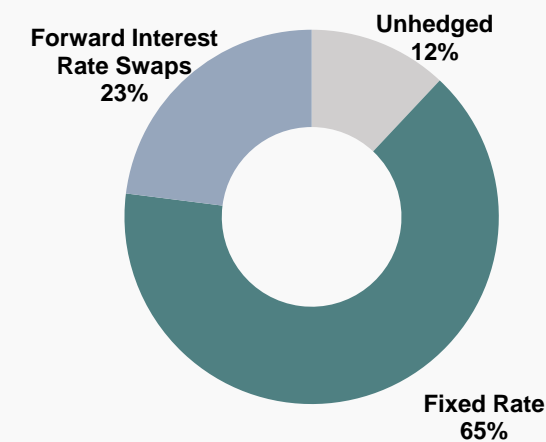
- During 1Q FY2023, existing debt of approximately S\$140 million maturing in FY2023 and FY2024 were refinanced
  - No debt maturing in FY2023**
  - Debt due in FY2024 reduced to 3.7% of total borrowings
  - Refinanced debt extended to FY2028 maturity, accounting for 16.9% of total borrowings
  - Extended average debt maturity to 3.8 years** as compared to 2.0 years for 1Q FY2022
- Undrawn Committed Facilities and Cash and Bank Balances of **S\$231.7 million**

Debt Maturity Profile (S\$'mil)



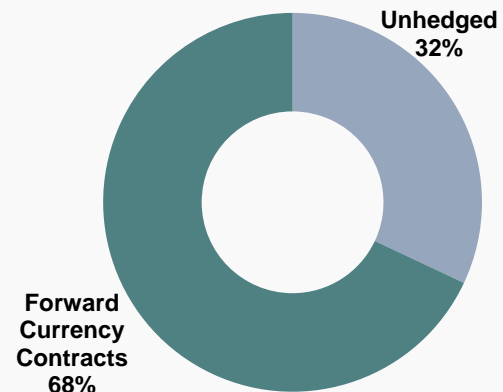
Notes:  
All information is as at 30 June 2022.

## Disciplined hedging



### Interest Rate Risk Management

- 88% of borrowings on fixed rates** (including forward interest rate swaps)
- Current blended debt funding cost of 2.7%



### Forex Risk Management

- 62% of book value of investments in Australia is subject to a natural hedge via AUD denominated debt
- 68% of expected AUD cashflow for FY2023 is hedged to SGD** via Forward Currency Contracts



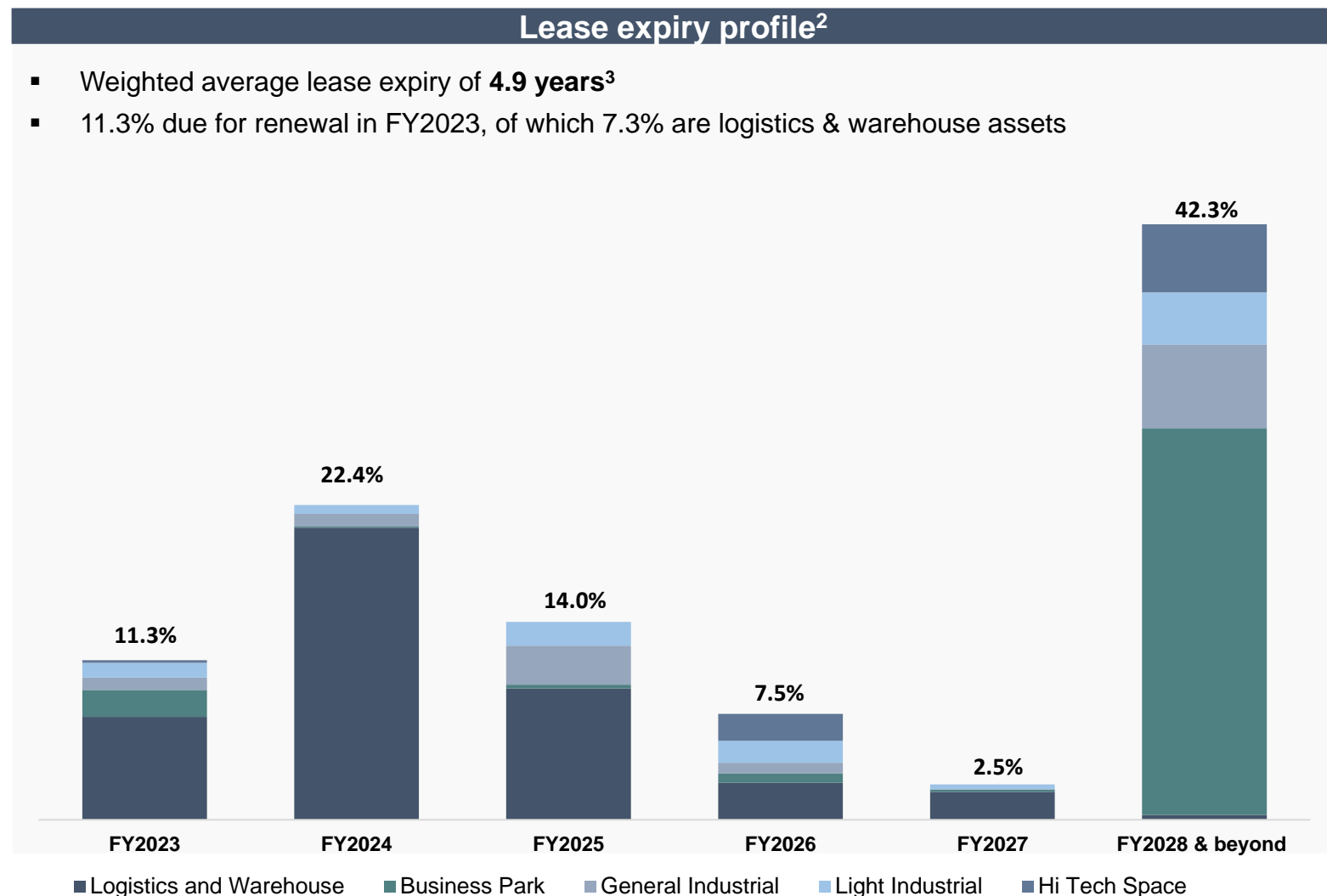
# Positive leasing momentum

Healthy tenant retention and rental reversion with well-staggered lease expiry profile

- Executed 10 new and 14 renewal leases representing 3.9% of total NLA in 1Q FY2023
- Achieved strong average portfolio reversion rate of 9.5% and healthy tenant retention rate of 84.6%<sup>1</sup>

Rental reversion rate by asset type (%)	
Logistics & Warehouse	16.5%
Business Park	-2.2%
General Industrial	8.0%
Light Industrial	2.8%
Hi-Tech	N.A.
<b>Overall Portfolio</b>	<b>9.5%</b>

WALE by asset type (years)	
Logistics & Warehouse	1.6
Business Park	9.2
General Industrial	4.2
Light Industrial	4.8
Hi-Tech	7.7
<b>Overall Portfolio</b>	<b>4.9</b>



Notes:

All information is as at 30 June 2022.

1. Based on trailing 12 months.

2. By 1Q FY2023 gross rental income.

3. Computation included forward committed leases. Excluding forward committed leases, the WALE is 4.8 years as at 30 June 2022.

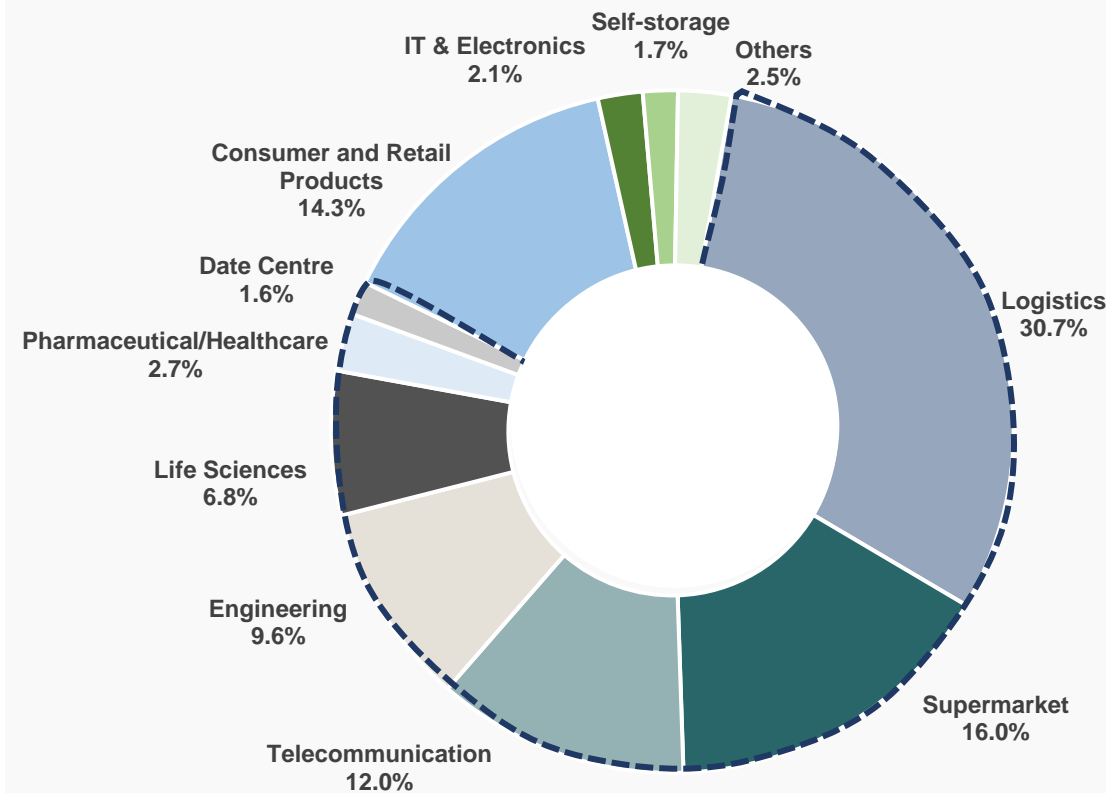
# High-quality tenant base

Stable top 10 tenants; Tenants diversified across trade sectors

No.	Tenant Name	% GRI <sup>1</sup>	Trade Sector	WALE <sup>2</sup> (Years)
1	Woolworths	16.0	Supermarket	9.3
2	Optus	11.5	Telecommunication	11.0
3	Illumina Singapore	6.7	Life Sciences	7.9
4	KWE-Kintetsu World Express	6.1	Logistics	1.5
5	Beyonics International	2.9	Engineering	5.8
6	Schenker Singapore	2.7	Logistics	2.2
7	ResMed Asia	2.3	Healthcare	7.7
8	Boardriders	2.1	Consumer and Retail Products	9.0
9	DHL Supply Chain Singapore	1.8	Logistics	2.2
10	CIT Cosmeceutical	1.7	Consumer and Retail Products	1.8

- **53.9% of GRI<sup>2</sup>** contribution from Top-10 quality tenants with the majority being leading global, regional and local companies in their respective sectors
- WALE for Top-10 tenants is **7.5 years**

201 tenants across diversified trade sectors



- **79.4% of GRI** contributed by tenants operating in defensive and resilient industries

Notes:

As information stated is as at 30 June 2022.

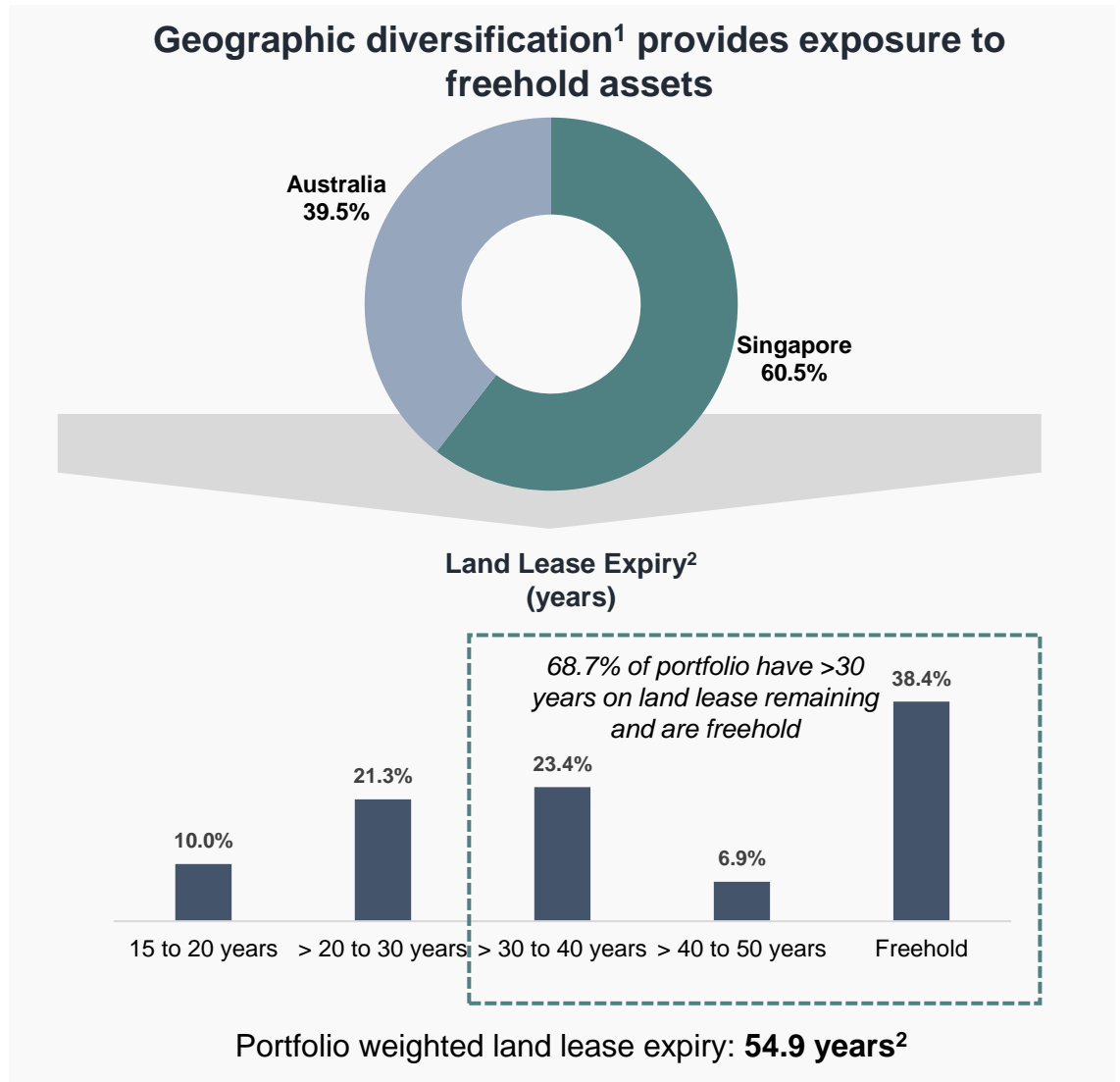
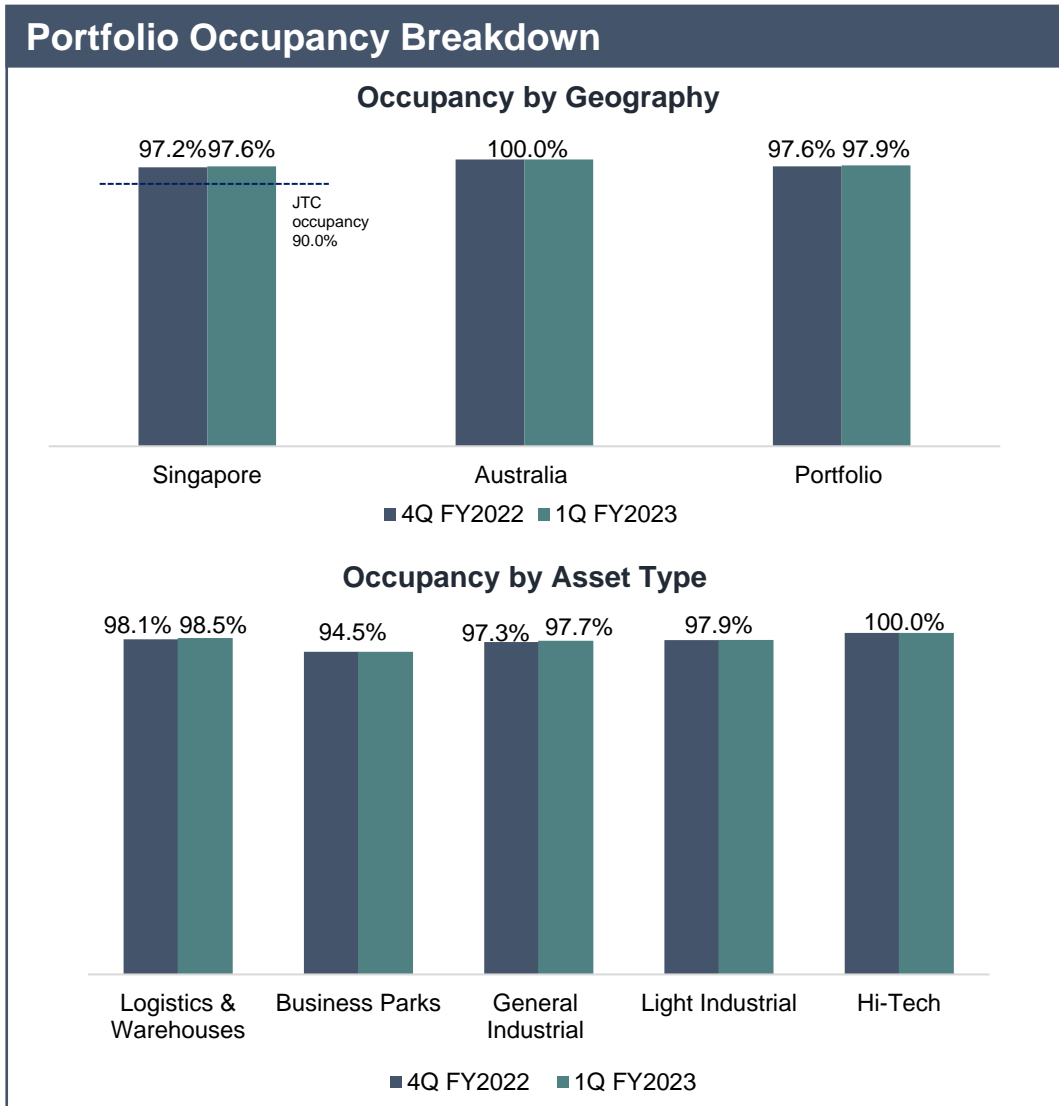
1. All references to GRI refers to 1Q FY2023 gross rental income.

2. By 1Q FY2023 gross rental income.



# Portfolio resilience

Consistently high occupancy and diversified geographical presence



Notes:  
 All information is as at 30 June 2022.  
 1. Based on 1Q FY2023 portfolio value.  
 2. Based on 1Q FY2023 portfolio value. For the calculation of the weighted average land lease of AA REIT, AA REIT's interests in the freehold properties, Woolworth HQ, Optus Centre and Boardriders AsiaPacific HQ, have been assumed as 99-year leasehold interests.



# Outlook and Strategy

3 Tuas Avenue 2, Singapore



# Market outlook and strategy

Focused execution on proven strategy to drive portfolio performance

## Macro environment

- Global economic growth to slow to 3.2% in 2022 and 2.9% in 2023
- Soaring commodity prices and higher inflation due to the Ukraine conflict
- Inflationary concerns have led central banks to tighten monetary policy and raise interest rates

## Singapore's economy

- GDP grew by 4.8% y-o-y in the second quarter of 2022 (2Q 2022)
- Manufacturing sector expanded by 8.0% y-o-y in 2Q 2022
- The Monetary Authority of Singapore tightened its monetary policy and raised overall 2022 inflation forecast range to 6.0% from 5.0%

## Australia's economy

- GDP forecast to grow by 3.25% over 2022
- 'Return to work' supports demand for business parks and decentralised locations
- Reserve Bank of Australia increased the cash rate by 50 bps to 1.35% in July 2022 and by another 50 bps to 1.85% in August 2022

## Industrial market remains resilient

- Overall, demand for industrial space remains robust due to ongoing expansion from various sectors such as technology, manufacturing and logistics
- Expansionary demand from occupiers across various industry clusters will continue to provide support for the industrial and business park sectors

## Continued Focus on Our Four Strategic Pillars



### Accretive Investments & Developments

- Pursue accretive investments and build-to-suit development opportunities
- Disciplined investments in quality assets that provide long-term stable and growing income yield and capital growth



### Active Asset Management

- Unlock value through building enhancements, conversions and leasing
- Divestment and capital recycling of non-core assets



### Prudent Capital & Risk Management

- Diversify funding sources and optimise capital structure
- Proactive refinancing and hedging activities



### Strategic Capital & Business Partnership

- Form new capital partnerships to co-invest in existing or future projects
- Collaborate with new business partners and end users to develop, enhance and hold modern facilities

# Sustainability initiatives updates

Sharpening our ESG focus

## Key focus areas



### Reducing our carbon footprint

- Conduct carbon baseline study
- Establish long-term energy targets
- Obtain BCA<sup>1</sup> Green Mark certifications for assets



### Renewable energy

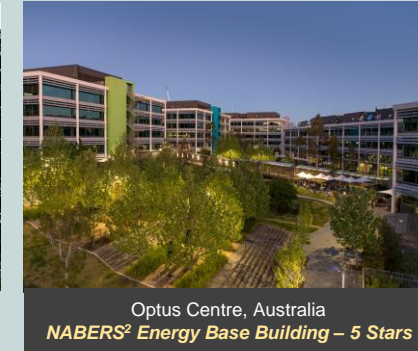
- Proposed adoption of renewable energy through installation of solar panels
- Evaluate installation of public Electric Vehicle (EV) charging points



### Integration of ESG considerations into business operations

- Introduction of green leases

~24 % of total portfolio by GFA are green certified



### Governance Index for Trusts (GIFT)<sup>3</sup> 2021

Ranked **joint-16<sup>th</sup>** out of 45 trusts

### Singapore Governance and Transparency Index 2022<sup>4</sup> - REIT and Business Trust Category

Ranked **13<sup>th</sup>** out of 45 trusts

Notes:

1. The Building and Construction Authority (BCA) is a Singapore government statutory board that champions the development and transformation of the built environment sector, in order to improve Singapore's living environment.
2. NABERS is a national rating system that measures the environmental performance of Australian buildings and tenancies.
3. The GIFT index, undertakes a detailed examination of the corporate governance and business-risk performance of the Singapore-listed (and currently trading) trusts and is supported by the Singapore Exchange (SGX).
4. The Singapore Governance and Transparency Index (SGTI) is the leading index for assessing corporate governance practices of Singapore-listed companies.



# Disclaimer

This Presentation shall be read in conjunction with AIMS APAC REIT's ("AA REIT" or the "Trust") business update for the financial period from 1 April 2022 to 30 June 2022 ("1Q FY2023") as per the SGXNET Announcement.

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**AIMS**  
**AA REIT**

For enquiries, please contact:

**Sheryl Sim**

**Investor Relations**

+65 6309 3638

Email Address: [sheryl.sim@aimsapac.com](mailto:sheryl.sim@aimsapac.com)