



**AIMS  
AA REIT**

**AIMS APAC REIT MANAGEMENT LIMITED**

As Manager of AIMS APAC REIT  
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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 achieves 7.1% YoY increase in Distributable Income to S\$36.1 million for 1H FY2024**

- Continued strong rental reversion of 37.7% for 1H FY2024 (2Q FY2024: 33.7%)
- Resilient portfolio occupancy at 98.1%
- Recent EFR of S\$100 million fortifies balance sheet with gearing at 32.1% to capture opportunities in uncertain market environment
- Stable 1H FY2024 DPU of 4.650 Singapore cents from robust operational performance

	<b>1H FY2024</b>	<b>1H FY2023</b>	<b>+/(-)</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Gross revenue	86,834	83,200	+4.4
Net property income (“NPI”)	64,290	61,143	+5.1
Distributions to Unitholders	36,135	33,724	+7.1
Applicable number of Units ('000 Units)	810,147	718,013	+12.8
Distribution per Unit (“DPU”) (Singapore cents)	4.650	4.700	-1.1

**Singapore, 3 November 2023** – AIMS APAC REIT Management Limited (the “Manager”) as manager of AIMS APAC REIT (“AA REIT”) is pleased to report a 7.1% year-on-year (“YoY”) increase in distributions to Unitholders to S\$36.1 million for the half year ended 30 September 2023 (“1H FY2024”).

Gross revenue rose 4.4% YoY to S\$86.8 million. This was supported by higher rental and recoveries from logistics, warehouse and industrial properties and partially offset by lower revenue from the Australian properties due to weakening of the Australian dollar.

Correspondingly, NPI increased by 5.1% YoY to S\$64.3 million, while NPI margin improved by 0.5% to 74.0%. DPU declined 1.1% YoY to 4.650 Singapore cents due to the enlarged unit base following the Equity Fund Raising<sup>1</sup> (“EFR”) which was completed in July 2023.

Despite the enlarged unit base from the EFR, DPU for 1H FY2024 was stable due to the robust operational performance and prudent capital management. The EFR fortifies AA REIT’s

<sup>1</sup> Refer to the “Launch Of Equity Fund Raising To Raise Gross Proceeds Of Approximately S\$100.0 Million” announcement dated 31 May 2023.

balance sheet and ensures it has the headroom to capture future growth opportunities including planned AEs and acquisitions during this uncertain environment.

**Mr Russell Ng, CEO of the Manager said,** “We are pleased to report another set of robust performance in the face of uncertain macroeconomic conditions. Our strong operational metrics are reflective of our high quality portfolio assets, diversified quality tenant base and proactive asset management strategies that aims to meet our target occupier requirements and capture maximum rental reversions. We remain confident in the defensiveness of our portfolio and see bright spots in our markets, where demand for logistics and high-spec industrial spaces, amid a tight supply situation, will continue to drive resilient returns. Overall, we remain disciplined in executing our strategies to enhance returns for Unitholders.”

**Mr George Wang, Chairman of the Manager added,** “In evolving and volatile markets where interest rates are likely to remain higher for longer, it is important for AA REIT to maintain a prudent and conservative balance sheet. The completion of our recent EFR fortifies our balance sheet, provides funding for near term organic growth initiatives, whilst providing AA REIT with financial flexibility to capture opportunities amid an uncertain environment. At the same time, we will continue to build on our proven track record to unlock untapped potential to strengthen and optimise our portfolio to deliver long-term sustainable returns to our Unitholders.”

### **Portfolio Update**

In 1H FY2024, the Manager executed 12 new and 26 renewal leases totalling 103,063 sqm, representing 13.1% of the portfolio’s net lettable area (“NLA”). The renewal leases contributed to a strong 1H FY2024 rental reversion rate of 37.7%. For the remainder of FY2024, approximately 105,037 sqm is due for expiry, of which 100,926 sqm is in the logistics and warehouse segment.

As at 30 September 2023, overall portfolio occupancy was 98.1%, as compared to 97.5% as at 30 September 2022. Weighted average lease expiry stood at 4.2 years. The portfolio is well-supported by 195 tenants diversified across trade sectors, with 81.1% of gross rental income accounted for by defensive industries.

### **Prudent Capital Management**

The Manager completed the EFR<sup>2</sup> on 3 July 2023 to strengthen its balance sheet by reducing aggregate leverage as well as to partially fund the Manager’s two identified asset enhancement initiatives (“AEIs”)<sup>3</sup>. As of 30 September 2023, aggregate leverage is at 32.1% with no debt refinancing until 2Q FY2025, and undrawn committed facilities and cash and bank balances of approximately S\$188.0 million. Weighted average debt maturity is at 2.8 years with blended debt funding cost of 4.0%<sup>4</sup> and an interest coverage ratio of 3.6 times<sup>5</sup>. 77% of

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<sup>2</sup> The EFR comprises a S\$70 million private placement completed on 12 June 2023 and a S\$30 million preferential offering completed on 3 July 2023.

<sup>3</sup> Please see the announcements of AA REIT titled “Use of Proceeds from The Equity Fund Raising” dated 26 June 2023, 6 July 2023 and 24 July 2023.

<sup>4</sup> Based on year-to-date figures.

<sup>5</sup> 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. The borrowing-related fees excludes the unwinding of discounting effect on the present value of lease liabilities and the deferred consideration.

debt is on fixed rates with an average fixed debt tenure of approximately 2.0 years, mitigating interest rate risks amidst the high interest rate environment.

The Manager also hedges 70% of its expected Australian dollar distributable income into Singapore dollars via forward currency contracts on a rolling four-quarter basis.

### **Progressing Sustainability for Operational Excellence**

AA REIT aims to progressively advance its sustainability commitments into its business practices. In line with its commitment to a 42% reduction in Scope 2 emissions by 2030<sup>6</sup>, AA REIT completed the solar panel installation atop six properties in Singapore and is exploring phase two of further solar panel installations. The solar panel installations are expected to produce 14,500 MWh of energy per year. The Manager continually reviews AA REIT's portfolio to identify measures and potential opportunities to reduce its carbon footprint.

### **Outlook**

The US Federal Reserve left interest rates unchanged in its recent November 2023 meeting. Stubborn inflation and higher-for-longer interest rates will continue to hinder the recovery of global growth which is expected to slow from 3.5% in 2022 to 3% for 2023 and 2.9% for 2024<sup>7</sup>.

### **Singapore**

With the weakening of global demand, the Ministry of Trade and Industry narrowed 2023 GDP growth forecasts to a range of 0.5 – 1.5% from 0.5 – 2.5%<sup>8</sup>. Despite the headwinds, the Purchasing Managers' Index for September 2023 saw the first expansionary reading since July 2022 at 50.1, improving 0.2 points from August 2023. This indicates the resilience of Singapore's manufacturing sector, reinforcing its appeal as an attractive and compelling regional hub for businesses.

Prices and rents of most industrial properties remain on an upward trend due to limited supply and strong demand for quality and high-specification industrial spaces<sup>9</sup>. This demand is driven by industries such as advanced manufacturing, logistics, biomedical, and food sectors, with several corporations expanding their facilities or establishing a presence in Singapore<sup>10</sup>.

### **Australia**

Economic growth is expected to stay subdued as cost-of-living pressures and the rise in interest rates continue to weigh on domestic demand. The Reserve Bank of Australia held rates steady at 4.10% in its October 2023 meeting but cautioned potential further tightening to control inflation.

AA REIT's two business parks in Sydney are located within Macquarie Park and the Norwest Business Park which continue to benefit from significant infrastructure investments. Macquarie Park is slated for transformation into a world-class innovation precinct and is set to play a key role as an economic powerhouse in Sydney's North District. The Sydney Metro's extension to the city, expected to be completed in 2024<sup>11</sup>, will also create a catchment area of surrounding

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<sup>6</sup> From FY2020 base year..

<sup>7</sup> World Economic Outlook, October 2023: Navigating Global Divergences, International Monetary Fund.

<sup>8</sup> Ministry of Trade and Industry Singapore: Economic Survey of Singapore Second Quarter 2023.

<sup>9</sup> Savills: Singapore Industrial Briefing Q2 2023.

<sup>10</sup> Colliers: Industrial market's eleventh consecutive quarter of growth, defying gravity.

<sup>11</sup> Metro campaign aims to elevate convenience of Macquarie Park — Connect Macquarie Park Innovation District ([connectmpid.com.au](https://connectmpid.com.au)).

talent pools for Macquarie Park and Norwest Business Park. The Norwest Business Park is poised to be a beneficiary of the state-significant development of Bella Vista into a major business precinct and the upcoming Western Sydney Airport in 2026.

## Management Outlook

The Manager remains confident in AA REIT's high-quality assets and on-going execution of its four strategic pillars. Operational performance and occupancy of the Singapore assets are well-supported by encouraging rental growth and sustained demand for quality industrials and logistics space. In Australia, strong tenant covenants on long lease terms and built-in rental escalations continue to bolster income stability of the portfolio, amid volatile macroeconomic conditions.

Post completion of the EFR in July 2023 and the divestment of a Singapore property in September 2023, AA REIT's balance sheet is well capitalised to drive further organic growth and capture acquisition opportunities as they arise. To this end, the Manager is focused on implementing its two identified AEIs with the aim of meeting occupiers' requirements. In October 2023, AA REIT entered into a non-binding Letter of Intent to carry out a building upgrade for a global logistics and warehouse end user under a long term lease arrangement.

Prudent capital management also remains a key priority amidst the macroeconomic uncertainty and high interest rate environment. The Manager maintains a disciplined organic growth strategy in its efforts to continue achieving long-term sustainable returns for Unitholders.

## Distribution and Record Date

Distribution	For 1 July 2023 to 30 September 2023	
Distribution Type	(a) Taxable Income (b) Capital Distribution <sup>12</sup>	
Distribution Rate	(a) Taxable Income:	1.784cents per Unit
	(b) Capital Distribution <sup>12</sup> :	<u>0.556 cents per Unit</u> <u>2.340 cents per Unit</u>
Record Date	15 November 2023	
Payment Date	22 December 2023	

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<sup>12</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 28 properties, of which 25 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 HQ located in Bella Vista, New South Wales.

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### 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.