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))

RESPONSES TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS")

<table>
<tr><td>1.</td><td><u>Questions:</u>

i. Can the board, especially the independent directors, explain in greater detail the necessity of the $100 million EFR that was carried out in May-July 2023?

ii. Given that the REIT can generate cash flow internally, how critical was it to carry out a dilutive EFR to fund the AEIs? It must be noted that the total cost of the AEIs would not be required upfront and would be spread out over months and years.

iii. Has the manager evaluated any opportunistic asset acquisitions since the EFR?

iv. Can the manager provide their views on interest rate and AUDSGD exchange rate trends? How have the manager's views on interest rate and exchange rate influenced the REIT's acquisition strategy?

v. Can the independent directors explain how unitholders' interests are protected when the REIT declares capital distributions (which led to the payment of performance fees to the manager when DPU increases by 5%) and subsequently launches a dilutive EFR to lower the REIT's leverage?</td></tr>
<tr><td></td><td><u>Responses:</u></td></tr>
<tr><td>i.</td><td>We would like to refer Unitholders to our announcement dated 31 May 2023, "Launch Of Equity Fund Raising To Raise Gross Proceeds Of Approximately S$100.0 Million" where the rationale for the fundraising was detailed.

In light of the rising interest rate environment and heighten risks in global capital markets following the collapse of Silicon Valley Bank & Signature Bank, and the UBS emergency takeover of Credit Suisse in early 2023, AA REIT proceeded with the S$100 million Equity Fund Raising ("EFR") on 31 May 2023 for the following reasons:

1) To provide AA REIT with growth capital for deployment into organic growth opportunities via its planned asset enhancement initiatives (AEI) and re-development, which is in line with the Manager's portfolio rejuvenation and "future proofing" strategy. The Manager identified AEIs for two of AA REIT's properties in Singapore, which was forecast to generate higher post-AEI NPI yields of over 7.0% upon completion;
2) To position AA REIT to capitalize on acquisition opportunities in Singapore and Australia at potentially favourable valuations in light of the prevailing tight credit conditions; and
3) To strengthen AA REIT's balance sheet through the reduction of gearing, which would provide AA REIT with ample headroom, as well as improve AA REIT's financial and credit metrics.</td></tr>
<tr><td>ii.</td><td>Although the EFR led to a dilution of the DPU by 5.9% in FY2024, the Manager proceeded with the EFR in 2023 from both a strategic and prudent standpoint, noting the uncertain economic climate and elevated interest rate environment at the time. The EFR provided AA REIT with additional safety via a fortified balance sheet, as well as financial flexibility for its growth and</td></tr>
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	strategic initiatives.
iii.	The Manager is actively evaluating investment opportunities in Singapore and Australia. In light of the uncertain and high interest rate environment over the financial year, the Manager has continued to adopt a highly disciplined and selective approach. The Manager will only pursue new acquisitions if they are able to meet our investment parameters, be DPU accretive and can deliver long-term sustainable returns.
iv.	In Singapore, the Monetary Authority of Singapore (MAS) has kept the rate of appreciation of the SGD nominal exchange rate policy band steady. In Australia, the Reserve Bank of Australia (RBA) gradually raised its cash rate from 3.6% to 4.35% over the financial year to address inflationary pressures. The extent of future rate changes in Singapore and Australia will be closely tied to inflation and economic data. The AUDSGD exchange rate has also experienced some volatility due to the different economic conditions and monetary policies of Singapore and Australia, as well as changes to global markets and geopolitical factors. With regards to acquisitions, we remain disciplined and careful in our investment selection criteria whether in Singapore or Australia. Acquisitions will need to meet our investment parameters, be DPU accretive (able to generate strong cashflow and provide a positive yield spread over the borrowing costs in the respective markets) and capable of delivering long-term sustainable returns. As part of our overall investment and capital management strategy, we will consider appropriate hedging strategies (fixing of borrowing costs and foreign currency exchange) to mitigate against adverse movements. As at 31 March 2024, 75% of AA REIT's borrowings were at fixed rates and 73% of its expected AUD distributable income was hedged into SGD.
v.	The capital distributions highlighted refer to distributions from AA REIT's investments in Australia. As the distributions remitted from our Australian investments are higher than the assessable taxable income (due to available tax allowances), the distributions are treated as capital distributions. As such, the capital distribution declared are derived from distributions from AA REIT's investments in Australia, which are regular in nature and in the ordinary course of operations. It should be noted that a performance fee is only payable when the Manager has achieved certain levels of growth in the DPU in the current financial year relative to the previous financial year. As the year-on-year growth of the DPU is in line with the interests of the Unitholders, the performance fee is intended to spur the Manager to seek growth opportunities or embark on cost savings initiatives to improve the performance of AA REIT. Accordingly, AA REIT was paid performance fee in FY2023 and FY2024 as its DPU in the respective financial years grew by more than 5% from the previous financial years. The growth in DPU was largely attributable to strong operating performance of AA REIT's portfolio and contributions from two yield accretive acquisitions. Please refer to responses to (i) for the rationale for the EFR.
2.	<u>**Questions:**</u> **i. What were the specific capitalisation rates used for Woolworths HQ and Optus Centre in FY2024? What characteristics of Optus Centre allowed it to have a lower capitalisation rate compared to Woolworths HQ?** **ii. What are the reasons for the cap rate expansion in Australia?** **iii. Are there any other factors that led to the decline in valuation of Woolworths HQ and Optus Centre? Are the declines in valuations solely due to cap rate expansion?**

	iv. Would the manager consider providing unitholders with a showcase of its portfolio, similar to previous annual reports? **v. Can the board elaborate on the manager's acquisition process, particularly how it determines and negotiates the acquisition price with the seller? What safeguards are in place to prevent acquisition decisions driven by fear of missing out (FOMO)?** **vi. How is the Optus Centre managed given that the asset is held by Macquarie Park Trust, in which the REIT has a 49% effective equity interest?** **vii. Given that the overall vacancy rate in Macquarie Park reached a historical high of 20.1% in January 2024, what is the manager's view of the prospects of Macquarie Park/Optus Centre?** **viii. Can the manager elaborate on the strategy to increase occupancy in the multi-tenanted building (1A International Business Park)?**
	<u>Response:</u>
i.	The FY2024 capitalisation rate for Woolworths HQ was 6.125% and Optus Centre was 5.5%. The FY24 independent valuation for Woolworths HQ was undertaken by Savills Valuations Pty Ltd and Optus Centre by Knight Frank NSW Valuations & Advisory Pty Ltd The difference in capitalisation rates may be attributable to the different locations of the two assets and different weighted-average lease to expiry ("WALE") profiles as at 31 March 2024, as well as other factors that may be determined by the respective independent valuers.
ii.	The cap rate expansion in Australia may be attributable to a few market factors including the Reserve Bank of Australia (RBA)'s decision to increase the cash rate from 0.10% (Nov 20) to 4.35% (Mar 24) which has asserted upward pressure on transacted commercial real estate yields.
iii.	As a result of the downturn in the commercial real estate market, the discount rates and terminal yields under both valuations had also expanded. Given the long-term master leases in place for both Woolworths HQ and Optus Centre, the changes in valuation were largely due to cap rate expansion.
iv.	The Manager will update its Annual Report format and theme each year. For property specific information for FY2024, please refer to AA REIT's property portfolio on pages 50 to 55 on the Annual Report and AA REIT's corporate website.
v.	The acquisition process undertaken by AA REIT is comprehensive. At a high level, this involves an investigation of the asset, location precinct as well nearby infrastructure and future plans, strength of tenant covenant and lease duration. Thereafter, a detailed investment feasibility to determine whether the acquisition is able to meet our investment parameters, be DPU accretive and deliver sustainable long term returns. For the case of Woolworths HQ, we would like to refer Unitholders to our announcement dated 30 September 2021, "Proposed Acquisition of 1 Woolworths Way, Bella Vista, New South Wales 2153, Australia" where the details of the acquisition were highlighted. We proceeded with the acquisition for the following reasons: 1. Transformative acquisition which provides access to a strategic business park and data centre precinct with road and rail transport connectivity. The precinct is home to a thriving community of domestic and multinational corporations. With the new Sydney Northwest metro line and focus on hub-and-spoke locations, Bella Vista and Norwest precincts have

	been identified as priority growth areas and are well positioned to benefit from the New South Wales ("NSW") Government's rezoning and infrastructure growth plans; 2. Long balance lease term of 10 years to Woolworths and built in rental escalation of 2.75% p.a. Woolworths is Australia's largest supermarket retailer, and is an investment grade rating by S&P and Moody's; 3. Rare significant 9 hectare freehold site provides long term 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; 4. Significant capital investment in the property with over A$50 million incurred on office fit-outs, foyer refurbishment and other amenities. In addition, the property had undergone an upgrade to their external façade and had installed solar panels across the roof areas; 5. The new Western Sydney airport is being developed alongside a new transport hub, which will improve connectivity to Bella Vista and trigger investments in other infrastructure projects in the region, such as roads, public facilities and utilities; 6. Increase contribution of Australia freehold assets to portfolio from 21.8% to 38.4% and enhancement of portfolio quality and metrics; and 7. The acquisition was DPU accretive. Following our extensive due diligence review (including obtaining an independent valuation), the acquisition was approved by the Board based on the investment parameters and overall merits of the transaction. As highlighted in our response to (ii), the drop in valuation was due to the cap rate expansion which has affected the wider market in Australia. Notwithstanding the change in valuation, Woolworths HQ will continue to provide AA REIT with stable and growing income over the next 7 years, as well as longer term re-development potential, noting the Government's rezoning and infrastructure growth plans in the Bella Vista and Norwest precinct.
vi.	Optus Centre is jointly managed by AA REIT Management Australia Pty Limited, AA REIT's Australian Investment Manager and Stockland Group, our joint venture partner.
vii.	Upon the acquisition of Optus Centre in early 2014, the property was valued at A$376 million. At its peak in March 2023, Optus Centre was valued at A$753 million. Despite the expansion of cap rates and fall in valuation to A$668 million as at 31 March 2024, Optus Centre valuation today represents an increase of approximately 78% from the acquisition date. The rise in vacancy at Macquarie Park has been driven by weak absorption levels along with record levels of new supply added to the market. Beyond 2025 however, there is no committed supply, which should see the market recover and enable rental growth. Notwithstanding the market conditions, the Optus Centre has a balance lease term of around 9 years and will continue to provide AA REIT with stable and growing income. Similar to Woolworths HQ, Optus Centre also sits on a large land parcel of circa 7.6 hectares which offers longer term re-development potential given the ongoing rejuvenation and Government infrastructure investments in the Macquarie Park precinct. We are confident of the long-term prospects of the Macquarie Park precinct. It is supported by well-established industry clusters including government, university, pharmaceutical, biotech and technology occupiers. Macquarie Park is on track to evolve into a cutting-edge innovation hub with the NSW Government designating Macquarie Park as an important strategic centre[1]. The Macquarie Park Place Strategy, which was finalised in September 2022, outlines plans for the renewal of the precinct with multiple key infrastructure and residential projects in the pipeline. Over A$1 billion has been committed by the NSW government toward state and regional infrastructure to support the Macquarie Park Innovation Precinct transformation, in addition to the opening of the Northwest metro line which has enhanced the connectivity of Macquarie Park to other key locations across Sydney[2] (including to Bella Vista, North Sydney

[1] $13 billion a year: Major new report gets the measure of Macquarie Park – Connect Macquarie Park Innovation District (connectmpid.com.au)

[2] Project update: testing on track for more Metro services to Macquarie Park! — Connect Macquarie Park Innovation District (connectmpid.com.au)

	and the Sydney CBD).
viii.	AA REIT's Singapore portfolio occupancy rate remained consistently high between 97.5% to 97.9% throughout FY2024. This reflects the Manager's proactive leasing and marketing efforts. The various occupancy rates of the industry subclusters in Singapore also exceeded the respective Singapore's industrial average levels. With reference to the ongoing leasing market at International Business Park, our property, 1A International Business Park (representing 2.6% of gross revenue contribution) recorded an occupancy rate of 61.4% as at 31 March 2024. This figure is higher than the average occupancy rate of 59% estimated from a basket of 7 other multi-tenanted buildings in International Business Park, including Perennial Business City. Notwithstanding the weak market conditions at International Business Park, our dedicated Asset Management and Marketing team will continue to proactively engage existing tenants and new prospects to maintain and improve the occupancy at 1A International Business Park.
3.	**Questions:** **i. Can the Manager identify the assets earmarked for AEI? What challenges, if any, prevent the Manager from identifying the assets?** **ii. Will there be disruptions to the properties during the AEIs?**
	Response:
i.	The Manager will be providing further details of the two assets earmarked for AEI in the upcoming 1Q FY2025 Business Update. Our AEI strategy involves the upgrading of existing and older buildings to a higher specification and the reconfiguration of the building's tenancy mix. The evaluation of all AEIs takes into consideration various factors such as cost to refurbish, marketability of upgraded specification, revenue potential and sustainability features. Upon completion, the Manager aims to improve the building specifications, quality of tenant covenants, and generate higher incremental rental income that is able to deliver long-term sustainable income for Unitholders. While AA REIT actively explores AEI and re-development opportunities within our portfolio, we also have to time these initiatives with lease expiries and/or work with existing tenants such that the AEI plans do not materially affect their day-to-day operations. As such, the Manager may only disclose information on assets earmarked for AEI or re-development until after negotiations and arrangements with affected tenants have been finalized.
ii.	The Manager is aiming to keep disruptions to a minimum at both AEIs. The first AEI will take approximately 9 months commencing in July 2024. The second AEI is a repositioning with targeted building upgrades rather than extensive works. This will be done in phases to minimize any downtime. Upon completion, the two identified AEIs are expected to see NPI yields improve to over 7%.

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, AIMS APAC REIT ("AA REIT") is a real estate investment trust listed on the Mainboard of the SGX-ST since 2007. AA REIT was established with the principal investment objective of owning and investing in a diversified portfolio of high-quality 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. AA REIT is also a constituent of the FTSE EPRA Nareit Global Developed Index and the MSCI Singapore Small Cap Index.

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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.