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 delivers 5.1% increase in full year DPU for FY2023

Key highlights:

- 5.1% DPU increase in FY2023, following DPU increase of 5.7% in FY2022
- FY2023 gross revenue and net property income rose 17.6% and 18.7% respectively
- Achieved record portfolio occupancy of 98.0% with high tenant retention ratio of 78.4%
- Robust rental reversions of 36.8% for 4Q FY2023 and 18.5% for FY2023
- Prudent capital structure with leverage ratio of 36.1% and 88%[1] of borrowings on fixed rates; no debt refinancing requirements through FY2024
- Planned asset enhancement initiatives and potential redevelopments will continue to enhance long-term total returns

	FY2023[(a)]	FY2022	+/(-)	2H FY2023[(a)]	2H FY2022	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Gross revenue	167,382	142,390	17.6	84,182	77,144	9.1
Net property income	122,510	103,185	18.7	61,367	55,476	10.6
Distributions to Unitholders	71,623	67,247	6.5	37,899	33,644	12.7
Distribution per Unit (DPU) (cents)	9.944	9.460	5.1	5.244	4.710	11.3

Note: (a) 2H FY2023 and FY2023 included the full six-month and twelve-month period contribution respectively from the acquisition of Woolworths Headquarters in New South Wales which was completed on 15 November 2021.

Singapore, 5 May 2023 – AIMS APAC REIT Management Limited (the "Manager") as manager of AIMS APAC REIT ("AA REIT") is pleased to report that distributions to Unitholders for the full year ended 31 March 2023 ("FY2023") rose 6.5% year-on-year ("YoY") to S$71.6 million. Distribution per Unit ("DPU") for FY2023 was 9.944 cents, representing a 5.1% YoY growth and a distribution yield of 7.5%[2].

FY2023 gross revenue and net property income surged 17.6% and 18.7% to S$167.4 million and S$122.5 million respectively. This was buoyed by higher rental and recoveries from AA REIT's logistics and warehouse, hi-tech and industrial properties and full year revenue contribution from the acquisition of Woolworths HQ in Australia which was completed in November 2021.

The Manager's CEO, Mr Russell Ng, said, "We are pleased to report a strong set of financial and operational results for FY2023, including a record occupancy rate and double-digit rental growth

[1] Includes forward interest rate swaps.
[2] Based on FY2023 DPU and the last traded unit price of S$1.32 as at 31 March 2023.

driven by our active asset and lease management teams and sustained demand for modern and ramp up logistics and warehouse facilities, which represents over 42% of our portfolio. We ended the year with a strong balance sheet on the back of a proactive capital management approach which has also allowed us to mitigate the volatility in interest rates and positioned us well for the future.

Looking ahead, our markets remain attractive and continue to offer abundant growth opportunities despite market headwinds. We are actively reviewing opportunities within our portfolio to drive organic growth, which includes adding value through active lease management to secure higher contracted rents, to underpin our future earnings. The divestment of our non-core asset at 541 Yishun Industrial Park A, planned asset enhancement initiatives and potential redevelopments will continue to strengthen our portfolio quality and enhance long-term total returns for Unitholders. We are confident on building on our proven strategy of disciplined capital allocation and operational excellence."

The Manager's Chairman, Mr George Wang, added, "For a structure to grow tall, its foundations must be strong and sturdy. It is only through the disciplined enhancement and selection of strong foundational assets that we are able to achieve financial resilience and sustainable growth. The quality of our portfolio has underpinned our robust performance throughout the COVID-19 pandemic and this period of rapid interest rate hikes, and I am very pleased to see our FY2023 DPU increase by 5.1%, following FY2022 DPU increase of 5.7%.

Our strong foundation will prepare us for further growth and enable us to drive returns and value for our Unitholders across the various economic cycles. We remain prudent and disciplined in our risk and capital management approach. This will enable us to capture opportunities in challenging market environments and deliver long term sustainable returns for Unitholders."

Portfolio Update

As at 31 March 2023, AA REIT's portfolio occupancy stood at a record high of 98.0% with a tenant retention rate of 78.4%[3]. The improved portfolio occupancy from 97.8% last quarter was largely due to higher occupancy in the Logistics and Warehouse segment.

In FY2023, the Manager executed 38 new and 56 renewal leases, representing 156,176 sqm or 19.9% of the portfolio's total net lettable area ("NLA"). We achieved a strong rental reversion rate of 36.8% for 4QFY2023 and 18.5% for FY2023, underpinned by robust growth that was largely attributable to the Logistics and Warehouse segment. This segment has been experiencing double-digit rental growth across the four quarters, with leasing demand largely driven by third-party logistics ("3PL") providers. For FY2024, 21.4%[4] of leases are due for renewal, of which 90.6% are from the Logistics and Warehouse segment presenting strong positive rental reversion potential.

In line with its proactive asset and lease management strategy, the Manager also completed the conversion of a multi-tenanted lease to a master-lease arrangement for 23 Tai Seng Drive in FY2023. Following an asset enhancement initiative ("AEI") of S$1.6 million, the property is fully

[3] Based on trailing 12 months and by net lettable area.
[4] Weighted by FY2023 gross rental income.

leased to Racks Central, a data centre operator, for an average lease term of seven years. As a result, NLA of the property increased by 31.8% which contributed to incremental revenue for AA REIT, thereby lifting the valuation of the property by 32.0% from S$29.4 million as at 30 September 2022 to S$38.8 million as at 31 March 2023. Post financial year end, the Manager is also in active negotiations with a potential tenant for the progressive take-up of space at a multi-tenanted building with a long-term master lease.

Stable Valuation

As at 31 March 2023, AA REIT owns 29 properties valued at S$2.2 billion, comprising S$1.4 billion (63.6%) of assets in Singapore and S$0.8 billion (36.4%) of assets (including the 49.0% interest in Optus Centre) in Australia. AA REIT's portfolio valuation declined 0.6% or was S$13.5 million lower from the previous valuations as at 30 September 2022 largely due to the depreciation of the Australian dollar against the Singapore dollar which was offset by the higher valuation for Singapore's assets. Over the same six-month period, the portfolio valuation in Singapore saw an increase of 2.1% or S$28.8 million due to strong rent reversions and the master lease conversion of 23 Tai Seng Drive. In local currency terms, the Australian portfolio saw a slight decline of 1.0% or A$9.0 million, reflecting the higher capitalisation rates for the two business parks assets, Optus Centre and Woolworths HQ, in a rising interest rates environment.

Disciplined and Proactive Capital Management

The Manager maintained its disciplined and proactive capital management strategy, with 88%[5] of its borrowings on fixed rates and 70% of its expected AUD distributable income hedged to SGD on a rolling four-quarter basis. In the fourth quarter of FY2023, the Manager refinanced all its debts maturing in FY2024 and consequently there is no refinancing requirement for the next 12 months. As at 31 March 2023, AA REIT's aggregate leverage was 36.1% with a blended debt funding cost of 3.4% and a weighted average debt maturity of 3.1 years.

Market Outlook

Singapore

Singapore's manufacturing sector remains under pressure from weak external demand and high inflation. In March 2023, Singapore's Purchasing Manufacturing Index contracted 0.1 point to 49.9, from February 2023. Nonetheless, Singapore remains an attractive location for technologically advanced and globally mobile manufacturers as reflected in the record fixed asset investment commitments of S$22.5 billion in 2022[6].

In the industrial market, full-year rental index for 2022 was 6.9% higher YoY, with multiple-user factory and warehouse segments reporting the strongest increases of 8.3% and 7.9% respectively[7]. In 2023, rental growth for prime logistics properties is expected to be sustained, driven by demand from third-party logistics operators amid tight pre-committed supply. Meanwhile, modern and high-specification developments are also expected to record rental growth as they meet evolving business requirements and sustainability targets of tenants[8].

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[5] Include forward interest rate swaps.
[6] Industrial & Logistics Singapore Research Q1 2023, Knight Frank, 10 April 2023.
[7] JTC Industrial Property Statistics.
[8] Industrial Marketbeat report, Cushman & Wakefield,11 April 2023.

Australia

AA REIT's two business parks in Sydney are located within Macquarie Park and the Norwest Business Park. These areas continue to benefit from government investments and improved infrastructure which will support growth. Macquarie Park is undergoing significant transformation into a world-class innovation precinct focusing on education, health, technology and advanced manufacturing. The Australian Government and NSW Government are also investing nearly A$200 million to improve transport[9]. The Norwest Business Park is also poised to be a beneficiary of the Bella Vista Station Precinct[10] which was approved in December 2022. Planned as a major business precinct, the state-significant development of Bella Vista will lead to infrastructure improvement and is focused on the creation of a new town square and high-quality public domain, supported by retail space and a new high density residential community.

In the Gold Coast industrial market, a lack of supply will continue to stimulate demand, placing upward pressure on rent. Growing land values, rising construction costs, and general inflationary pressures are also exerting increased rental pressure on new developments[11].

Management Outlook

The macroeconomic environment remains uncertain due to market headwinds such as a further rise in interest rates, inflationary pressures including rising property expenses, energy costs, labour costs and leasing incentives. However, the Manager expects AA REIT's operational performance and occupancy to remain resilient largely driven by steady demand in the industrial market and strong rental reversions in the logistics and warehouse segment which is benefiting from a supply-demand imbalance.

The Manager will continue to drive organic growth through a proactive asset and lease strategy. This includes reviewing and optimising lease structure, to maximise income, as well as undertaking AEIs, redevelopments and divestments to improve overall portfolio quality. As announced on 24 April 2023, the divestment of a non-core property, 541 Yishun Industrial Park, at a sale price of S$12.88 million, an 8.2% premium over valuation[12], is in line with the Manager's proactive asset management and capital recycling strategy. The Manager is also evaluating several potential AEIs and redevelopment projects. Upon completion, these properties are projected to deliver a stabilised net property income yield of between 7.0% to 8.0%.

We also expect to see new investment opportunities in Singapore and Australia which will provide us with sustainable long-term total returns. The Fed's aggressive interest rate hikes have significantly slowed real estate transactions. The general slowdown in economic activity and tightening of bank credit in Australia may also lead to asset sales and re-pricing, and present good buying opportunities. In Singapore however, industrial assets remain attractive as they continue to offer positive yield spreads.

The Manager remains disciplined in its prudent approach to capital management, particularly given an uncertain macroeconomic environment, and strives to maintain a well-capitalised

[9] Macquarie Park, NSW Government, 23 February 2023.
[10] 5,700 new homes to transform Sydney's Northwest, Landcom, 2 December 2022.
[11] Gold Coast Market Overview 2023, Colliers, 16 March 2023.
[12] As at 31 March 2023.

balance sheet. This also enables the Manager to capitalise on growth opportunities should they arise, with a view to deliver long-term sustainable returns to Unitholders.

Distribution and Record Date

Distribution	For 1 January 2023 to 31 March 2023	
Distribution Type	(a) Taxable Income (b) Capital Distribution[13]	
Distribution Rate	(a) Taxable Income Distribution: (b) Capital Distribution[13]:	1.770 cents per Unit 0.884 cents per Unit 2.654 cents per Unit
Record Date	15 May 2023	
Payment Date	28 June 2023	

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[13] This relates to the tax deferred component arising from the distributions remitted from the Group's investments in Australia.

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 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.

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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.