

AIMS APAC REIT

Proposed Acquisition of 7 Bulim Street, Singapore

11 August 2020

Important notice

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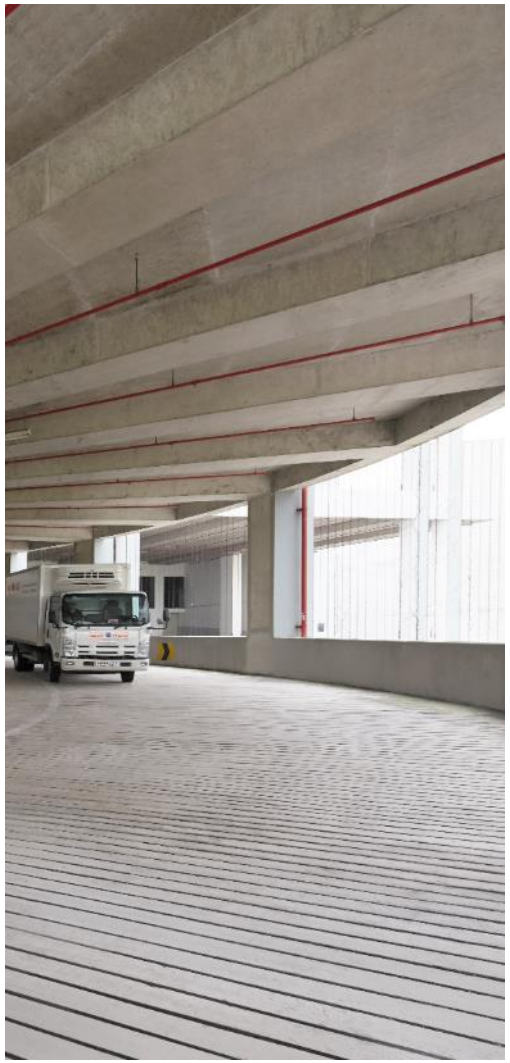
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CONTENTS



1. Transaction Overview
2. Rationale for the Proposed Acquisition
3. Conclusion

> 1 TRANSACTION OVERVIEW

Overview of the Proposed Acquisition

> 1



Location of property	Jurong West Logistics Cluster, Singapore
Purchase Consideration	S$129.6 million
Year 1 Net Property Income[1]	S$9.2 million
NPI Yield[2]	7.07%
Existing Lease Term	10 years which commenced 1 January 2014 with a 5-year option
Transaction Costs[3]	S$5.9 million
Total Acquisition Cost[3]	S$135.5 million
Independent Valuation[4]	S$130.0 million
Property Occupancy Rate	100%

1 The master tenant is responsible for the maintenance, repair and administrative outgoings at the Property.
2 Based on first year net property income of S$9.16 million over the Purchase Consideration.
3 Transaction costs include an acquisition fee of S$1.3 million to the Manager, stamp duty and other approximate transaction costs of S$4.6 million.
4 Based on valuation by Savills Valuation And Professional Services (S) Pte Ltd as at 7 August 2020.

Located in Jurong West Logistics Cluster, within Jurong Innovation District

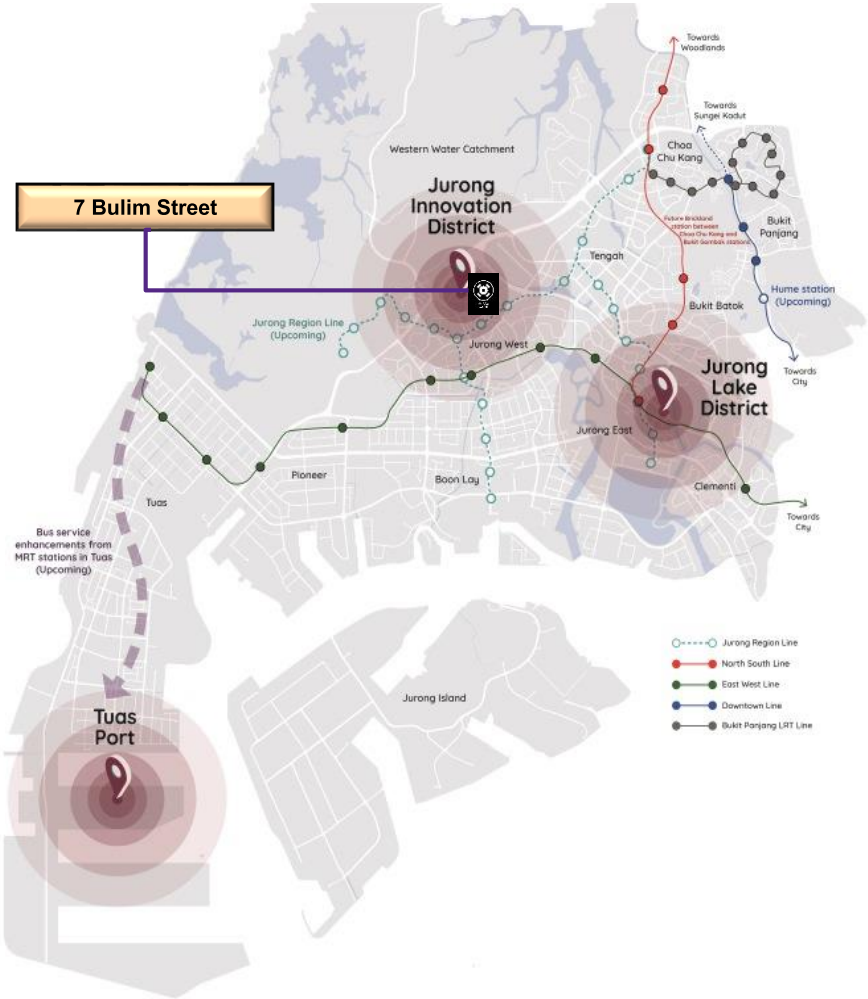
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Source: JTC

Strategically located with excellent accessibility

> 1



Within a key industrial innovation hub

- The Jurong Innovation District is part of the Singapore Government's plan to develop a one-stop 600-hectare advanced manufacturing campus
- First phase of the Government's plan to develop the Jurong West area is due to complete by 2022

Proximity to New Tuas Mega Port

- Strategically located within the Jurong Industrial Estate, within close proximity to the future Tuas Mega Port and current PSA ports
- Developed in four phases and consolidates all port operations in Singapore under one mega port by 2040.
- First phase of operations of the Tuas Mega Port is expected to commence in 2021

Excellent Accessibility

- Bulim Square well-served by existing and future MRT Lines
- Near Tuas Checkpoint and well-served by major expressways/roads such as the Pan-Island Expressway and Kranji Expressway

Property information

> 1

Property Description	4-storey ramp-up logistics facility, with ancillary office at each level
Address	7 Bulim Street, Singapore (within the Jurong Innovation District)
Asset Type	Logistics and Warehouse
Land Tenure	30 years commencing from 1 September 2012
Land Area	34,095 sqm
Gross Floor Area	68,190 sqm
Master Tenant	KWE – Kintetsu World Express (S) Pte Ltd (a wholly-owned subsidiary of a major Japanese freight forwarding and logistics group[1])





1 Kintetsu World Express, Inc.

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RATIONALE FOR THE PROPOSED ACQUISITION

Rationale and key benefits to Unitholders

> 2

1. Growing demand for logistics space in Singapore

- The advent of the internet economy and e-commerce activities in the region has further spurred the growth in third-party logistics and outsourcing market and the demand for logistics space

2. Strategically-located in the Jurong Innovation District

- Proximity to the future Tuas Mega Port, current PSA ports, arterial expressways PIE and KJE, as well as Tuas Checkpoint

3. Further strengthens AA REIT's portfolio

- Master tenant, a wholly-owned subsidiary of a major Japanese freight forwarding group, provides a strong lease covenant and effectively contributes to stable and predictable revenue stream
- Improves revenue diversification and overall occupancy

4. In line with AA REIT's Investment Strategy

- Manager aims to invest in high quality industrial real estate in the Asia-Pacific region on a long-term basis

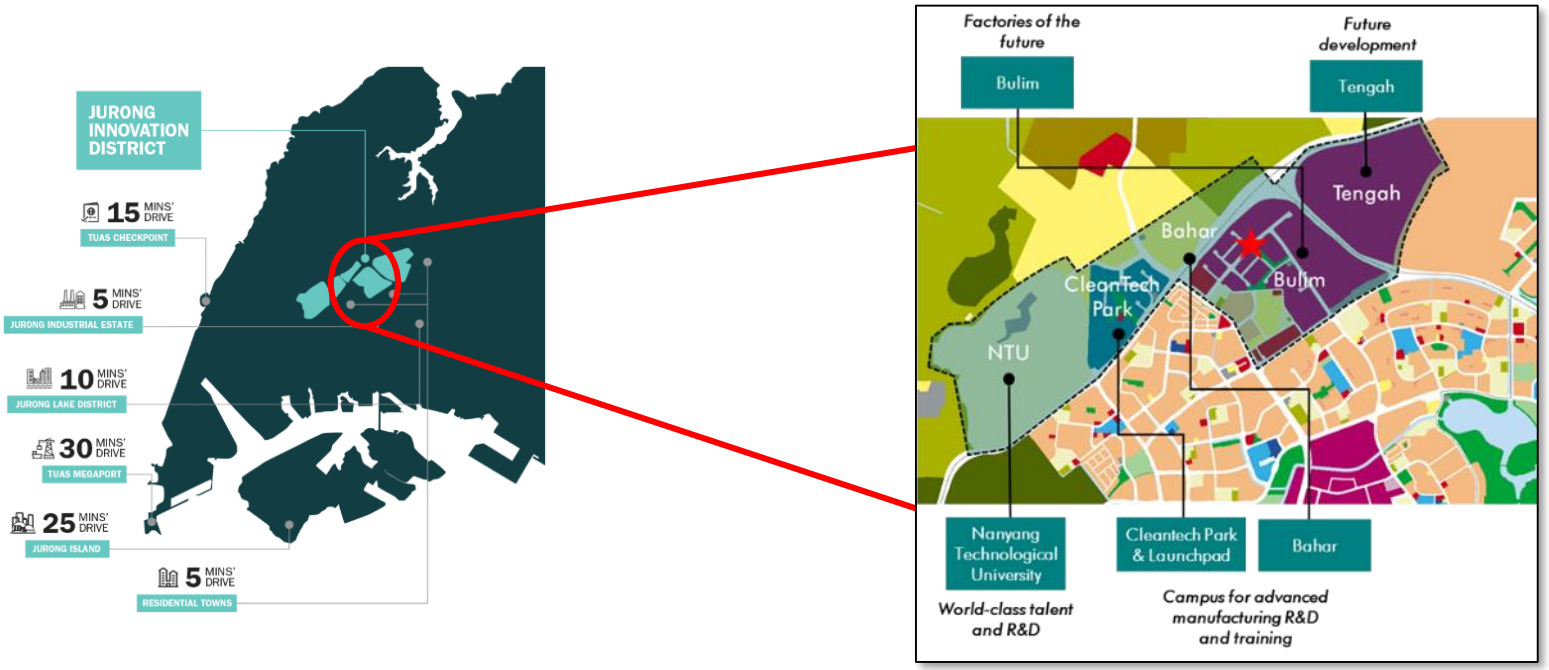
5. Attractive value proposition with NPI yield and DPU accretion

- Property is expected to generate NPI yield of approximately 7.07% (based on the Purchase Price) and approximately 6.76% (based on the Total Acquisition Cost)
- The Proposed Acquisition is expected to be DPU accretive

1 Growing demand for logistics space in Singapore

> 2

Strong economic and market potential of Singapore logistics sector



- The push for Industry 4.0 in Singapore complements the significance of the manufacturing sector to the growth of Singapore's GDP, expected to play a vital role in bolstering the demand for more innovation-based and high-value manufacturing
- Located within the advanced manufacturing campus of the Jurong Innovation District, the Property is well-positioned to capture the favourable demand dynamics from manufacturers and modern logistics service providers

2 Strategically-located in the Jurong Innovation District

> 2

An opportunity for AA REIT to acquire an attractive yield-accretive modern ramp-up logistics warehouse in the Jurong area

- REIT enjoys first mover advantage in having a presence in the Jurong Innovation District, the next up-and-coming industrial sector.
- Property is located within the key industrial region of Jurong and is in close proximity to the future Tuas Mega Port, current PSA ports, arterial expressways PIE and KJE, as well as Tuas Checkpoint
- In addition to the existing East West MRT Line, the Property will be well-served by the future Jurong Region MRT Line, bringing about enhanced connectivity to key points of transportation



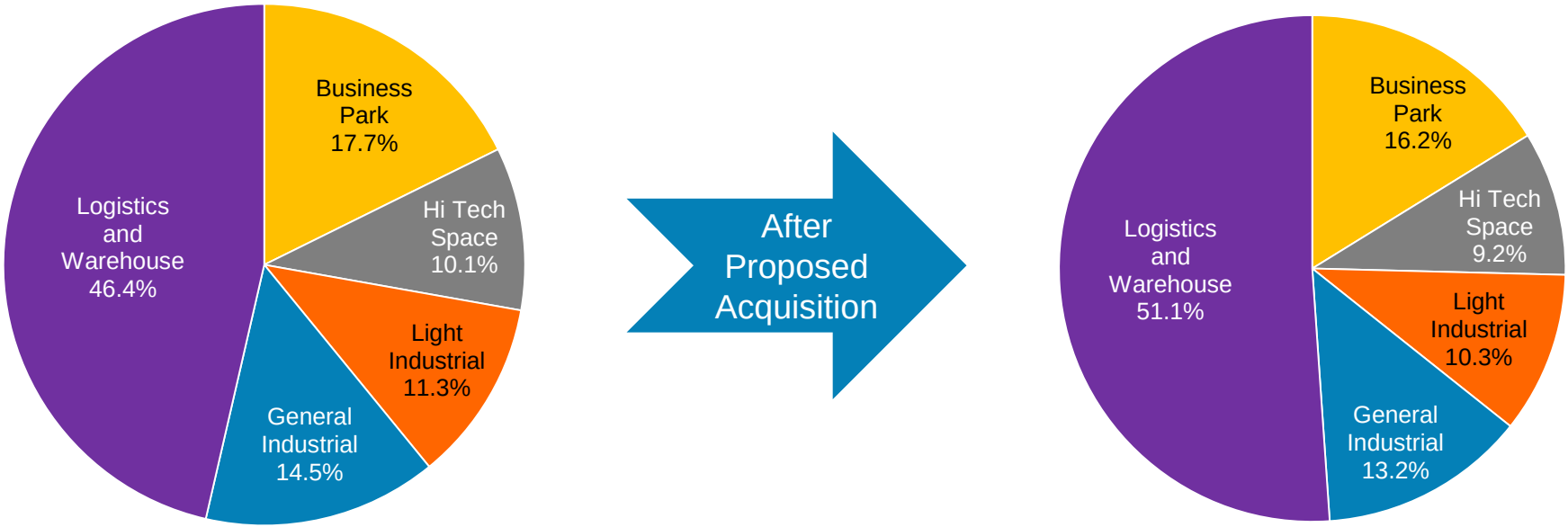
3 Further strengthens AA REIT's portfolio

> 2

Capitalises on Manager's competitive strength in operating logistics warehouse in Singapore

Transaction impact on portfolio*:

- ✓ Increase REIT's Logistics and Warehouse exposure from 46.4% to **51.1%**
- ✓ Increase portfolio occupancy from 93.6% to **94.2%**
- ✓ Increase master lease from 30.3% to **36.4%** for added stability



* Based on 1Q FY2021 gross rental income on a pro forma basis

4 In line with AA REIT's Investment Strategy

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Manager aims to deliver stable and sustainable distributions to Unitholders and to enhance AA REIT's portfolio



- The Proposed Acquisition is in line with the Manager's investment strategy of investing in a portfolio of high-quality income-producing industrial real estate in the Asia-Pacific region on a long-term basis



5a Attractive value proposition with NPI yield accretion

> 2

Reaffirms AA REIT's growth strategy of seeking yield accretive opportunities to deliver sustainable distributions to Unitholders

- NPI yield accretive to AA REIT portfolio, providing portfolio stability and immediate income in current volatile market conditions

	NPI Yield
Based on Purchase Price	7.07%
Based on Total Acquisition Cost	6.76%

5b Attractive value proposition with DPU accretion

> 2

- The following pro forma financial effects of the Proposed Acquisition have been prepared for illustrative purposes only and are based on the latest audited financial statements of AA REIT for the financial year ended 31 March 2020, as well as on the following assumptions and bases:
  - The Proposed Acquisition is proposed to be funded by a combination of the net proceeds from the issuance of perpetual securities of S$123.5 million and debt financing of S$12.0 million
  - There is no assurance that the actual method of financing of the Proposed Acquisition will be similar to the assumed method of financing
  - The Proposed Acquisition was completed on 1 April 2019 and AA REIT held the Property through to 31 March 2020 and based on the Property's NPI in the first year of ownership

5b Attractive value proposition with DPU accretion

> 2

Proposed Acquisition reaffirms AA REIT's growth strategy of seeking DPU accretive opportunities to deliver sustainable distributions to Unitholders.

- Pro forma financial effects of the Proposed Acquisition on the DPU for FY2020, as if the Proposed Acquisition was completed on 1 April 2019 and AA REIT held the Property through to 31 March 2020 and based on the Property's NPI in the first year of ownership

	Before the Proposed Acquisition	After the Proposed Acquisition
Distributions to Unitholders (S$'000)	66,513	67,763
Units in issue ('000) (1)	706,663	706,663
DPU (cents) (2)	9.50	9.68
DPU Accretion (%)	N.A.	1.9%

(1) Number of Units in issue as at 31 March 2020.
(2) DPU is calculated based on the applicable number of Units entitled to the distribution for each respective period.

Pro forma Net Asset Value ("NAV") and Aggregate Leverage

> 2

- Pro forma financial effects of the Proposed Acquisition on the NAV per Unit and Aggregate Leverage as at 31 March 2020, as if the Proposed Acquisition was completed on 31 March 2020

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV represented by Unitholders' funds (S$'000)	954,955	949,455
Units in issue ('000)	706,663	706,663
NAV per Unit (S$)	1.35	1.34
Aggregate Leverage(1)	34.8%	32.8%

(1) The drop in the Aggregate Leverage was due to the assumed method of funding the Proposed Acquisition with a combination of the net proceeds from the issuance of perpetual securities of S$123.5 million and debt financing of S$12.0 million.

> 3 CONCLUSION

Conclusion

> 3

Adds Strategic, High-Quality Asset to the Portfolio

- An attractive yield-accretive modern ramp-up logistics warehouse with full occupancy
- 100% leased to Master Tenant, one of the world's leading logistics companies

First Industrial REIT with presence in Jurong Innovation District

- Enhanced connectivity through its close proximity to the future Tuas Mega Port
- Well-positioned to capture the favourable demand dynamics for modern logistics space

Delivers Steady Flow of Income Benefiting Unitholders

- In line with the Manager's investment strategy of investing in high-quality industrial real estate in the Asia-Pacific region
- Strong lease covenant and effectively contributes to stable and predictable revenue stream for AA REIT's portfolio

Awarded Gold Awards for Excellence in Corporate Governance, Social Responsibility and Investor Relations at The Asset Corporate Awards 2019

Awarded Shareholder Communications Excellence Award at the 18th Investors' Choice Awards 2017

Awarded Best Investor Relations Company and Asia's Best CEO in Singapore at the *6th Asian Excellence Awards 2016*

Awarded the Honours Award in Traditional Annual Report at the 2018 ARC Awards

Thank you

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