



(Constituted in the Republic of Singapore pursuant to a trust deed dated 5 December 2006 (as amended and restated))

## Media Release

### AA REIT achieves 5.2% YoY rise in Distributions to Unitholders to S\$55.1 million for 9M FY2024

- Continued positive rental reversions of 22.7% for 9M FY2024 (3Q FY2024 13.0%)
- High portfolio occupancy of 98.1%
- Recent renewal of long-term master leases with Kintetsu World Express and Aalst Chocolate extends portfolio WALE from 4.2 years to 4.6 years
- Prudent gearing position of 32.2% provides financial flexibility for upcoming AEs and new growth opportunities

	9M FY2024	9M FY2023	+/(-)
	S\$'000	S\$'000	%
Gross revenue	131,634	125,214	+5.1
Net property income ("NPI")	97,774	92,003	+6.3
Distributions to Unitholders	55,102	52,380	+5.2
Applicable number of Units ('000 Units)	810,564	720,344	+12.5
Distribution per Unit ("DPU") (Singapore cents)	6.990	7.290	-4.1

**Singapore, 31 January 2024** – AIMS APAC REIT Management Limited (the "Manager") as manager of AIMS APAC REIT ("AA REIT") is pleased to report a 5.2% year-on-year ("YoY") rise in distributions to Unitholders to S\$55.1 million for the nine months ended 31 December 2023 ("9M FY2024").

Gross revenue rose by 5.1% YoY for 9M FY2024, supported by higher portfolio occupancy, positive rental reversions and high tenant retention rate across our Singapore properties.

Consequently, NPI increased 6.3% YoY for 9M FY2024 with NPI margin 0.8% higher at 74.3%. DPU declined by 4.1% YoY for 9M FY2024 to 6.990 Singapore cents owing to the enlarged unit base following the Equity Fund Raising ("EFR") in July 2023 to strengthen AA REIT's balance sheet and support planned AEs and future growth opportunities.

**Mr Russell Ng, CEO of the Manager said,** "We are pleased to report continued strong operating performance. The active asset management of our portfolio has resulted in resilient occupancy at around 98% and sustained demand from national and global corporates. The recent signing of our two master leases with KWE and Aalst Chocolate is a testament to our proactive leasing strategy, strong tenant relationships and commitment to ongoing rejuvenation of our portfolio.

With a strengthened balance sheet amid tight supply for high quality logistics and high-spec industrial spaces, we are well placed to execute on our AEs and future growth opportunities."

**Mr George Wang, Chairman of the Manager added,** “Against the uncertain macro backdrop, we will continue to maintain a disciplined capital management policy and conservative balance sheet. It is important that we continue to monitor growth opportunities, whether through acquisitions or organically via AEs. We have a proven track record to be proud of and are confident that we can capitalise on opportunities by executing the projects in our pipeline. Our focus remains on optimising our portfolio and delivering long-term sustainable returns for our Unitholders.”

## **Portfolio Update**

Over 3Q FY2024, the Manager executed 3 new (759 sqm) and 14 renewal leases (96,694 sqm) totalling 97,453 sqm, which represented 12.5% of the portfolio’s net lettable area (“NLA”). In January 2024, the Manager announced two master lease renewals with a top 10 tenant, KWE at 7 Bulim Street and Aalst Chocolate at 26 Tuas Avenue 7, for a new five and ten year term respectively. These two renewals were signed at positive rental reversions and are subject to rental escalations over their respective terms.

Overall, renewal leases in 3Q FY2024 supported the strong rental reversion rate of 13.0% over the quarter. For the remainder of FY2024, 13,331 sqm is due for expiry, of which 12,116 sqm is in the logistics and warehouse segment.

As at 31 December 2023, overall portfolio occupancy stood at 98.1%, as compared to 97.8% as at 31 December 2022. Following the master lease renewals of KWE and Aalst Chocolate, the portfolio weighted average lease expiry was extended from 4.2 years as at 30 September 2023 to 4.6 years as at 31 December 2023. The portfolio is well supported by 196 tenants diversified across multiple trade sectors, with 81.8% of gross rental income from tenants in defensive industries.

## **Prudent Capital Management**

As at 31 December 2023, aggregate leverage stood at 32.2%, a 4.2% reduction YoY from 36.4% and no debt refinancing required until 2Q FY2025, following the completion of the EFR<sup>1</sup>. Weighted average debt maturity stood at 2.6 years with blended debt funding cost of 4.0%<sup>2</sup> alongside interest coverage ratio of 3.8 times<sup>3</sup>. 76%<sup>4</sup> of debt is on fixed rate, while the average fixed debt tenure is approximately 1.9 years.

74% of expected Australian dollar distributable income is hedged into Singapore dollars on a rolling four-quarter basis which provides certainty for distribution to Unitholders.

## **Progressively Advancing Our Sustainability Commitments**

The Manager is dedicated to integrating sustainability and environmental stewardship into our operations, with a clear focus on enhance our business processes and properties in line with our ESG roadmap.

To support AA REIT’s ongoing ESG efforts, the Manager successfully implemented its first phase of solar panel installation across the rooftop of six properties which is projected to generate 14,500 MWh of solar energy annually by FY2025 and help avoid 5,900 tonnes of carbon emissions each year. This initiative marks a significant step towards achieving its Scope 2 emission reduction target

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<sup>1</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>2</sup> Based on year-to-date figures

<sup>3</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

<sup>4</sup> Including forward interest rate swaps

of 42% by FY2030. To build on this, AA REIT is now assessing a potential second phase which would help avoid further carbon emissions.

AA REIT further continues to upgrade its properties in line with targeted sustainability initiatives such as the adoption of water efficient fixtures and installation of energy-saving LED lighting across its portfolio. By proactively seeking out and implementing current and new sustainability measures, AA REIT is not just minimising its environmental impact but also ensuring its portfolio remains resilient and attractive. This approach is integral to its growth strategy and an important means of future-proofing our portfolio to create sustainable long-term value for Unitholders.

## Outlook

The US Federal Reserve has indicated multiple interest rate cuts to come in 2024, as of its FOMC meeting in December 2023. This came against a backdrop of easing inflation levels, strong job gains and low unemployment, despite quarter-on-quarter economic activity slowing slightly.<sup>5</sup>

Whilst the risk of a global recession has receded, mounting geopolitical tensions, sluggish global trade and tightened financial conditions is anticipated to impact global growth in 2024, with an expected decline from 2.6% in 2023 to 2.4% in 2024<sup>6</sup>.

## Singapore

The Ministry of Trade and Industry reported the Singapore economy grew by 2.8% year-on-year in Q4 2023, a rise from 1.0% growth in the previous quarter. For the whole of 2023, the Singapore economy grew by 1.2 per cent, moderating from the 3.6 per cent growth seen in 2022<sup>7</sup>.

Against this moderating growth, Singapore's manufacturing sentiment improved in December with the purchasing managers' index rising to 50.5 points, a 0.2 point gain from the prior month, contrasting with regional factory activity being weighed down by weakening demand. Combined with continued investment into new industrial facilities, this underlines Singapore's status as an attractive hub for business that can withstand wider uncertainty.

Rental growth remains on an upward trend and is expected to continue, albeit at a more moderate pace<sup>8</sup>. The limited supply of modern industrial facilities is likely to drive a 'flight to quality' trend in 2024, particularly from high-tech, in-demand industries such as biomedical and advanced manufacturing<sup>9</sup>.

## Australia

The Reserve Bank of Australia held the cash rate steady at 4.35% from its December 2023 meeting, with the RBA citing moderating inflation levels driven by the goods sector and easing labour market conditions<sup>10</sup>. The RBA also cautioned that there are still significant uncertainties around the outlook and did not rule out further rate increases to return inflation to target.

AA REIT's two business parks in Sydney are located within Macquarie Park and the Norwest Business Park, and continue to benefit from significant infrastructure investments. When the Sydney Metro opens in mid-2024, commuters will be able to travel from the city direct to Macquarie Park in

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<sup>5</sup> Federal Reserve issues FOMC statement - December 13, 2023

<sup>6</sup> Global Economy Set for Weakest Half-Decade Performance in 30 Years (worldbank.org)

<sup>7</sup> Ministry of Trade and Industry Singapore: Singapore's GDP Grew by 2.8 Per Cent in the Fourth Quarter of 2023 and 1.2 Per Cent in 2023

<sup>8</sup> Q4 2023 Industrial & Logistics (knightfrank.com)

<sup>9</sup> Slow but steady | Colliers Q3 2023 Singapore Industrial Market Report

<sup>10</sup> Statement by Michele Bullock, Governor: Monetary Policy Decision | Media Releases | RBA <https://pdf.savills.asia/asia-pacific-research/singapore-research/singapore-industrial/singapore-industrial-briefing-q3-2023.pdf>

just 18 minutes while peak departures will be approximately every four minutes<sup>11</sup>, offering AA REIT's assets proximity to the surrounding catchment area of talent pools. The Brisbane 2032 Olympic and Paralympic Games' anticipated infrastructure development in the Gold Coast area<sup>12</sup> will advantageously impact the Boardriders APAC HQ which is strategically positioned to benefit from the positive flow on effect of migration, enhanced connectivity and increased economic activity within the region.

## Management Outlook

The Manager remains confident in AA REIT's portfolio of high-quality and well-located assets, supported by its ongoing execution of its four strategic pillars. The recent master lease renewals with KWE and Aalst Chocolate demonstrate AA REIT's commitment to partnering with leading global and national companies in need of modernised industrial and logistics space solutions. With limited supply and demand not expected to abate, the strong operating metrics and high occupancy rates seen today is anticipated to continue for AA REIT's Singapore properties. Together with two identified AEs underway, the Manager remains confident that its proactive asset management strategy will further enhance asset values and long-term returns.

In Australia, strong tenant covenants on long lease terms and built-in rental escalations continue to bolster long-term income stability of the portfolio. Furthermore, the three properties in Australia all sit on substantial land sites ranging from 3 to 9 hectares that offer significant opportunity for future enhancement and redevelopment over the long term.

While there are signs of improvement, the macroeconomic climate remains uncertain with wide geopolitical disruption and an elevated interest rate environment. The Manager will continue to maintain a prudent capital management strategy to support its balance sheet, bolstered by a disciplined organic growth strategy while keeping an eye out for accretive inorganic opportunities to deliver long-term sustainable returns for Unitholders.

## Distribution and Record Date

Distribution	For 1 October 2023 to 31 December 2023	
Distribution Type	(a) Taxable Income (b) Capital Distribution <sup>13</sup>	
Distribution Rate	(a) Taxable Income:	1.761 Singapore cents per Unit
	(b) Capital Distribution <sup>13</sup>	<u>0.579 Singapore cents per Unit</u> <u>2.340 Singapore cents per Unit</u>
Record Date	9 February 2024	
Payment Date	22 March 2024	

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<sup>11</sup> Project update: testing on track for more Metro services to Macquarie Park! — Connect Macquarie Park Innovation District ([connectmpid.com.au](http://connectmpid.com.au))

<sup>12</sup> Olympic and Paralympic Games Brisbane 2032 | City of Gold Coast

<sup>13</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.