



AIMS APAC REIT

Proposed Acquisition of Woolworths HQ in Sydney

30 September 2021



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Transaction Overview



Transaction Summary

Purchase Consideration	A\$463.25 million (S\$454.0 million ¹)
Independent Valuation	A\$463.25 million ² (S\$454.0 million ¹)
NPI Yield	5.17% ³
Stamp Duty	A\$25.5 million (S\$25.0 million ¹)
Transaction Cost	A\$5.5 million ⁴ (S\$5.4 million ¹)
Total Acquisition Cost	A\$494.3 million (S\$484.4 million ¹)
Method of Financing	<p>Total acquisition cost is proposed to be funded by a combination of local debt financing and net proceeds from the issuance of perpetual securities.</p> <p>The Manager may also consider funding the Proposed Acquisition by a combination of debt financing, Acquisition Fee units, net proceeds raised from the issuance of the Perpetual Securities and new equity.</p> <p>The final decision regarding the method of financing the Proposed Acquisition will be made by the Manager at the appropriate time, taking into account the prevailing market conditions.</p>

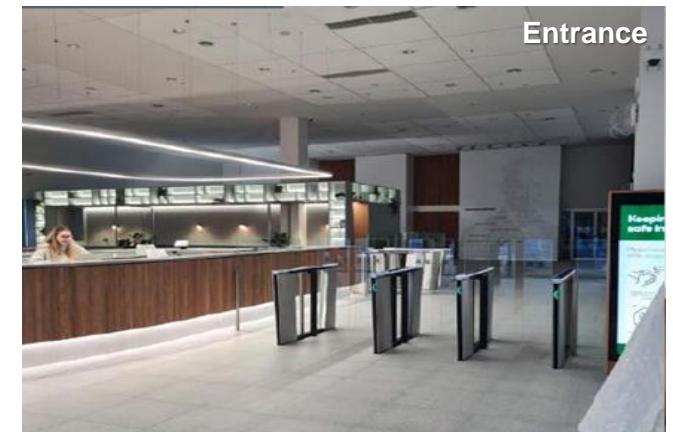
Notes:

¹ An exchange rate of A\$1: S\$0.98 is adopted.

² Based on the valuation report by Knight Frank NSW Valuations and Advisory Pty Ltd dated 30 September 2021.

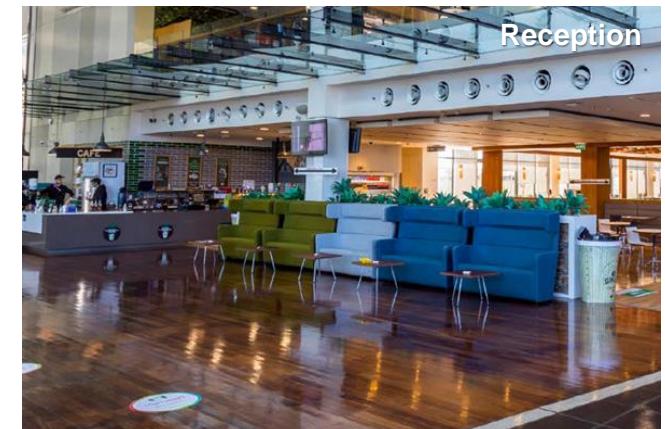
³ Initial NPI Yield based on Year 1 NPI of A\$23.94 million divided by Purchase Consideration.

⁴ Includes acquisition fee of A\$4.6 million and other transaction cost of A\$0.9 million.



Property Information

Property Description	Master-tenanted corporate campus comprising (i) three multi-level interconnecting buildings housing A-grade office accommodation; (ii) a data centre operation and amenities; and (iii) on grade car park, a car park building and a four-storey multi-storey car park totaling 3,120 car parking spaces
Address	1 Woolworths Way, Bella Vista, New South Wales
Asset Type	Business Park
Land Tenure	Freehold
Land Area	90,010 sq m
Net Lettable Area	44,972 sq m
Master Tenant	Woolworths Group Limited
Existing Lease Term	10 years commencing from completion, with built-in rental escalation of 2.75%
Property Occupancy	100%


Office Floor

Reception

Rationale for Proposed Acquisition



Rationale For and Benefits of Proposed Acquisition



1. Access to strategic business park and data centre precinct



2. Long-term lease balance anchored by strong tenant covenant



3. Rare significant freehold site with immense re-development potential



4. Significantly enlarges portfolio value and enhances portfolio quality and metrics



5. DPU accretive transaction

1 Transformative third acquisition in Australia

Access to a strategic business park and data centre precinct



Resilient foothold

Further strengthen AA REIT's foothold in Sydney's resilient business park market

Strategic location

Home to a thriving community of established pharmaceutical and technology multi-national corporations

Strong transport connectivity

Direct access to Sydney CBD and all major logistics and distribution precincts via Westlink M7

Investment grade household name

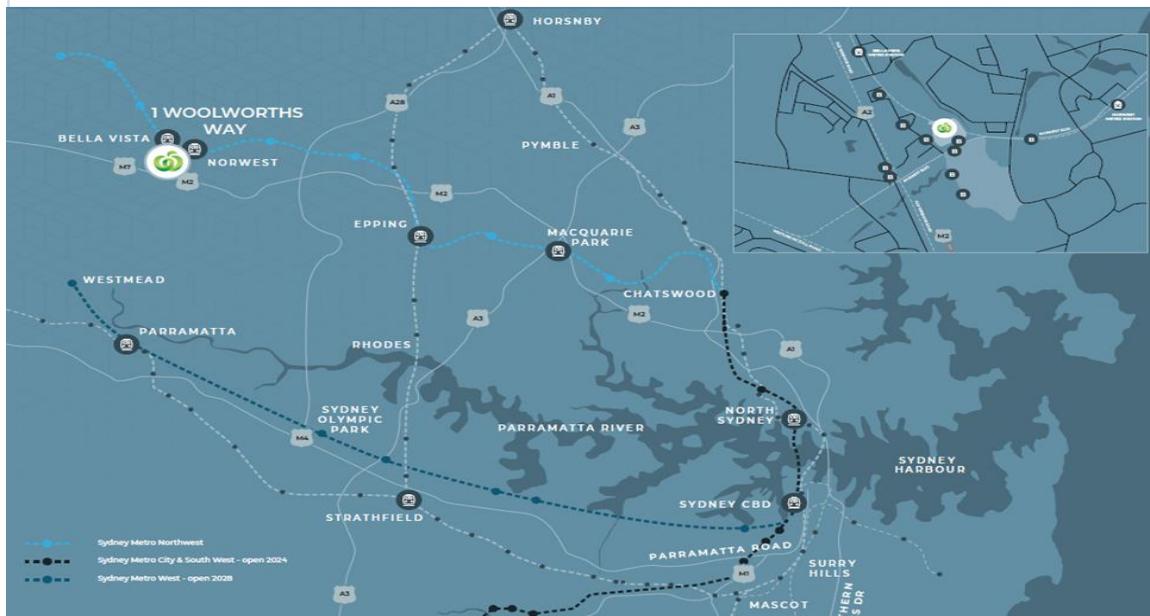
Anchored by Woolworths on a long-term lease to 2031, with up to 20 years of extension options thereafter

1 Strategically located within Norwest Business Park

Connectivity to Critical Infrastructure and Talent Pool

Direct access across metropolitan Sydney

- Direct access to the Central Business District and all major logistics and distribution precincts in metropolitan Sydney
- Located between Norwest and Bella Vista stations and part of the Northwest metro line that connects to Macquarie Park and the CBD



NSW Government North West Priority Growth Area

- With the new Sydney Northwest metro line and focus on hub-and-spoke locations, Norwest and Bella Vista is well positioned to benefit, as the precinct offers high quality office accommodation, relative affordability and multiple transport options.
- The NSW Department of Planning, Industry and Environment is projecting 10,400 new jobs and 8,400 new homes over the next 20 years in the Bella Vista precinct.
- The Hills Shire workforce (including Norwest and Bella Vista) is forecast to grow by 47.1% between 2020 and 2031

Thriving pharmaceutical and technology business park

- Diverse and thriving occupier community including domestic and multinational corporations: ResMed Inc, Braun, IBM Global Services, Wyeth Pharmaceutical Australia, Schneider Electric and data centres linked to the Reserve Bank of Australia and Commonwealth Bank of Australia



2 Long-term lease balance by Woolworths HQ

Anchored by Woolworths Group on a long-term net lease, providing stable inflation hedged income with minimal upkeep requirements

Investment grade anchor tenant	Long term stable income with significant tenant investment
<ul style="list-style-type: none">■ Australia's largest supermarket retailer■ One of the top 10 ASX listed company with a market capitalisation of around A\$ 50 billion¹■ Woolworths Group is rated BBB (Stable) by S&P■ Demonstrated operating resilience during COVID-19<ul style="list-style-type: none">■ FY21 Revenue²: A\$67.3 billion (5.7% Y-o-Y)■ FY21 NPAT²: A\$1.97 billion (22.9% Y-o-Y)	<ul style="list-style-type: none">■ c.10 years remaining lease term with up to 20 years extension options³■ Fixed rent step-ups at 2.75% p.a.■ "Double-net" lease: Outgoings obligations fully covered by tenant■ Modern A-grade office specifications, with over A\$50 million injected into fit-outs, foyer upgrades and new amenities since 2005■ The recent installation of new solar panels across the building roof areas provides the property with a sustainable and renewal energy source

WOOLWORTHS GROUP



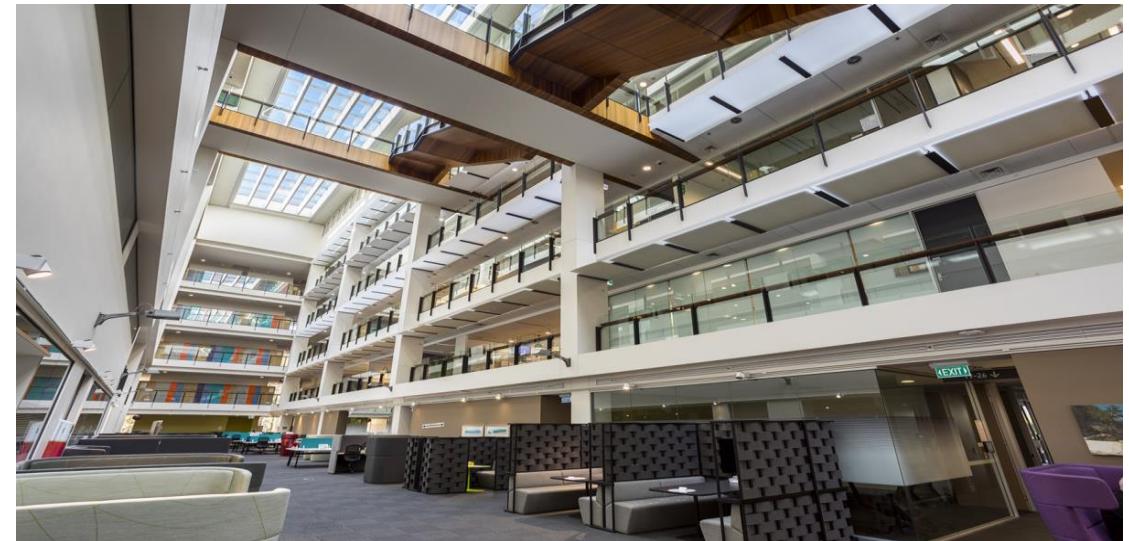
BIGW

Notes:

¹ Market capitalisation as at 30 September 2021

² Based on FY21 full year results presentation for Woolworths Group Limited

³ 4 x 5 year extension options



3 Rare freehold site with re-development potential

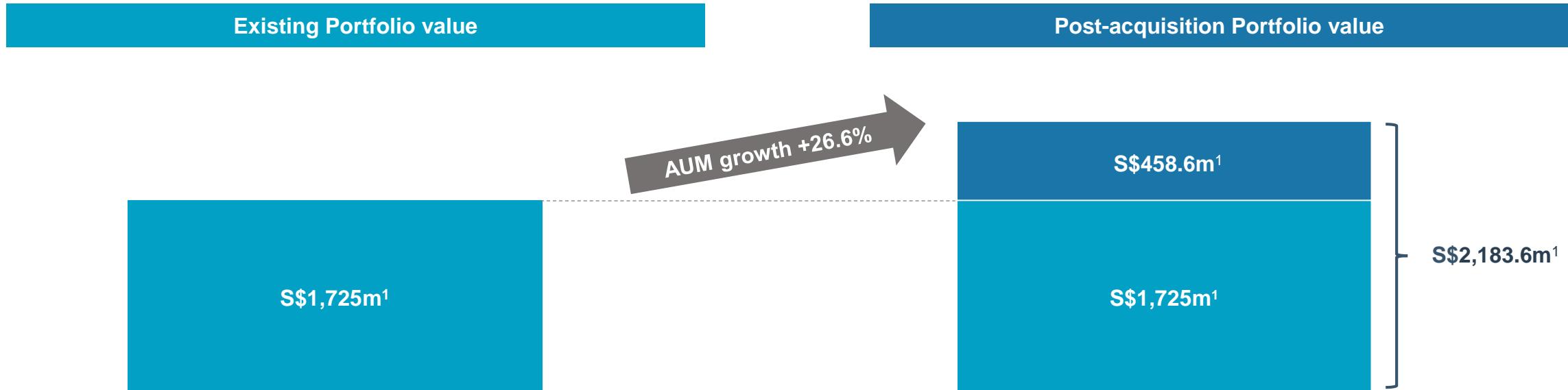
Woolworths HQ can benefit from incremental NLA, with site arrangement and current planning provision facilitating future development



Future re-development potential

- Significant 9 ha freehold land is currently underutilized
- The current building footprint has the potential to expand from 44,972 sqm to a maximum of 180,000 sqm under current planning rules
- The car park podium housing 1,585 parking bays on the eastern portion of the site has been designed to cater for a new Building 2, at the option of the tenant.
- Subject to the relevant approvals, the site could cater for 2 additional buildings above the multi-story and on grade parking areas on the western portion of the site
- B7 Business Park zoning provides for office and data centre usage, as well as other light industry usage, such as including warehouse, distribution centres and educational facilities

4 Significantly enlarges portfolio size to S\$2.18 billion

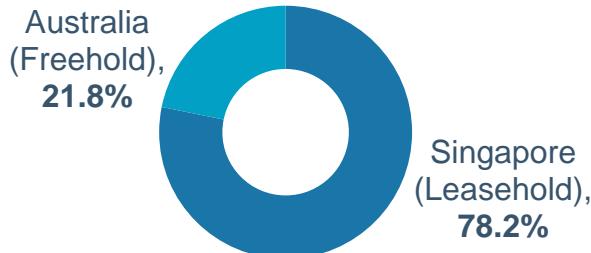
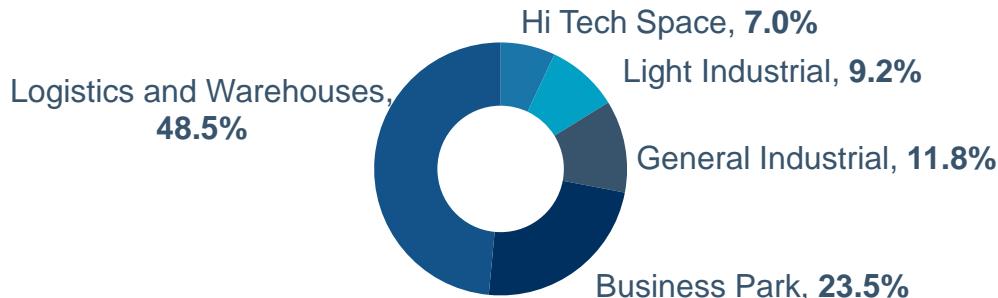
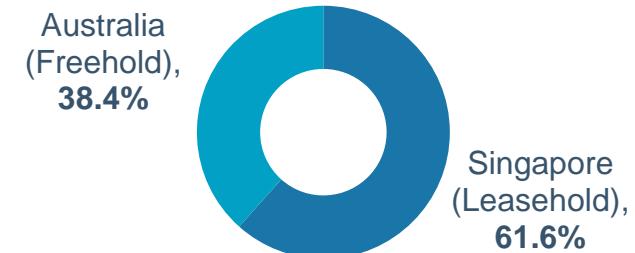
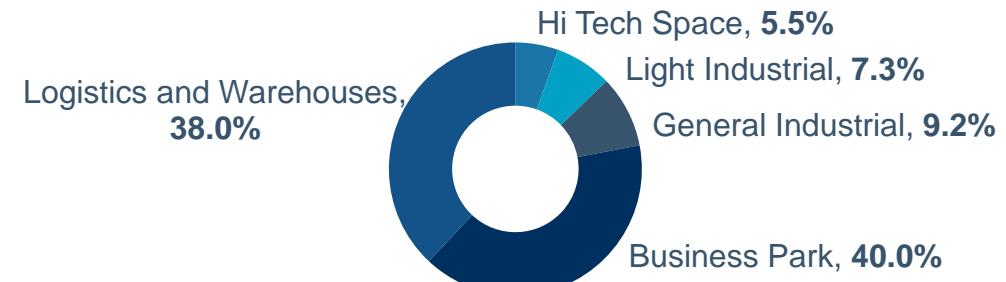


Size and quality of acquisition aligns with AA REIT's portfolio growth strategy

- Transformational acquisition, representing the largest asset in AA REIT's high quality portfolio
- Acquisition is in line with AA REIT's investment strategy to buy quality assets that generate attractive long-term total returns to unitholders

Note:

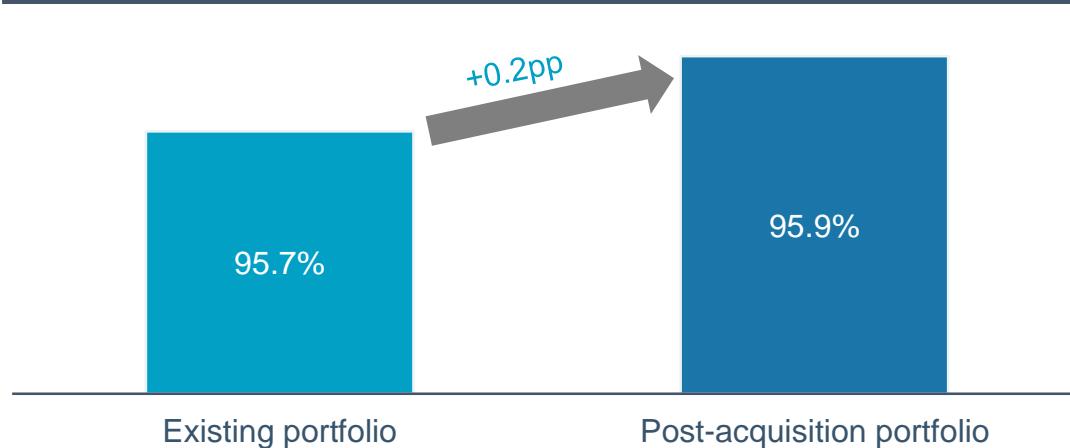
¹ As at 30 June 2021

Existing Portfolio
Geographical diversification (By Valuation)

Asset Segmentation (By Valuation)

Post-acquisition Portfolio
Geographical diversification (By Valuation)

Asset Segmentation (By Valuation)


Portfolio WALE (By 1Q FY2022 Gross Rental Income)



Portfolio Occupancy (By Net Lettable Area)



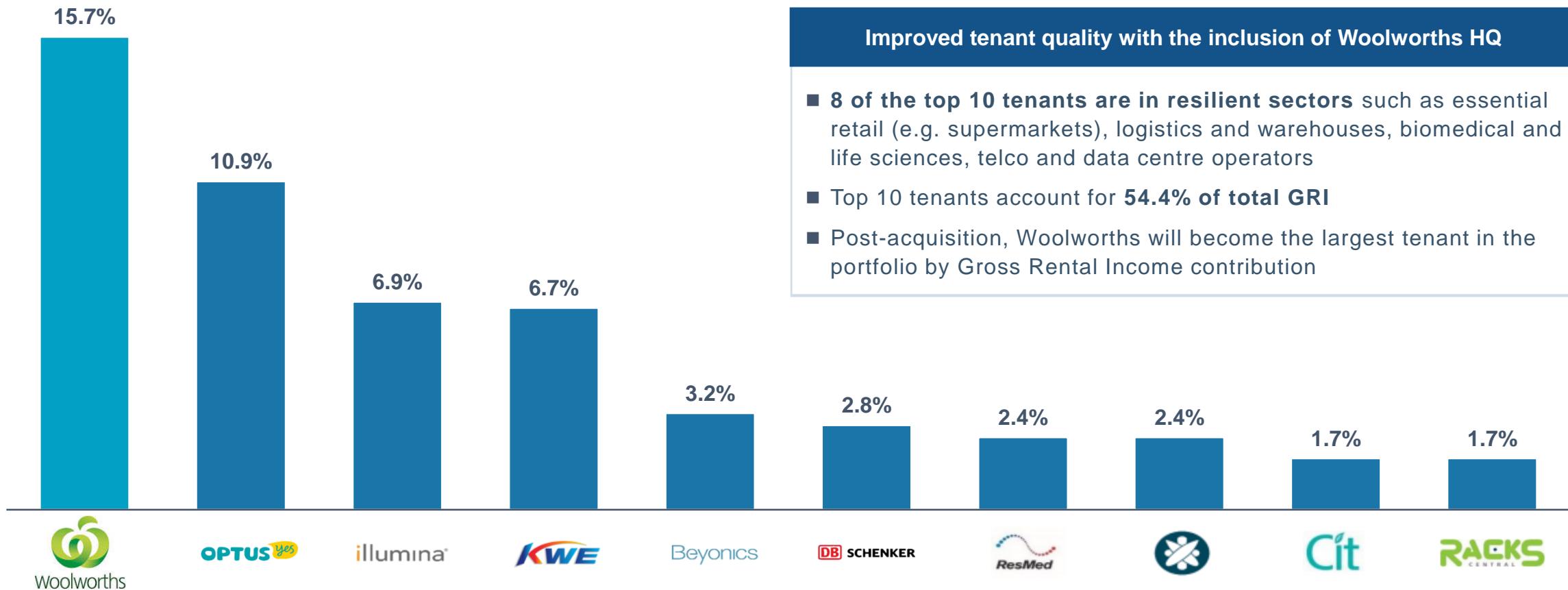
Portfolio Ground Lease term (By Valuation)



Portfolio Lease Structure (By Valuation)

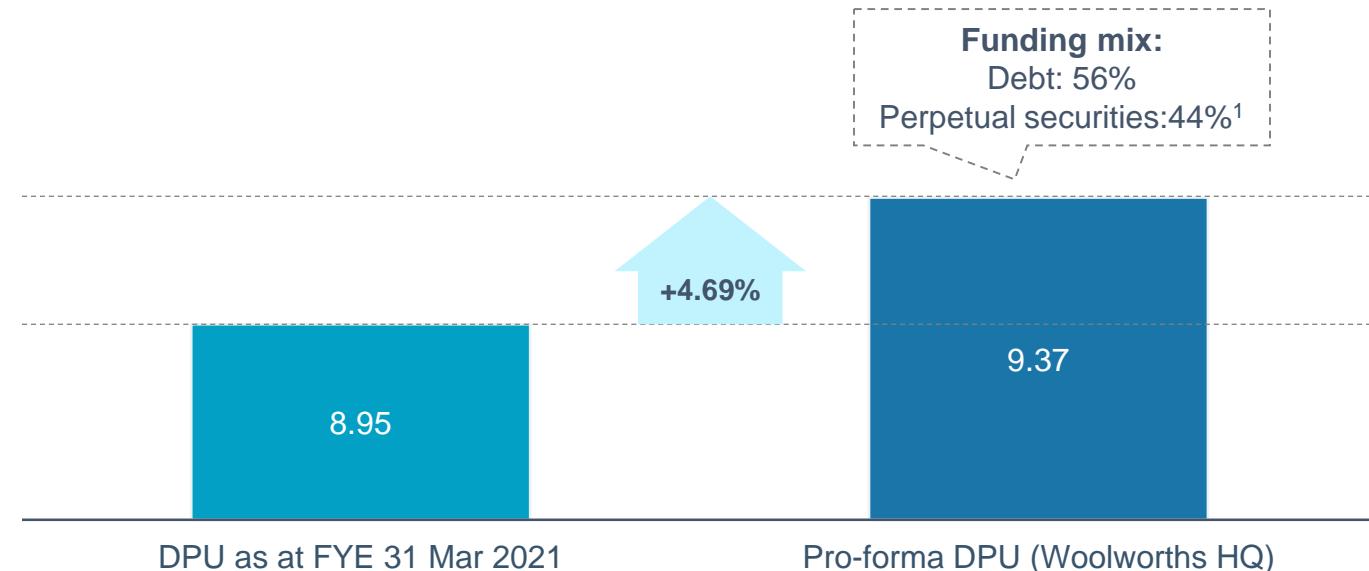


Top 10 tenants by 1Q FY2022 Gross Rental Income



5 DPU accretive transaction

DPU (Singapore cents) accretion



	Existing Portfolio	Post Acquisition Portfolio
Pro-forma DPU	8.95	9.37
DPU accretion / (dilution)	N/A	+4.69%
Aggregate Leverage	33.9%	38.6% ²

Notes:

¹ DPU Accretion based on utilization of S\$207.5 million of proceeds from the S\$250 million Perpetual Securities issued. Refer to announcement titled "Proposed Issue of S\$250 million 5.375 per cent. Perpetual Securities" on 23 August 2021.

² Based on gross proceeds of S\$250.0 million issued from the Perpetual Securities. Assuming S\$207.5 million of Perpetual Securities had been issued, the aggregate leverage would be 39.3%

Key Takeaways



Key Takeaways



1. Unique opportunity to acquire highly strategic asset anchored by Woolworths

- Modern campus office asset within thriving corporate occupier and data centre eco-system
- Anchored by blue-chip tenant Woolworths on long term lease with regular rental step-ups



2. Longer term re-development potential

- Underutilized space with longer term re-development potential to expand building footprint by up to 180,000 sqm
- The site configuration caters for future expansion over the existing car park podium, multi-storey carpark & on grade parking area



3. Significantly enlarges portfolio size to S\$2.18 billion and enhances portfolio quality & metrics

- Rebalances and increases freehold contribution to portfolio
- Improved portfolio WALE, average ground lease term and occupancy



4. DPU accretive transaction

- Pro-forma DPU accretion of 4.69%
- Pro-forma Aggregate Leverage at 38.6%, which is well below MAS limit of 50%



5. In line with AA REIT's investment and ESG strategy

- Acquisition provides long-term stable and growing income yield with longer term capital growth potential



Thank you!

Looking forward to your support.

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