AIMS APAC REIT MANAGEMENT LIMITED

As Manager of AIMS APAC REIT
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Media Release

AIMS APAC REIT announces
DPU of 2.50 cents in 1Q FY2020

Singapore, 25 July 2019 – AIMS APAC REIT Management Limited (the Manager) as manager of AIMS APAC REIT (AA REIT) today announced a Distribution Per Unit (DPU) of 2.50 cents for the first quarter ended 30 June 2019 (1Q FY2020), unchanged compared to the same period in the preceding year.

Gross revenue increased by 2.2% to S$30.6 million compared to the preceding quarter ended 31 March 2019 (4Q FY2019) mainly due to higher rental and recoveries for the properties at 20 Gul Way and 27 Penjuru Lane.

Net property income rose by 12.9% to S$22.9 million in 1Q FY2020 compared to 4Q FY2019 in line with higher gross revenue coupled with lower property operating expenses[1] in 1Q FY2020.

The Manager's Chief Executive Officer, Koh Wee Lih, said, "Our strategy of actively managing our portfolio of assets to maintain high quality and attractive properties continues to deliver stable and sustainable returns for Unitholders. This strategy has seen us unlock value in our portfolio with asset enhancement initiatives and property developments, such as our recent redevelopment at 3 Tuas Avenue 2. In addition, we have also added a strategic DPU-accretive and yield-accretive asset to the portfolio with the acquisition of Boardriders Asia Pacific HQ, in Gold Coast, Queensland, Australia."

During the quarter, the Manager successfully executed 16 new and renewal leases representing 13,630 sqm (2.2% of total net lettable area). Portfolio occupancy increased slightly to 94.4%, as compared to 94.0% in the preceding quarter, above the industry average of 89.3%.

The Manager also announced the entry into a contract of sale to acquire Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia, for A$38.46 million during the quarter, with a headline yield of 7.8%, a lease term of 12 years and annual rental escalation of 3.0%. This is AA REIT's maiden foray into Queensland, Australia and its second property investment in Australia. The acquisition was completed on 15 July 2019.

[1] Lower property operating expenses in 1Q FY2020 were mainly due to land rent payments that were excluded with the adoption of Financial Reporting Standard 116 Leases (FRS 116), effective 1 April 2019.

On 18 July 2019, the Manager announced that it had successfully secured a master tenant for the 3 Tuas Avenue 2 property which is currently under redevelopment. The master tenant, a global medical device company with headquarters in USA, will occupy the entire premises of approximately 268,000 sqft. The tenant has committed to a 10-year master lease on a triple net lease basis with an initial net property income yield of 7.3%[2] with rental escalations every two years. The redevelopment is now expected to be completed in the first half of 2020 due to the redesigning of the property's base-build to cater for the master tenant's operational requirements. This is AA REIT's sixth redevelopment project. Since 2012, the Manager has been focused on developing a higher value portfolio and future-proof AA REIT to better capture upcoming opportunities in the market.

The Manager is also progressing well on its asset enhancement initiative (AEI) for NorthTech, at 29 Woodlands Industrial Park E1 which is expected to complete in second half of 2019. The AEI will further enhance the high-technology industrial property as a modern and energy efficient facility, and strengthen AA REIT's portfolio of quality properties in the fast-developing Woodlands area.

Mr Koh added, "To support the development of a quality portfolio, we continue to manage risks and maintain a strong balance sheet to give us the financial flexibility to navigate the continued soft market, as well as optimise returns for our investors."

Key highlights for 1Q FY2020 are:

- DPU of 2.50 cents for the quarter;
- Gross revenue increased by 2.2% to S$30.6 million compared to 4Q FY2019;
- Net property income rose 12.9% to S$22.9 million compared to 4Q FY2019 mainly due to the adoption of FRS 116;
- Executed 16 new and renewal leases representing 13,630 sqm (2.2% of total net lettable area);
- Achieved portfolio occupancy of 94.4% vs 4Q FY2019 occupancy of 94.0%, above JTC industry average of 89.3%;
- Acquired Boardriders Asia Pacific HQ in Gold Coast, Queensland, Australia, for A$38.46 million with a headline yield of 7.8%; and
- Secured a master tenant at 3 Tuas Avenue 2 on 18 July 2019 for the entire premises of 268,000 sqft, on a 10-year lease on a triple net lease basis.

For 1Q FY2020, the Manager achieved the following financial performance metrics:

- 80.9% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes;
- Weighted average debt maturity of 2.4 years. AA REIT has undrawn committed facilities to repay the S$30.0 million fixed rate notes maturing in December 2019;
- Aggregate leverage as at 30 June 2019 is at 33.8%; and
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.6%.

[2] Based on estimated project development cost (including land cost).

Outlook

The pace of growth for the Singapore economy is expected to continue to slow in 2019 as compared to 2018, with the manufacturing sector likely to see a sharp slowdown in growth, in tandem with the moderating growth outlook of Singapore's key final demand markets, including the US, Eurozone and regional economies.

Uncertainties and downside risks globally continue to cloud the global economy, such as ongoing trade conflicts between US and China, slower than expected growth in China and Brexit-related uncertainties.

Due to the ongoing trade conflicts between the US and its key trading partners, the Singapore economy will likely be impacted due to its dependence on trade and manufacturing activities. But being a regional hub, Singapore could potentially benefit from businesses reassessing their supply chains and sourcing locations.

Against this backdrop, the Manager remains focused on anticipating and adapting to changes by building a diversified and resilient portfolio through unlocking organic growth, as AA REIT has over 500,000 sqft of potential untapped gross floor area from under-utilised plot ratios for future asset enhancement opportunities, as well as strategic acquisitions to ensure the creation of sustainable, long-term value for Unitholders.

Summary of AIMS APAC REIT Group results

	1Q FY2020	4Q FY2019	+/(-)	1Q FY2019	+/(-)
	S$'000	S$'000	%	S$'000	%
Gross revenue	30,589	29,918	2.2	28,925	5.8
Net property income	22,941	20,323	12.9	19,431	18.1
Share of results of joint venture (net of tax)	3,374	13,402[1]	(74.8)	3,339	1.0
Distributions to Unitholders[2]	17,371	19,000	(8.6)	17,139	1.4
Distribution per Unit ("DPU") (cents)	2.50	2.75	(9.1)	2.50	-

Notes:

(1) The share of results of joint venture in 4Q FY2019 included the share of revaluation surplus recognised from the valuation of Optus Centre.

(2) The Manager resolved to distribute S$17.4 million for 1Q FY2020, comprising (i) taxable income of S$16.7 million from Singapore operations; and (ii) tax-exempt income distribution and capital distribution of S$0.7 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia. AA REIT's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 1Q FY2020, the Manager has resolved to distribute 96.5% of the Singapore taxable income available for distribution to the Unitholders.

Distribution and Books Closure Date

Distribution	For 1 April 2019 to 30 June 2019	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[3]	
Distribution Rate	(a) Taxable Income Distribution: (b) Tax-Exempt Income Distribution: (c) Capital Distribution[3]:	2.400 cents per Unit 0.095 cents per Unit 0.005 cents per Unit 2.500 cents per Unit
Books Closure Date	5 August 2019	
Payment Date	19 September 2019	

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[3] This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, 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)

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 real estate located throughout the Asia Pacific that is used for industrial purposes, including, but not limited to warehousing and distribution activities, business park activities and manufacturing activities. AA REIT's existing portfolio consists of 27 industrial properties, of which 25 properties are located throughout Singapore, a property located in Gold Coast, Queensland, Australia and a 49.0% interest in one business park property, Optus Centre, which is located in Macquarie Park, New South Wales, Australia with an estimated total value of approximately S$1.5 billion as at 15 July 2019.

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 mortgage lending, securitisation, investment banking, funds management, property investment, venture capital, stock broking and high-tech investment. AIMS is also a strategic investor in the Sydney Stock Exchange.

AIMS has raised funds from capital markets and issued residential mortgage-backed securities, predominantly rated AAA by both Standard & Poor's and Fitch Ratings. AIMS has also attracted a number of international investors into the Australian markets and is the investment manager for various funds.

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.