



**AIMS APAC REIT MANAGEMENT LIMITED**

As Manager of AIMS APAC REIT  
1 Raffles Place, #39-03, One Raffles Place  
Singapore 048616

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

**ANNOUNCEMENT**

**ANNUAL GENERAL MEETING TO BE HELD AT 2.00 P.M. ON 24 JULY 2023 –  
RESPONSES TO THE SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS**

AIMS APAC REIT Management Limited (the “**Manager**”), as Manager of AIMS APAC REIT (“**AA REIT**”), refers to the notice of the Annual General Meeting of AA REIT (“**AGM**”) dated 22 June 2023; and would like to thank the unitholders of AA REIT (“**Unitholders**”) for submitting their questions in advance of the AGM. Please refer to the **Appendix** to this announcement for the Manager’s response to the substantial and relevant questions. Questions that overlap have been grouped and summarised for ease of reference.

Following the conclusion of the AGM, the presentation and the results of the AGM will be uploaded on SGXNet and made available on AA REIT’s website.

**BY ORDER OF THE BOARD**  
**AIMS APAC REIT Management Limited**  
(as Manager of AIMS APAC REIT)  
(Company Registration No. 200615904N)

Russell Ng  
Chief Executive Officer  
21 July 2023

## APPENDIX

### RESPONSE TO THE SUBSTANTIAL AND RELEVANT QUESTION FROM UNITHOLDERS

#### **A. Financial and Capital Management**

<b>1.</b>	<p><b>Pg3 of the AR indicates that the gearing of the REIT is 36.1%, which is some distance away from the regulatory limit of 45%/50%. If the asset enhancement initiatives (“AEI”) were funded entirely by debt, what would the gearing level of the REIT be? Please quantify.</b></p>
	<p><b><u>Response:</u></b></p> <p>In line with its proactive asset enhancement strategy, the Manager has identified AEIs for two of AA REIT’s properties in Singapore totalling approximately S\$32.0 million (“Identified AEIs”). The two Identified AEIs involves (i) negotiations with a master tenant to carry out a building upgrade of a logistics and warehouse asset and (ii) a progressive re-positioning and upgrade of an industrial asset to capture positive rental reversion of more than 30%.</p> <p>If the Identified AEIs were funded entirely by debt, the gearing level would increase from 36.1% (as at 31 March 2023) to approximately 37.0% on a proforma basis.</p> <p>However, the Manager recently completed a S\$100 million Equity Fund Raising (“EFR”) and assuming the EFR was completed on 31 March 2023 and part of the proceeds were utilised for the Identified AEIs<sup>1</sup>, AA REIT’s proforma gearing would be 32.8%.</p> <p>The Manager believes this approach is in line with its prudent capital management strategy and it fortifies AA REIT’s balance sheet in an uncertain macroeconomic environment with ongoing inflationary pressures, rising interest rates and geopolitical tensions. In addition to providing funding certainty for current initiatives, the lower gearing will enable the Manager to build on the solid foundations it has set while seeking to capture opportunities in a challenging market environment to deliver long-term sustainable returns to our Unitholders.</p> <p>For more information on the EFR, Unitholders may refer to the announcement dated 31 May 2023, “Launch of Equity Fund Raising to Raise Gross Proceeds of Approximately S\$100.0 Million”.</p>
<b>2.</b>	<p><b>What is your cost of debt and equity. Please quantify?</b></p>
	<p><b><u>Response:</u></b></p> <p>As at 31 March 2023, the blended full year debt funding cost was 3.4%.</p> <p>Based on the last three-year dividend payout and the average Unit price of AA REIT over the same period, AA REIT’s average trading yield was 7.2%.</p>
<b>3.</b>	<p><b>What is the gearing ratio that the management is comfortable with? Please quantify.</b></p>
	<p><b><u>Response:</u></b></p> <p>As at 31 March 2023, AA REIT’s gearing stands at 36.1%. Post the S\$100 million EFR and the assumed use of proceeds<sup>1</sup>, AA REIT’s proforma gearing would be 32.8%.</p> <p>We will strive to maintain a portfolio gearing between 30.0% to 40.0%. Our preference will be to operate at the lower end of this range during an uncertain macroeconomic environment which is in line with our prudent capital management strategy.</p>

<sup>1</sup> Based on AA REIT’s latest announced financial results for FY2023 and assuming net proceeds of the Equity Fund Raising of approximately S\$100 million less transaction costs of approximately S\$2.8 million, of which S\$32 million is used to fund the Identified AEIs on 31 March 2023 and the remaining S\$65.2 million will be used to pare down AA REIT’s existing debt to keep AA REIT’s aggregate leverage within the desired range.

## **B. Equity Fund Raising**

<b>4.</b>	<b>Was it really necessary to launch a rights issue? Please explain clearly the rationale of the rights issue to lower debt when the REIT seems to still have a sizable debt headroom.</b>
	<p><b><u>Response:</u></b></p> <p>The Manager would like to refer Unitholders to its announcement, “Launch Of Equity Fund Raising To Raise Gross Proceeds Of Approximately S\$100.0 Million”, published on 31 May 2023 via SGXNET and on AA REIT’s website, where the rationale of the EFR had been clearly detailed. The EFR comprised a S\$70 million private placement and S\$30 million preferential offering.</p> <p>Furthermore, please refer to the response provided in Question 1.</p>
<b>5.</b>	<b>Your recent placement at significant discount caused the market price to collapse. You appear more concerned with raising your AUM than with the interest of minorities. Can you justify?</b>
	<p><b><u>Response:</u></b></p> <p>The recent EFR comprised a S\$70 million private placement and S\$30 million preferential offering. The private placement issue price of S\$1.214 per new unit represented a discount of approximately 6.7% to the adjusted volume weighted average price (“Adjusted VWAP”)<sup>2</sup> of S\$1.301 per Unit on the preceding Market Day, 30 May 2023.</p> <p>The preferential offering units were issued at S\$1.189 per Unit, which represented an additional discount of 2.5 Singapore cents to the private placement issue price. The rationale behind having the preferential offering tranche was to allow existing Unitholders to participate in the EFR and benefit from AA REIT’s long-term growth trajectory at a favourable discount.</p> <p>Furthermore, please refer to the response provided in Question 1.</p>
<b>6.</b>	<b>In the allocation of excess rights, would smaller minority Unitholders or larger minority Unitholders be favoured? Please indicate clearly how the company would allocate its excess rights amongst Unitholders who are neither directors nor substantial shareholders involved in the day-to-day-affairs of the REIT.</b>
	<p><b><u>Response:</u></b></p> <p>In the allotment of any excess right shares, preference will be given to the rounding of odd lots. Directors and substantial shareholders who have control or influence over the issuer in connection with the day-to-day affairs of the issuer or the terms of the rights issue, or have representation (direct or through a nominee) on the board of the issuer will rank last in priority for the rounding of odd lots and allotment of excess rights shares. This is in line with Rule 877(10) of the SGX Rulebook.</p> <p>The Manager would like to refer Unitholders to its announcement, “Results of the Preferential Offering by AIMS APAC REIT”, published on 26 June 2023 via SGXNET and on AA REIT’s website. As the Preferential Offering was oversubscribed as at the close of the Preferential Offering, <b><u>AIMS APAC Capital Holdings Limited and the Relevant AIMS Entities<sup>3</sup> were not allotted any Excess New Units.</u></b></p>
<b>7.</b>	<b>Why was the placement priced at the lower end of the range? Have the management evaluated the reasons why institutional investors are not keen to take up the placement shares offered by the REIT? What are the reasons? Please elaborate.</b>

<sup>2</sup> The “Adjusted VWAP” is computed based on the volume weighted average price (“VWAP”) of all trades in the Units done on the SGX-ST for the preceding Market Day on 30 May 2023 up to the time the Underwriting Agreement was signed on 31 May 2023 and subtracting the estimated Advanced Distribution of approximately 1.800 Singapore cents per Unit (being the mid-point of the estimated Advanced Distribution Range).

<sup>3</sup> Refers to AIMS Financial Holding Limited, AIMS APAC REIT Management Limited, AIMS Fund Management (Cayman) Limited, AIMS Fund Management Limited as responsible entity of the AIMS Property Securities Fund and AIMS Real Estate Funds Limited as responsible entity of the AIMS Total Return Fund.

	<p><b><u>Response:</u></b></p> <p>The placement price is not the sole indication of institutional investors' interest to take up the placement Units. The discount range was finalised in consultation with professional advisors and underwriters and took into account prevailing market conditions.</p>
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### **C. Management**

<b>8.</b>	<p><b>Over the past few years, there have been several top management changes. The biography of the top management in pg 26 to 27 of the AR indicates that the CEO, Portfolio Management Head, IR Head all joined the REIT less than 3 years ago. What are the reasons for such a high level of turnover in key management staff? Should investors be concerned about the high level of turnover in key management staff? Please elaborate.</b></p>
	<p><b><u>Response:</u></b></p> <p>The change in the Chief Executive Officer (“CEO”) and the Investor Relations Officer was primarily driven by natural attrition. Mr Russell Ng was previously the Head of Investment and Investor Relations of the Manager and was also involved in the day-to-day operations before assuming the role of the Manager’s CEO. This facilitated the smooth transition following the departure of the former CEO after more than a decade with the Manager.</p> <p>As the new leadership team continues to build strong foundations for the REIT, we have created a new Portfolio Manager role to enhance risk management and further drive operational efficiencies and sustainability initiatives. This will further support the growth of the REIT to deliver long-term sustainable returns for Unitholders.</p> <p>Notably, around a third of the original team present when the Sponsor (AIMS Financial Group) took over in 2009 remains with the Manager today, including several senior staff who have been serving the REIT for more than eight years. Additionally, the CEO has been with the Manager for close to three years.</p> <p>The Nominating and Remuneration Committee also reviews the succession plans of key management personnel as well as the talent pool to draw upon. This is done annually or when needed. The key management team was appointed based on their extensive expertise and experience to ensure the long-term growth and sustainability of AA REIT.</p> <p>Under the leadership of the new management team, AA REIT has continued to build strong foundations for the REIT, delivering robust operational performance and strong financial results with DPU growing by 5.7% and 5.1% in FY2022 and FY2023 respectively. Occupancy rates rose from 95% to 98% and the REIT achieved strong (positive) full-year rental reversions across the same period.</p>
<b>9.</b>	<p><b>Given the high level of turnover in key management staff, would there be a change in the strategic direction of the REIT going forward? Please advise what the changes might be.</b></p>
	<p><b><u>Response:</u></b></p> <p>Since AIMS Financial Group’s takeover of the then distressed MI-REIT (now AA REIT) in August 2009, it has turned around and built strong foundations for the REIT. Under the guidance of Mr George Wang, the Chairman (with AA REIT since 2009) and the Board of Directors, Management has executed on its key strategic pillars (i. disciplined investments and development approach, ii. active asset management, iii. prudent capital and risk management and iv. strategic partnerships) to grow AA REIT’s total assets from S\$530 million in 2009 to S\$2.4 billion today, while also delivering consistent and sustainable returns for Unitholders.</p> <p>In light of the current uncertain macroeconomic environment, the Management is adopting a more conservative and prudent capital management stance. The S\$100 million EFR completed</p>

	<p>in July 2023 will partly fund our organic growth initiatives while also reducing our gearing initially. This ensures that AA REIT is well-capitalised to capture further organic growth initiatives and acquisition opportunities as they may arise.</p> <p>In addition to our proactive lease management approach to maintain high occupancy and drive strong positive rental reversion for the new financial year, Management will continue to build on the strong foundations by:</p> <ul style="list-style-type: none"> <li>i. 'sweating our assets', rejuvenating and future-proofing our portfolio through further asset upgrades and/or re-development;</li> <li>ii. divesting non-core assets with limited upside potential and recycling the proceeds into higher yield opportunities; and</li> <li>iii. stepping up our ESG efforts to build a climate-resilient portfolio.</li> </ul>
<b>10.</b>	<b>What would this new team of key management staff do differently compared to the old management team? Please elaborate.</b>
	<p><b><u>Response:</u></b></p> <p>Our strong management team continues to build on AA REIT's solid foundations to deliver long-term sustainable returns for our Unitholders. Please refer to the response provided in Question 9.</p>

## Important Notice

The value of units (“Units”) of AIMS APAC REIT (“AA REIT”) 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, in its capacity as manager of AA REIT (the “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 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 in the United States or in any other jurisdiction. 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.

This announcement is not for release, publication or distribution, directly or indirectly, in or into the United States, European Economic Area, the United Kingdom or Hong Kong, and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations.

The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with any applicable state or local securities laws. Any public offering of securities to be made in the United States would be made by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and the management, as well as financial statements. There will be no public offering of the securities referred to herein in the United States.

This advertisement has not been reviewed by the Monetary Authority of Singapore.

## Notification under Section 309B of the Securities and Futures Act 2001 of Singapore

The New Units are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### 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 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 HQ located in Bella Vista, New South Wales.

### 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.