

AIMS APAC REIT

(SGX: O5RU)

Stable DPU with positive rental reversions

- **Stable DPU in 1HFY26.** AIMS APAC REIT (AAREIT) reported 1HFY26 Distributable Income which increased 1.6% YoY to S\$38.6 million, supporting a Distribution per Unit (DPU) of 4.720 cents, an improvement of 1.1% YoY. Gross Revenue rose 0.2% year-on-year (YoY) to S\$93.7 million, while Net Property Income (NPI) grew 1.1% YoY to S\$68.4 million, driven by positive rental reversions and sustained occupancy levels across its logistics and business park assets.
- **Positive rental reversions of 7.7%.** During the period, the REIT executed 47 leasing transactions, comprising 11 new leases and 36 renewals, covering approximately 97,175 sqm, equivalent to 12.6% of total net lettable area (NLA). Overall rental reversions averaged +7.7%, with stronger gains seen in logistics & warehouse assets (+10.3%) and industrial assets (+2.9%).
- **Portfolio maintained robust performance.** AAREIT maintained a portfolio occupancy rate of 93.3%, outperforming the JTC national industrial average of 89.1%, though declined from 93.7% in Jun-25 quarter. Excluding temporary tenant transitions, occupancy would have reached 95.1%. The Weighted Average Lease Expiry (WALE) remained steady at 4.2 years, supported by 188 tenants across resilient industries.
- **Extracting value through Asset Enhancement Initiatives.** AAREIT continues to enhance portfolio value through active asset management and targeted redevelopment projects. At 15 Tai Seng Drive, the property was repositioned to attract high-tech and advanced manufacturing tenants, securing a ten-year anchor lease with a Temasek-linked precision engineering group and achieving a post-NPI yield of over 7 percent. Meanwhile, 7 Clementi Loop underwent a major refurbishment to meet BCA Green Mark Gold Plus standards and was leased to an NYSE-listed global storage and information management firm under a fifteen-year master lease.
- **Prudent capital management.** AAREIT maintains a robust balance sheet with aggregate leverage of 35.0% and S\$169.7 million of available cash and committed facilities. The REIT has no refinancing obligations until FY2027, reflecting its proactive debt management approach. The weighted average debt maturity stood at 2.5 years, while interest coverage ratio (ICR) was 2.5x (or 4.5x excluding perpetuals). The average cost of debt improved to 4.2%, with 70% of borrowings hedged at fixed rates. Additionally, 75% of forecasted AUD income is hedged into SGD on a four-quarter rolling basis, ensuring stability of distributions despite currency fluctuations.
- **Maintain BUY.** Based on AAREIT's 1HFY26 DPU, AAREIT currently trades at 6.8% annualised DPU yield. We raise our target price to S\$1.50 from S\$1.43, incorporating contributions from the Framework Building acquisition, which is expected to complete by late November 2025. Lower borrowing costs in Singapore are expected to provide additional tailwinds for AAREIT, supporting DPU upside into FY2026–FY2027.

Ticker	O5RU
Rating	Buy
Target Price*	S\$1.50 (from S\$1.43)
Price (07 Nov)	S\$1.41
Upside/Downside	+6.4%
52-week range	\$1.16 – 1.41
Market Cap	S\$1,152M

*Target price is for 12 months

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Figure 1: AIMS APAC REIT 1H FY26 results summary

(S\$ '000)	1H FY2026	1H FY2025	Change (% YoY)
Gross Revenue	93,703	93,514	0.2%
Net Property Income	68,358	67,587	1.1%
Distributions to Unitholders	38,567	37,958	1.6%
No. of Units in issue and to be issued ('000)	817,234	813,632	0.4%
Distribution per unit (cents)	4.72	4.67	1.1%

Source: Company data

Figure 2: AIMS APAC REIT balance sheet summary

	As of 30 September 2025	As of 30 June 2025
Aggregate Leverage	35.0%	28.9%
Blended Debt Funding Cost	4.2%	4.3%
Weighted Average Debt Maturity (years)	2.5	2.7
Fixed rate debt as % of total debt	70%	84%
Net assets (S\$ 'million)	1,372.1	1,499.9
Net assets value per unit (S\$)	1.22	1.22

Source: Company data

Consistent and stable DPU

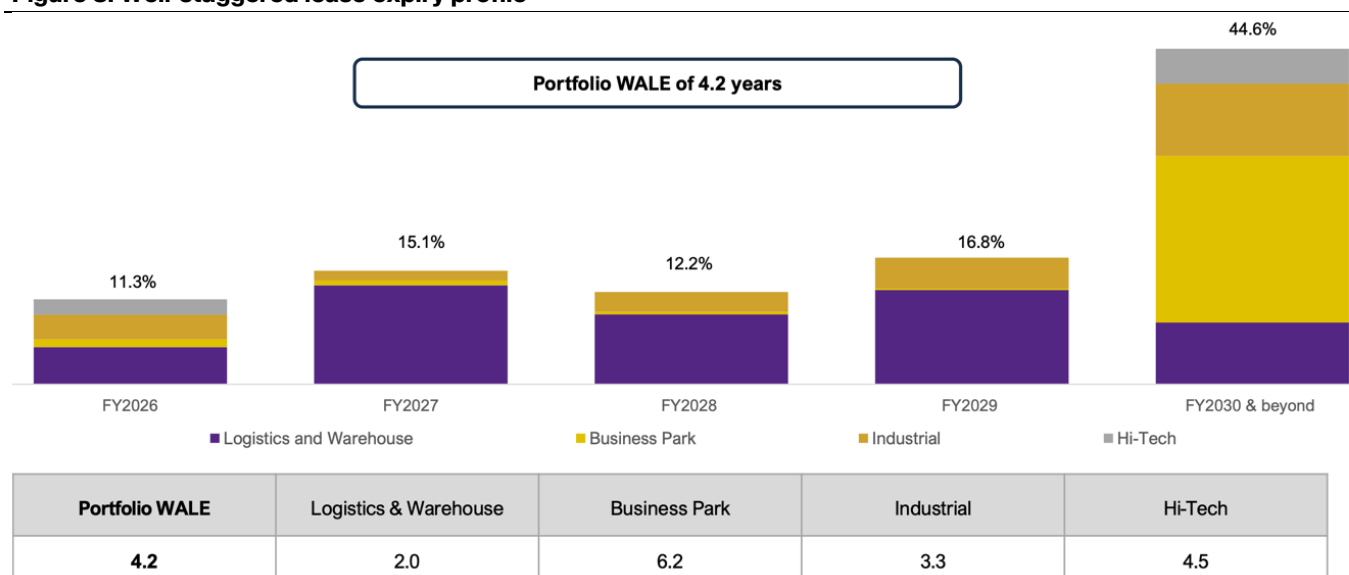
Gross Revenue rose 0.2% year-on-year (YoY) to S\$93.7 million, while Net Property Income (NPI) grew 1.1% YoY to S\$68.4 million, driven by positive rental reversions and sustained occupancy levels across its logistics and business park assets. Distributable Income increased 1.6% YoY to S\$38.6 million, supporting a Distribution per Unit (DPU) of 4.720 cents, an improvement of 1.1% YoY.

The portfolio continues to demonstrate income resilience, underpinned by recurring revenue from long-term leases and a diversified tenant base spanning multiple trade sectors. Management reaffirmed its commitment to sustainable and predictable returns amid an evolving macroeconomic environment.

Portfolio remains resilient

AAREIT maintained a portfolio occupancy rate of 93.3%, outperforming the JTC national industrial average of 89.1%. Excluding temporary tenant transitions, occupancy would have reached 95.1%. The Weighted Average Lease Expiry (WALE) remained steady at 4.2 years, supported by 188 tenants across resilient industries.

Figure 3: Well-staggered lease expiry profile



Source: Company data

During the period, the REIT executed 47 leasing transactions, comprising 11 new leases and 36 renewals, covering approximately 97,175 sqm, equivalent to 12.6% of total net lettable area (NLA). Overall rental reversions averaged +7.7%, with stronger gains seen in logistics & warehouse assets (+10.3%) and industrial assets (+2.9%).

Figure 4: Active leasing with 7.7% rental reversionsRental reversion for renewed leases of SG assets¹

	1Q FY2026	2Q FY2026	1H FY2026
Logistics & Warehouse	+7.3%	+17.7%	+10.3%
Industrial	+2.4%	+6.5%	+2.9%
Business Park	-2.0%	+1.8%	+0.6%
Hi-Tech ²	-	-	-
Overall Portfolio (SG)	+5.4%	+14.3%	+7.7%

New and Renewed Leases

New and renewal leases, **totaling 97,175 sqm**, which represented **12.6%** of the portfolio's net lettable area ("NLA")



Notes:

All references to "GRI" refers to gross rental income.

1. Rental reversion, passing rents and market rents figures relate to Singapore properties as AA REIT's Australia properties are on long lease terms of between 5.8 to 7.8 years.

2. Refers to one hi-tech building which is leased to a large corporate tenant on a long remaining lease term of 4.6 years.

Source: Company data

By geography, the Singapore portfolio recorded 92.3% occupancy, while Australia remained fully occupied at 100%. Across sub-sectors, business parks and hi-tech facilities maintained strong occupancy rates of 93.9% and 99.8%, respectively, reflecting continued demand for modern and well-located industrial assets.

AA REIT's tenant mix remains defensively positioned, with 82.5% of gross rental income (GRI) generated from essential sectors such as logistics, telecommunications, food production, and healthcare.

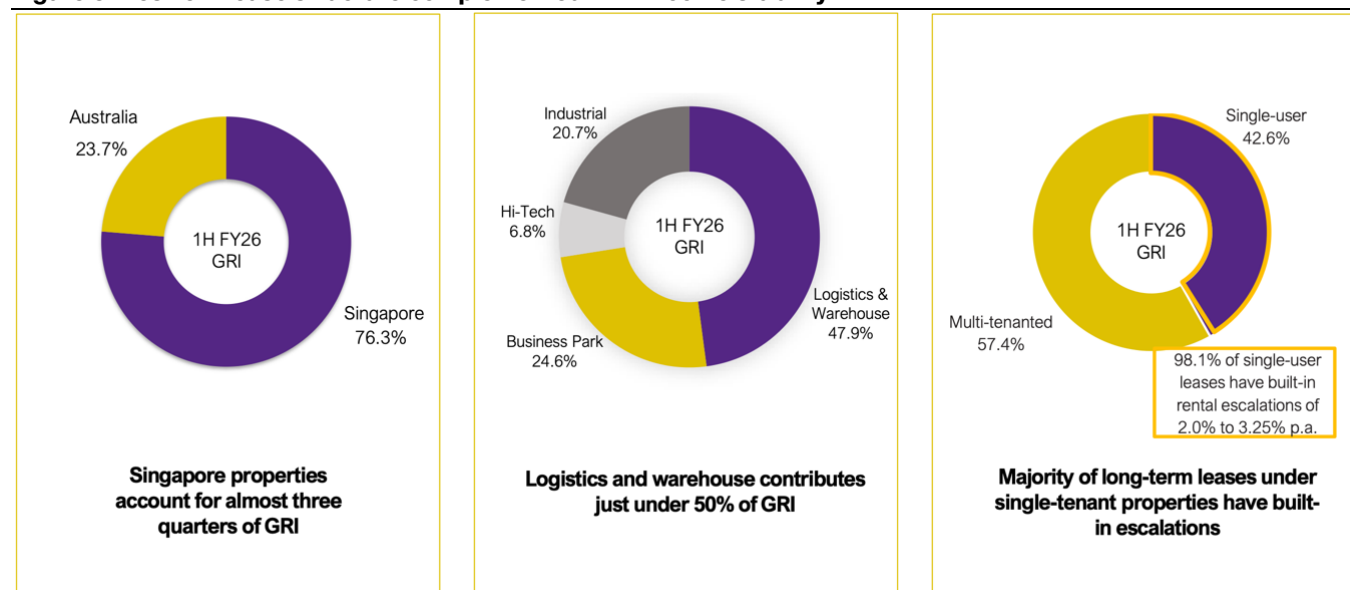
Diversified portfolio anchored by resilient assets

As at 30 September 2025, the portfolio consisted of 27 properties across Singapore and Australia, with a total asset value of approximately S\$2.2 billion and net lettable area (NLA) of 768,984 sqm.

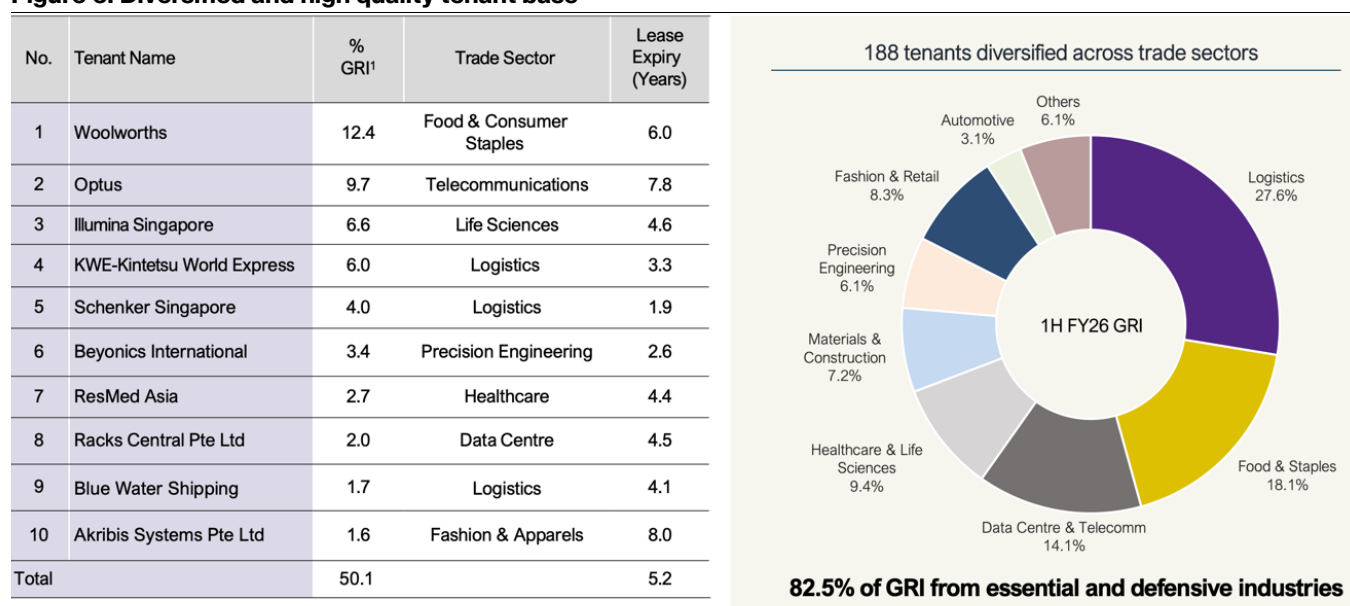
Singapore (24 assets, ~70.4% of portfolio value): Comprising high-quality logistics, business park, hi-tech, and industrial assets located in key industrial corridors including Tuas, Tai Seng, and Woodlands.

Australia (3 assets, ~29.6% of portfolio value): Anchored by Optus Centre and Woolworths HQ, both large-scale freehold business parks with long-term master leases and redevelopment potential.

The portfolio is well balanced by asset type, with logistics & warehouse assets contributing 48% of GRI, followed by business parks (24.6%), industrial (20.7%), and hi-tech assets (6.8%). Approximately 98% of single-tenant leases include annual rental escalations averaging 2–3.25%, enhancing income predictability and inflation protection.

Figure 5: Resilient lease structure complemented with income stability

Source: Company data

Figure 6: Diversified and high quality tenant base

Note:
¹All references to "GRI" refers to gross rental income.

Source: Company data

Extracting value through asset enhancement initiatives

AAREIT continues to extract value through strategic asset repositioning and enhancement initiatives that align its portfolio with evolving tenant demands. At 15 Tai Seng Drive, the Manager completed a comprehensive repositioning to attract advanced manufacturing and high-tech occupiers. The upgraded property secured a ten-year anchor lease with a Temasek-linked precision engineering and technology group and is expected to deliver a post-NPI yield exceeding 7 percent.

Meanwhile, 7 Clementi Loop underwent extensive refurbishment works designed to meet the standards of the BCA Green Mark Gold Plus certification. The enhancements strengthened building efficiency and sustainability features, culminating in the signing of a fifteen-year master lease with an NYSE-listed global storage and information management company.

Figure 7: Driving organic growth through active asset management



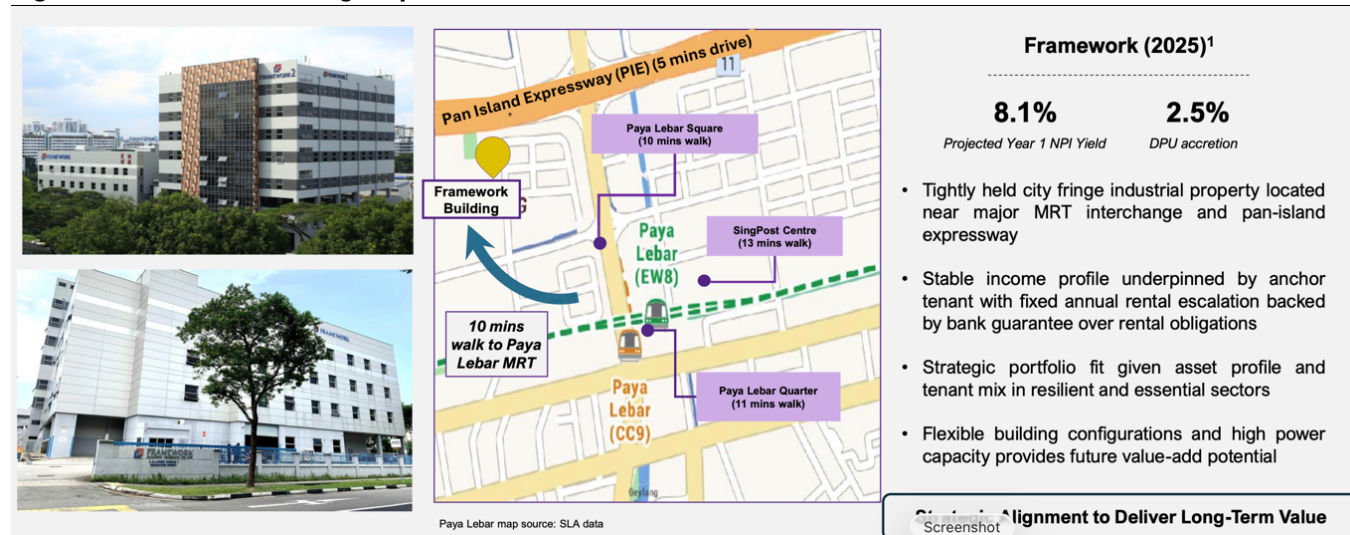
Source: Company data

These initiatives have reinforced income visibility and demonstrated the REIT’s focus on developing sustainable, high-specification industrial properties that appeal to long-term occupiers. Beyond these projects, AAREIT also possesses clear organic growth prospects, with the potential to develop up to 600,000 square feet in Singapore and 1.5 million square feet in Australia, ensuring a strong pipeline of future opportunities for value creation.

Strategic acquisitions reinforcing quality and scale

AAREIT continues to evaluate selective acquisitions that enhance income visibility and future redevelopment potential. The proposed acquisition of the Framework Building at 2 Aljunied Avenue 1 exemplifies this strategy. The property, strategically located within the Paya Lebar industrial precinct, offers a projected NPI yield of 8.1% and DPU accretion of 2.5%, supported by strong tenancy, modern specifications, and built-in rental escalations.

Figure 8: Framework Building Acquisition



Source: Company data

AA REIT's acquisition track record underscores its disciplined approach:

- 1A International Business Park (2009): Entry into the business park segment with quality tenants.
- 56 Serangoon North Avenue 4 (2010): Converted to master lease, enhancing rental visibility.
- 30/32 Tuas West Road (2014): Redeveloped into a five-storey ramp-up logistics facility, supporting logistics growth trends.
- Optus Centre and Woolworths HQ (Australia): Large freehold assets on multi-hectare sites, offering redevelopment and long-term value potential.
- 7 Bulim Street (2021): Lease renewed for five years, maintaining occupancy and stable cash flow.

Together, these acquisitions reflect the REIT's focus on high-quality assets with strong tenant covenants, strategic locations, and embedded future value-add potential.

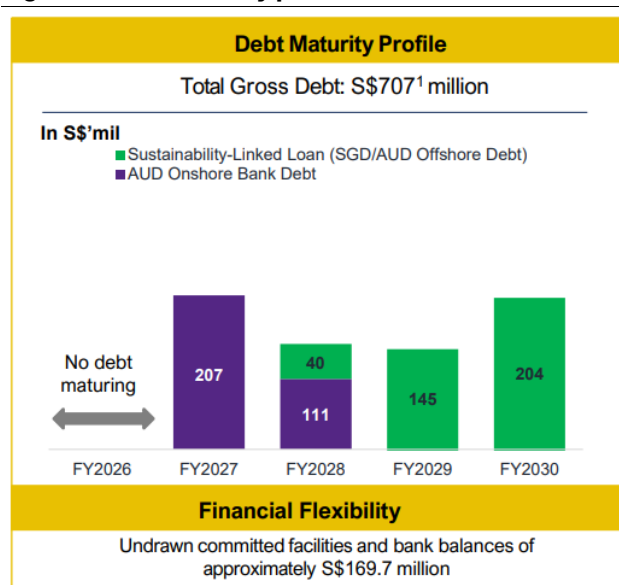
Prudent capital management

AAREIT maintains a robust balance sheet with aggregate leverage of 35.0% and S\$169.7 million of available cash and committed facilities. The REIT has no refinancing obligations until FY2027, reflecting its proactive debt management approach.

The 1.6 percentage point increase in leverage quarter-on-quarter was primarily due to the redemption of S\$125 million in 5.65% perpetual securities in August 2025. This tranche was pre-emptively refinanced in March 2025 with a new S\$125 million issuance at a lower 4.70% coupon, which is expected to generate approximately S\$1.2 million in annual savings.

The weighted average debt maturity stood at 2.5 years, while interest coverage ratio (ICR) was 2.5x (or 4.5x excluding perpetuals). The average cost of debt improved to 4.2%, with 70% of borrowings hedged at fixed rates. Additionally, 75% of forecasted AUD income is hedged into SGD on a four-quarter rolling basis, ensuring stability of distributions despite currency fluctuations.

Figure 9: Debt maturity profile



Source: Company data

The management shared that every 25 bps increase in interest rates is expected to have a 0.06 Singapore cents DPU impact per annum, translating to 0.6% of FY25 DPU of S\$0.0096.

Cautious economic outlook supported by portfolio strength

While macroeconomic conditions remain uncertain, AA REIT's diversified exposure to Singapore and Australia provides balance and resilience.

Singapore: GDP grew 2.9% YoY in 3Q2025, supported by electronics and logistics. Industrial property demand remains firm, driven by supply chain shifts and nearshoring trends.

Australia: The Reserve Bank of Australia maintained its policy rate at 3.6%, as inflation moderated and private-sector demand strengthened. AAREIT's Sydney-based

business parks, particularly in Macquarie Park and Norwest, continue to benefit from infrastructure investment and strong leasing demand.

The REIT's exposure to these two stable, developed economies provides a natural hedge against cyclical volatility and FX risk.

Financial summary

Y/E Mar (\$\$m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E	Y/E Mar (\$\$m)	FY22A	FY23A	FY24A	FY25A	FY26E	FY27E
Income Statement							Cash Flow						
Revenue	142	167	177	187	186	192	Operating cash flow						
Property expenses	-39	-45	-46	-53	-50	-53	Pretax profit	112	112	56	49	60	68
Net property income	103	123	131	134	136	139	Adjustments	-18	-1	63	76	54	54
Other income	1	0	2	2	0	0	Working capital changes	5	-2	-3	1	0	0
Manager's fees	-15	-16	-11	-13	-11	-11	Others	-5	-10	-8	-24	-16	-17
Other expenses	-5	-7	-5	-5	-6	-6	Cash flow from operations	93	100	109	102	98	105
Share of results of associates & JV	48	16	-25	-18	-18	-18							
Change in value of investment properties	-6	25	3	-12	-5	0	Investing cash flow						
Change in value of derivatives	8	4	-3	-1	-1	0	CAPEX	-493	-3	-4	-25	-12	-12
EBIT	135	145	92	87	96	104	Others	-5	-8	5	-6	28	5
Net finance expenses	-23	-33	-35	-37	-35	-36	Cash flow from investments	-498	-11	1	-31	16	-7
Profit before tax	112	112	56	49	60	68							
Tax	-8	2	7	4	0	0	Financing cash flow						
Minority interests	0	0	0	0	0	0	Dividends paid	-85	-90	-95	-97	-95	-97
Perpetual securities dividend	-15	-21	-21	-21	-16	-16	Proceeds from borrowings	252	-6	-108	-101	130	20
Profit attributable to owners	89	93	42	33	45	52	Others	248	0	98	124	-125	0
							Cash flow from financing	415	-96	-105	-74	-90	-77
Balance sheet													
Assets							Net change in cash	10	-7	5	-3	24	21
Investment properties	1993	1957	1973	1968	1975	1982	Beginning cash	11	21	13	18	14	38
Others	381	345	317	273	236	199	Currency translation	0	-1	-0	-0	0	0
Total non-current assets	2,373	2,302	2,290	2,241	2,211	2,180	Ending cash	21	13	18	14	38	60
Cash & cash equivalents	21	13	18	14	38	60	Per share data (\$\$ cents)						
Trade & other receivables	9	8	8	10	10	10	Book value per unit	139.6	137.1	130.8	123.2	118.1	113.8
Others	0	13	0	26	1	1	Distribution per unit	9.5	9.9	9.4	9.4	9.6	9.8
Total current assets	30	34	26	50	49	70	Earnings per unit	12.5	13.0	5.4	4.0	5.4	6.3
Total assets	2,404	2,336	2,317	2,291	2,259	2,250							
							Valuation						
Liabilities							P/E (x)	10.4	10.1	24.9	32.4	24.0	20.7
ST borrowings	35	0	100	0	0	0	P/B (x)	0.9	0.9	1.0	1.1	1.1	1.1
Trade & other payables	40	38	47	48	48	48	EV/NPI (x)	17.1	14.0	13.2	12.2	12.8	12.6
Others	6	6	5	5	5	5	Dividend yield (%)	7.3	7.6	7.2	7.2	7.4	7.5
Total current liabilities	81	43	152	53	53	53							
							Ratios						
LT borrowings	818	791	588	579	709	729	ROE (%)	8.9	9.4	4.0	3.3	4.6	5.5
Others	131	135	143	155	154	154	ROA (%)	3.7	4.0	1.8	1.4	2.0	2.3
Total non-current liabilities	949	926	730	734	863	883	Net gearing (x)	0.61	0.57	0.47	0.38	0.50	0.51
Total liabilities	1,030	969	882	787	915	935	Aggregate leverage (%)	37.5%	36.1%	32.6%	31.9%	31.4%	32.4%
EQUITY							Margins (%)						
Unitholders' funds	1,000	994	1,061	1,006	971	942	EBIT margin	94.9	86.9	51.7	46.4	51.5	54.2
Total equity	1,000	994	1,061	1,006	971	942	Net margin	62.7	55.8	23.9	17.5	23.9	27.0
Perpetual securities	374	374	374	497	372	372	NPI yield	5.2	6.3	6.6	6.8	6.9	7.0
Total equity and liabilities	2,404	2,336	2,317	2,291	2,259	2,250							

Disclosure Appendix

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