

# AIMS APAC REIT

(SGX: O5RU)

## Stable DPU as portfolio remains robust

- **Stable DPU in 1QFY26.** AIMS APAC REIT (AAREIT) reported 1QFY26 DPU of 2.28 cents, up 0.4% year-on-year. While distributions to unitholders rose 1.1% year-on-year, an enlarged unit base meant DPU only rose by 0.4% year-on-year. Revenue increased by 0.2% year-on-year while Net Property Income (NPI) fell by 1.0% year-on-year, due to higher property expenses.
- **Positive rental reversions of 5.4%.** AAREIT achieved positive rental reversion of 5.4% in 1QFY26, led by the logistics and warehouse segment which recorded rental reversion of 7.3%. During the quarter, AAREIT executed 7 new and 25 renewal leases, totalling 67,941 sqm, representing 8.8% of the portfolio's net lettable area (NLA). With proactive asset management efforts, AAREIT achieved 59.3% in tenant retention, on a 12-month rolling basis.
- **Portfolio maintained robust performance.** As of 30 June 2025, portfolio occupancy was 93.7%, compared with 97.3% as of 30 June 2024. The key reasons were the ongoing Asset Enhancement Initiatives (AEIs) and tenants in transition. Excluding these factors, the portfolio occupancy rate remains healthy at 96.5% and management expects occupancy to be stable. Weighted average lease expiry (WALE) was at 4.4 years as of 30 June 2025.
- **AEIs on track for completion.** Asset Enhancement Initiative (AEI) at 7 Clementi Loop was completed during the quarter and ready for fit-out. AEI at 15 Tai Seng Drive is expected to complete in 2QFY26. Both assets are expected to achieve projected NPI yield post-AEI works of above 7.0%. The divestment of 3 Toh Tuck Link was completed on 17 June 2025, with net proceeds expected to be used for debt repayment and fund new growth opportunities.
- **Aggregate leverage stable.** AAREIT reported aggregate leverage at 28.9% as of 30 June 2025, unchanged from previous quarter. Weighted average debt maturity is at 2.7 years, compared with 3.0 years as of end-March 2025. Blended debt funding cost was at 4.3%, unchanged from the previous quarter. 84% of debt is on fixed rates with an average fixed debt tenure of approximately 1.1 years. AAREIT maintains strong financial flexibility with undrawn committed and cash-on-hand of approximately \$312 million. AAREIT does not have any refinancing requirement in the current financial year. Looking forward, management expects lower cost of debt amid the declining interest rate environment. As AAREIT plans to redeem the perpetual security that is callable in August 2025 with funding from bank loans, the aggregate leverage is expected to increase marginally in 2QFY26.
- **Maintain BUY.** We like AAREIT as it stands out in the sector in active asset rejuvenation, which helps to raise the value of its Singapore assets. Besides the electronics and semiconductor components sectors, AAREIT is also seeing active expansion by companies in the Life Science and Pharmaceutical sector. Based on AAREIT's 1QFY26 DPU, AAREIT currently trades at 6.5% annualised DPU yield.

<b>Ticker</b>	O5RU
<b>Rating</b>	Buy
<b>Target Price*</b>	S\$1.43
<b>Price (31 July)</b>	S\$1.39
<b>Upside/Downside</b>	+2.9%
<b>52-week range</b>	\$1.16 – 1.40
<b>Market Cap</b>	S\$1,135M

\*As of 31 July 2025

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**Figure 1: AIMS APAC REIT 1Q FY26 results summary**

(S\$ '000)	1Q FY2026	1Q FY2025	Change (% YoY)
Gross Revenue	47,438	47,331	0.2%
Net Property Income	34,097	34,426	-1.0%
Distributions to Unitholders	18,626	18,431	1.1%
No. of Units in issue and to be issued ('000)	816,932	811,938	0.6%
Distribution per unit (cents)	2.28	2.27	0.4%

Source: Company data

**Figure 2: AIMS APAC REIT balance sheet summary**

	As of 30 June 2025	As of 31 Mar 2025
Aggregate Leverage	28.9%	28.9%
Blended Debt Funding Cost	4.3%	4.3%
Weighted Average Debt Maturity (years)	2.7	3.0
Fixed rate debt as % of total debt	84%	85%
Net assets (S\$ 'million)	1,499.9	1,503.3
Net assets value per unit (S\$)	1.22	1.23

Source: Company data

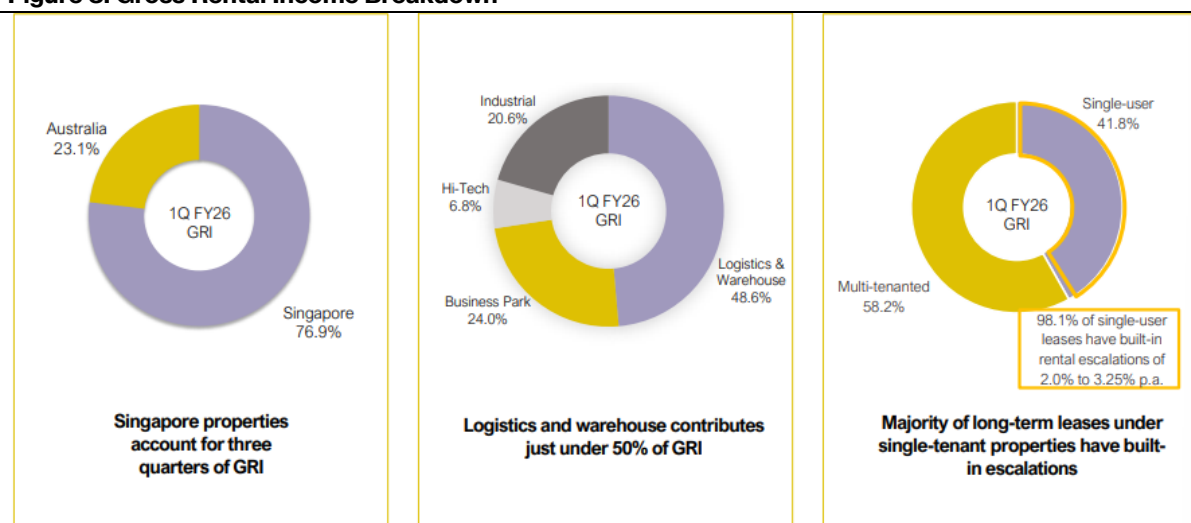
## Company Background

AA REIT owns 27 industrial properties worth S\$2.1 billion, in Singapore and Australia. Singapore industrial properties are on leasehold land with remaining land lease of between 17 to 44 years and make up 70.8% of portfolio value. The three assets in Australia are freehold and leased out on long-term master leases to Woolworth, Boardriders and Optus, making up 29.2% of portfolio value.

Singapore assets contribute 76.9% of gross rental income as of 1QFY26, while logistics and warehouse represents 48.6% of gross rental income as of 1QFY26.

42% of the gross rental income are generated from single-user assets with majority of long-term leases having built-in rental escalations of between 2.0% to 3.25% per annum. The assets achieved gross rental income of S\$47.4m and net property income of S\$34.1m in 1QFY26.

**Figure 3: Gross Rental Income Breakdown**



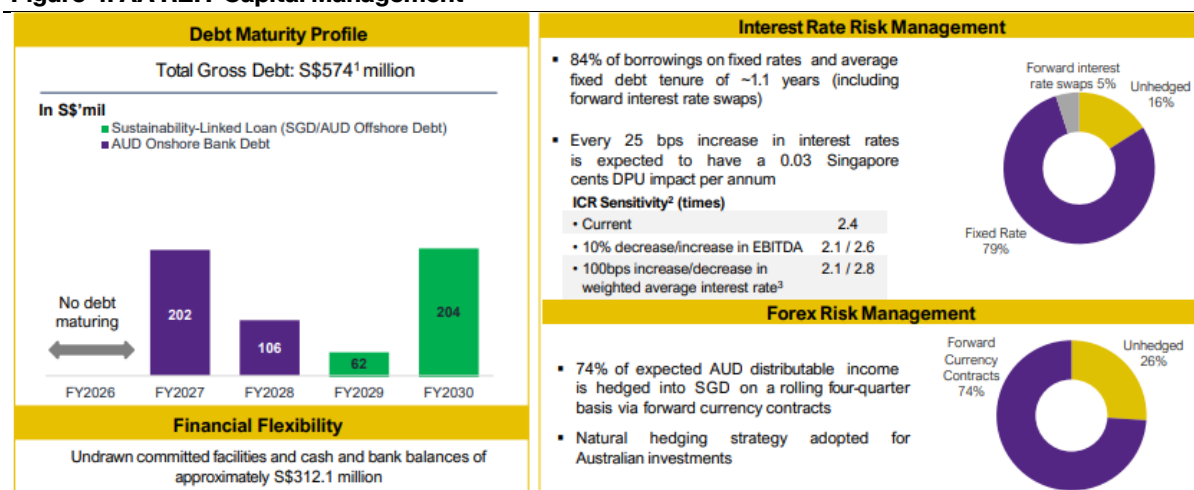
Source: Company data

## Healthy debt profile

As at 30 June 2025, AA REIT's aggregate leverage stood at 28.9% with no debt refinancing until FY2027. The REIT maintains financial flexibility with undrawn committed and cash and bank balances of approximately S\$312.1 million.

Weighted average debt maturity stood at 2.7 years with blended debt funding cost of 4.3% and an interest coverage ratio of 2.4 times. AA REIT has also maintained 84% of fixed rate debt and foreign currency hedges of 74% on a rolling four-quarter basis.

**Figure 4: AA REIT Capital Management**



Source: Company data

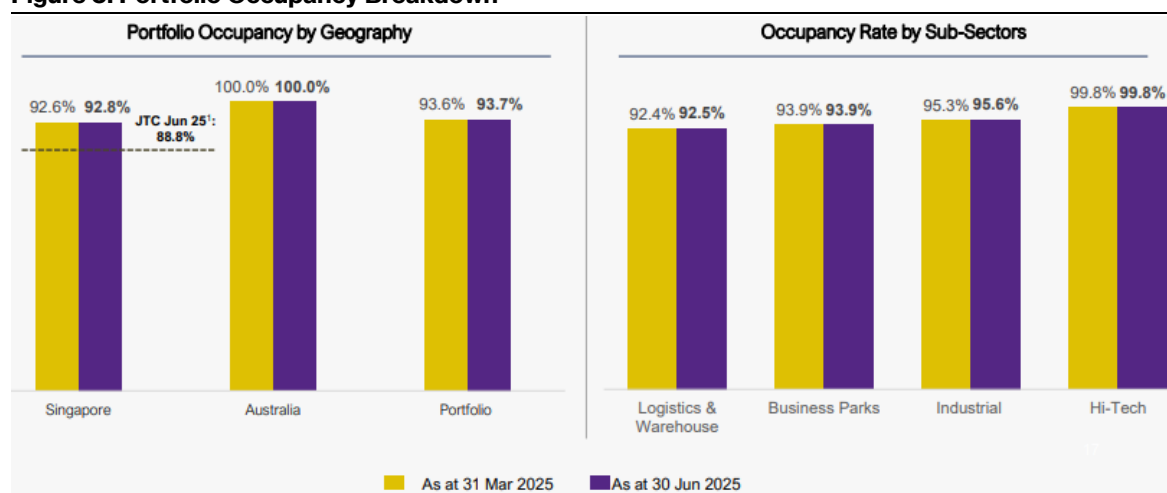
## Occupancy rate has moderated

As at 30 June 2025, overall portfolio occupancy was 93.7%. Excluding the ongoing impact from the AEIs and transitory movements by tenants, the portfolio occupancy rate based on committed leases would be 96.5%.

Weighted average lease expiry decreased from 5.2 years in 1QFY25 to 4.4 years in 1QFY26. The portfolio is supported by around 190 tenants diversified across multiple trade sectors, with 82.3% of gross rental income (GRI) from tenants in defensive industries.

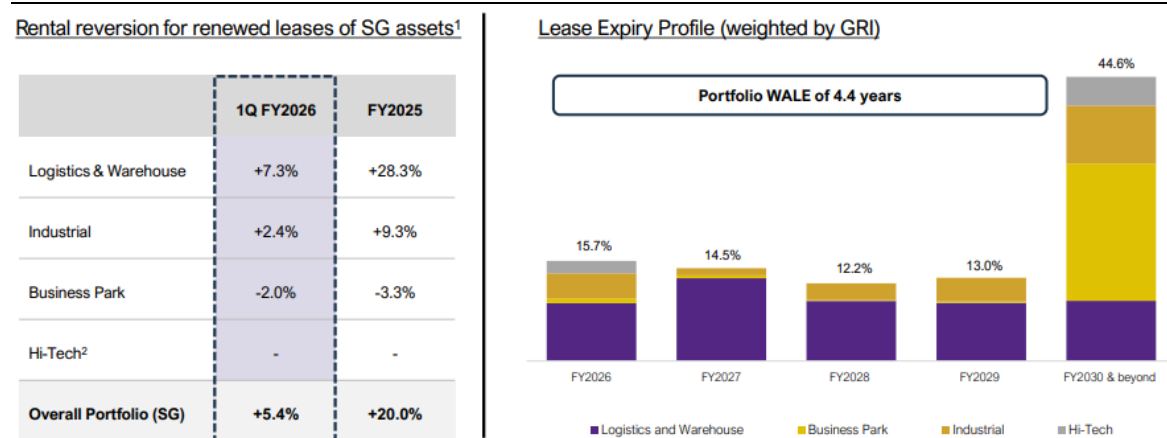
In 1QFY26, AA REIT executed 7 new and 25 renewal leases, that represented 8.8% of the portfolio's net lettable area. They achieved positive rental reversion of 5.4% driven by the logistics and warehouse segment which experienced a 7.3% rental reversion.

**Figure 5: Portfolio Occupancy Breakdown**



Source: Company data

**Figure 6: Rental Reversion and Lease Expiry Profile**



Source: Company data

## Disclosure Appendix

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