



Company Name: AIMS APAC REIT

Ticker: O5RU (SGX)

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Stock analysis report prepared by Leonard Ng.

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AIMS APAC REIT P/NAV (Historical)

20Mar2026
Price: \$1.45
TTM DPU: \$0.0978
Yield: **6.7%**



P/NAV P/NAV (Avg) P/NAV (+1 STD DEV) P/NAV (+2 STD DEV) P/NAV (-1 STD DEV) P/NAV (-2 STD DEV)

AA REIT Perpetual Securities (Perps) Analysis

Perpetual Securities (Perps) 101 – What are Perpetual Securities?

Perpetual Securities (Perps) sits in the middle between a Bond and a Share.

- It pays a fixed "coupon" or distribution. For example, 5.375% per year. (like bonds)
- It has no maturity date. The issuer never has to pay back the principal. It exists forever unless the REIT chooses to "call" (redeem) it. (like shares)
- In a liquidation, Perp holders are "subordinated." They get paid after the bank and bondholders, but before the common unitholder
- Most Perps have a "First Call Date" (usually at Year 3, 5, or 7). If the REIT doesn't pay the money back on that date, the interest rate "steps up" (e.g., the rate increases by 2.0% or resets to the prevailing base rate + a spread). If Perps reset in a high-interest-rate environment, the "Step-Up" cost could eat into the cash available for distribution to unit holders.

Perpetual Securities (Perps) 101 – Why do REITs issue Perpetual Securities?

A. The "Gearing Loophole"

Under MAS rules, a REIT's leverage (gearing) is capped at 50%.

- **The Trick:** Because Perps have no maturity and the REIT can choose to defer payments, accounting rules (FRS) allow them to be classified as Equity, not Debt.
- **The Result:** A REIT can raise \$100M in Perps and use it to pay down debt. On paper, their "Gearing" drops, but their actual interest-like obligations remain the same.

B. Avoiding Dilution

If a REIT needs \$100M to buy a new warehouse:

- Option 1 (Rights Issue): They issue more units. This dilutes your ownership and usually causes the share price to drop.
- Option 2 (Perps): They issue Perps. This doesn't increase the number of units, so your DPU (Distribution Per Unit) might grow if the warehouse earns more than the Perp's 5% cost.

C. Financial Flexibility

Unlike a bank loan, a Perp usually has no "financial covenants." The REIT doesn't have to worry about a bank calling back the loan if property values drop by 10%.

Perpetual Securities (Perps) 101 – How do REITs issue Perpetual Securities?

It's usually a "wholesale" process, not a retail one:

The Program: The REIT sets up a "Multicurrency Debt Issuance Programme" (e.g., a \$1 billion bucket).

The "Tranche": They announce they are raising, say, \$150M.

The Buyers: Most S-REIT perps are bought by Private Banking clients and institutional funds in denominations of \$250,000. You won't usually see them on your standard trading app like a stock.

Perpetual Securities (Perps) 101 – When do REITs choose Perps over another Capital?

Scenario	Preferred Tool	Why?
Gearing is low (<30%)	Bank Debt	It's the cheapest (currently ~3-4%).
Gearing is high (>40%)	Perpetuals	To avoid hitting the 50% MAS limit while still getting "debt-like" funding.
Stock price is high (Premium to Book)	Rights Issue	It's "free" money from shareholders that never has to be paid back and has no interest cost.
Stock price is low (Discount to Book)	Perpetuals	Issuing units at a discount is painful for shareholders, so they use Perps as a "bridge."

AIMS APAC REITS \$750,000,000 Multicurrency Debt Issuance Programme

Series	Value (SGD'M)	Issue Date	Interest Rate per annum	Redemption / Reset Date	Status
002	125	14/Aug/2020	5.650%	14/Aug/2025	Redeemed on 14/Aug/2025
003	250	01/Sept/2021	5.375%	01/Sep/2026	Active
004	125	18/Mar/2025	4.700%	18/Mar/2030	Active
005	150	21/Jan/2026	4.100%	21/Jan/2031	Active
006	100	09/Mar/2026	4.250%	09/Sep/2031	Active

The reset rate for Series 003 is = 5-Year SORA-OIS* + Initial Spread (4.654%)

As of March 20, 2026, the 5-year Singapore Overnight Rate Average-Overnight Index Swap (SORA-OIS) rate is approximately 1.90% to 2.05%.

If AA REIT does not redeem series 003 by 01/Sept/2026, the reset rate will most likely be higher than 5.65%. Series 005 and 006 may have been issued to cover their financing needs if they redeemed series 003.

From Jan 2026 to Aug 2026, AA REIT will need to pay additional interests for Series 005 and 006. This will have negative impact to the distributable income for unit holders.

* (Singapore Overnight Rate Average - Overnight Indexed Swap)

AA REIT Debt Analysis

Active and Disciplined Capital Management

Optimising funding structure, managing risk and preserving balance sheet flexibility

1 Issued S\$150 million subordinated perpetual securities at a competitive distribution rate of 4.10% post quarter end

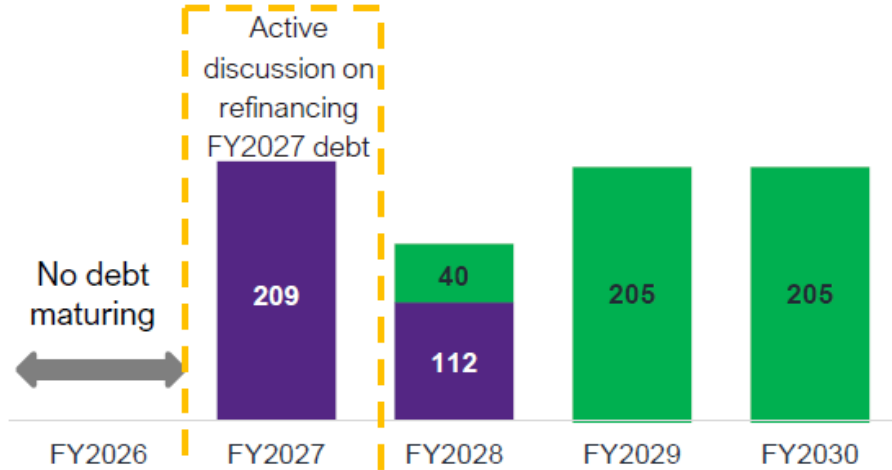
2 In active discussion with existing and new lenders for the upcoming refinancing plan

Debt Maturity Profile

Total Gross Debt: S\$771¹ million

In S\$'mil

- Sustainability-Linked Loan (SGD/AUD Offshore Debt)
- AUD Onshore Bank Debt



Financial Flexibility

Undrawn committed facilities and bank balances of approximately S\$123.5 million

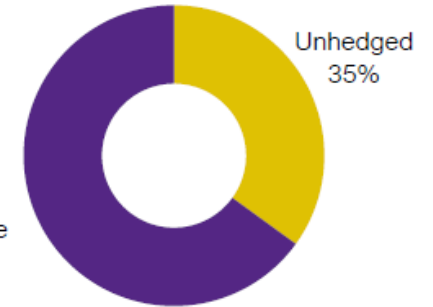
Interest Rate Risk Management

- 65% of borrowings on fixed rates and weighted average fixed debt tenure of ~0.6 years.
- Every 25 bps increase in interest rates is expected to have a 0.08 Singapore cents DPU impact per annum

ICR Sensitivity (times)

• Current	2.6
• 10% decrease/increase in EBITDA	2.4 / 2.9
• 100bps increase/decrease in weighted average interest rate ²	2.3 / 3.0

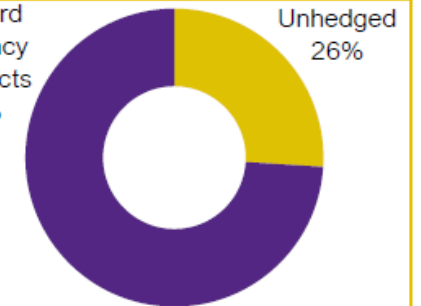
Fixed Rate
65%



Forex Risk Management

- 74% of expected AUD distributable income is hedged into SGD on a rolling four-quarter basis via forward currency contracts
- Natural hedging strategy adopted for Australian investments

Forward
Currency
Contracts
74%



Notes:

- Based on the exchange rate of AUD1.00 = SGD0.8597 as at 31 December 2025.
- Based on weighted average interest rate of hedged and unhedged debts.

AIMS APAC REIT's Debt

Sustainability-Linked Loan (SLL)

AAREIT has pivoted almost entirely toward SLLs for its unsecured bank facilities. This is a strategic move to lower their "all-in" borrowing costs, which currently sit at approximately 4.1%.

Structure: They recently secured an unsecured SLL of up to S\$400 million and A\$150 million.

Offshore Component (SGD/AUD): This is typically a "dual-currency" facility. It allows them to swing between SGD and AUD depending on where they need the liquidity, but it is technically "offshore" because it is held by the Singapore-based Trust.

The "Incentive" (Margin Reduction): The loan has pre-determined ESG targets. If AAREIT hits these (e.g., reaching their goal of 14.7 MWp solar capacity or ensuring 60% of leases are "Green Leases"), the banks reduce the interest margin.

How this benefits AA REIT Unit Holders: In FY2025/2026, they achieved 3 out of 3 ESG KPIs, which resulted in immediate interest savings. This is one of the "tailwinds" keeping their DPU stable despite the high-interest environment.

AUD Onshore Bank Debt (Australia)

For the Australian portfolio (Optus Centre, Woolworths HQ, and Boardriders HQ), AAREIT uses Onshore AUD Debt.

- **Natural Hedging:** By borrowing in AUD from Australian banks (or the Australian branches of global banks) to fund Australian assets, they create a "natural hedge."
 - **Logic:** The assets are valued in AUD and collect rent in AUD. If the AUD weakens against the SGD, the value of the debt also shrinks in SGD terms, protecting the REIT's Gearing ratio.
- **Current Exposure:** Approximately 29% of their portfolio is in Australia. They currently maintain a hedge where 74% of AUD distributable income is converted back to SGD to protect dividends from currency swings.
- **Interest Rate Impact:** The Reserve Bank of Australia (RBA) recently raised rates to 3.85% (Jan 2026). Because a portion of this onshore debt is floating, it remains a "risk area" that management monitors closely

AIMS APAC REIT's Debt – AUD Onshore Bank Debt (Deep Dive)

Australian onshore debt, the interest rate is typically calculated as:

Refinancing Rate = 3 Month Australia Bank Bill Swap Rate (BBSW) + Credit Margin + ESG Incentive (if applicable)

- **3-Month BBSW (March 2026):** Currently at 4.26%.
- **Credit Margin:** For an industrial REIT with AAREIT's profile (leverage ~36%), banks typically charge a margin of 1.40% to 1.70%.
- **ESG Discount:** Since this is a Sustainability-Linked Loan, AAREIT likely gets a 0.05% (5 bps) discount for hitting its green targets.



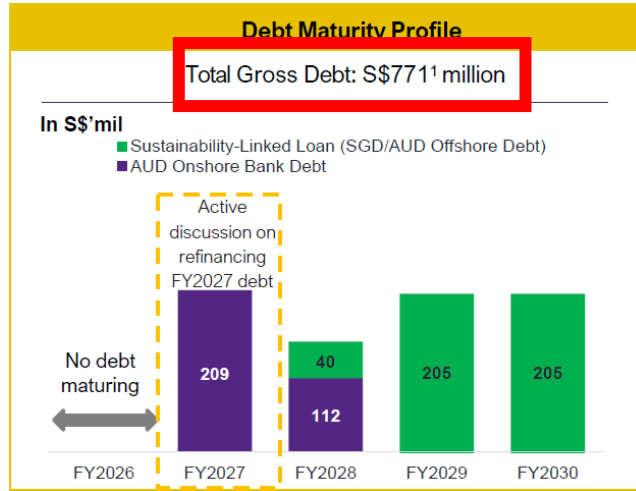
3 Month Australia Bank Bill Swap Rate (BBSW)

Component	Conservative (Base Case)	Bear Case (Rates Stay High)
Benchmark (BBSW)	4.10%	4.50%
Credit Margin	1.55%	1.70%
Sustainability Discount	(0.05%)	(0.05%)
Estimated All-in Rate	5.60%	6.15%

My Opinion: AA REIT's current average interest rate is 4.1%. There is a possibility for AUD Onshore bank debt to be refinanced at a higher rate.

AA REIT Average Leverage Ratio (Gearing) Analysis

AIMS APAC REIT's Average Leverage Ratio (Deep Dive)



AA REIT 3Q FY2026 Financial Results (5/Feb/2026)

Series	Value (SGD'M)	Issue Date	Status
002	125	14/Aug/2020	Redeemed on 14/Aug/2025
003	250	01/Sept/2021	Active
004	125	18/Mar/2025	Active
005	150	21/Jan/2026	Active
006	100	09/Mar/2026	Active

Active Perps = SGD625M

Total Assets = **SGD 2373M**

(As of 31 Dec 2025)

AA REIT 3Q FY2026 Financial Results (5/Feb/2026)

Average Leverage

Total Gross Debt

Total Assets

771

= **32.5%**

2373

Average Adjusted Leverage

Total Gross Debt + Total Perpetual Securities

Total Assets

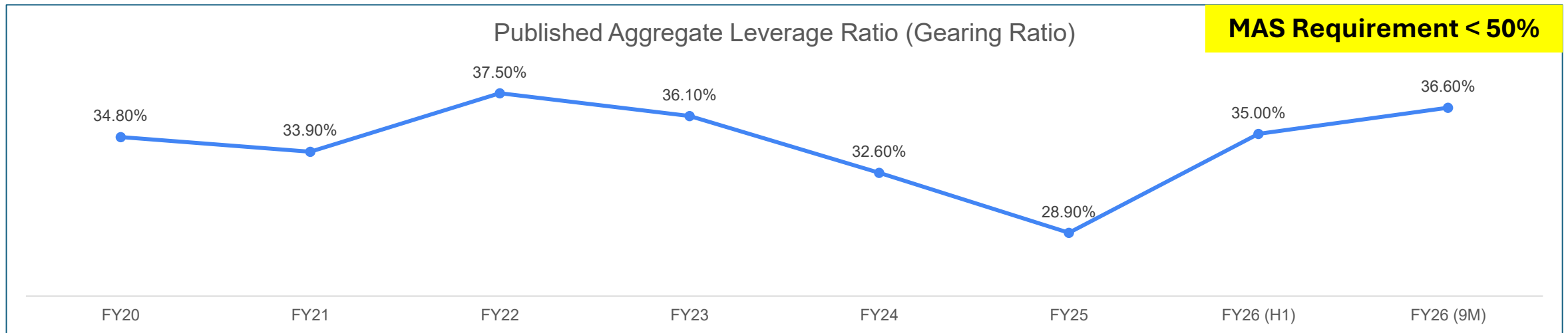
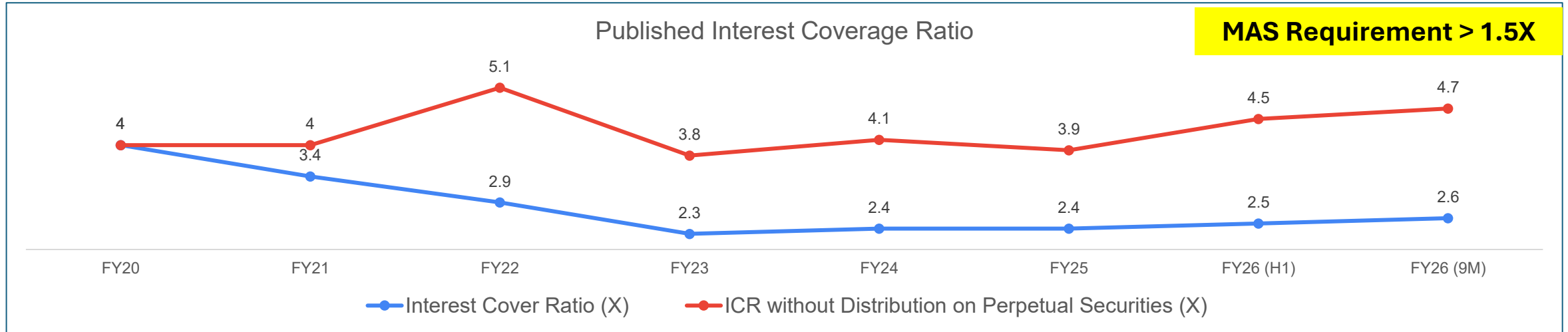
771 + 625

= **58.8%**

2373

MAS Requirement = 50%

AIMS APAC REIT's Interest Coverage and Average Leverage Ratio



My Opinion: AIMS APAC REIT uses more leverage (debt and perps) to fund its operations compared to other Industrial and Logistics S-REITs. It makes the REIT more susceptible to interest rates fluctuations. Long term DPU sustainability depends on REIT Manager's ability to manage its capital.

AIMS APAC REIT short term DPU Analysis

Positive Impact to DPU

- On 4/Mar, AA REIT announced the sale of 8 SENOKO SOUTH ROAD. Some of the capital gains may be used to support FY26 or FY27 distribution income to unit holders.
- There is a high probability that AA REIT will redeem Series 003 Perps by 01/Sept/2026. This will have a positive impact to distributable income for unit holders after Q2 FY27.

Negative impact to DPU

- From Jan 2026 to Aug 2026, AA REIT will need to pay additional interests for Series 005 and 006 perps.
- In FY27, there is a possibility for SGD209M of AUD Onshore bank debt to be refinanced at a higher rate.
- AA REIT's current valuation (P/NAV) is above 2 Standard Deviations from historical 12 years average. There is a medium probability for AA REIT to raise capital via preferential rights issue.

End of Report