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REIT: AIMS APAC REIT
(Manager: AIMS APAC REIT Management Limited)

Stock code: 05RU

Meeting details:

Date: 17 August 2020

Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. As noted in the chairman's statement, the REIT has grown in strength since the Global Financial Crisis (GFC) in 2009. In addition, in 2019, AIMS Financial Group successfully acquired AMP Capital's 50% stake in the management entities of the REIT and became the 100% sponsor. The REIT has since been renamed AIMS APAC REIT.

In the past decade since the GFC, the manager has diligently executed a careful and prudent strategy that includes:

- Yield accretive investments
- Active asset management & leasing management
- Prudent capital & risk management

In 2014, the manager had taken the view that the cycle of industrial and logistic assets in Singapore had peaked and halted further acquisitions in the market. The REIT then focused on its value-add strategy, redeveloping six assets into high quality properties and attracting premium tenants.

The chairman also recognised that, with the benefit of hindsight, the REIT could have sold some Singapore assets from 2014 to 2017 to recycle the capital to Australia, which was at a different stage in its property cycle.

- (i) **Has the board deliberated on an optimal capital allocation by country and by asset class?**
- (ii) **Can the manager elaborate further on how it views the property cycles in the Singapore and Australia markets? Has the manager identified any bright spots in each market, given the opportunities and challenges brought upon by the pandemic?**
- (iii) **How has the group's long-term plans, including the pace of acquisition and divestment, been affected by the uncertainties caused by the pandemic?**

Q2. Would the board/manager provide unitholders with greater clarity on the group's assets and investments? Specifically:

- (i) **30 Tuas West Road and 1A International Business Park:** The two properties were converted from master leases to multi-tenancy leases in September 2019 and December 2019 respectively. The occupancy rates are both 61% (pages 79 and 83). **What is the manager's strategy to fill up the vacant space given that the market conditions are sub-optimal now?**
- (ii) **Optus Centre:** With a 49% interest in Optus Centre, how much influence and control does the manager have over the strategic and day-to-day matters of the property? Has the REIT considered increasing its interest in Optus Centre?

- (iii) **Distribution:** As shown on page 5 (reproduced below), the distribution per unit increased from FY2011 to a high of 11.35 cents per unit in FY2016. Since then, the DPU has been on a downward trend. **Has the board evaluated the recent trend of DPU and what are the manager's plans to boost DPU?**



(Source: annual report)

Q3. The REIT is subjected to the Securities and Futures (Licensing and Conduct of Business) Regulations ("SF(LCB) Regulations"). Over and above the independence criteria in the Code of Corporate Governance 2018, Regulations 13D to 13H of the SF(LCB) Regulations imposes additional independence requirements on the directors of the manager.

Under the SF(LCB) Regulations, a director is considered to be an independent director if the director (page 40):

- (a) is independent from the management of the Manager and AA REIT;
- (b) is independent from any business relationship with the Manager and AA REIT;
- (c) is independent from every substantial shareholder of the Manager and every substantial unitholder of AA REIT;
- (d) is not a substantial shareholder of the Manager or a substantial unitholder of AA REIT; and
- (e) has not served as a director of the Manager for a continuous period of nine years or longer.

The REIT has disclosed that Mr Peter Michael Heng is a director of the Property Manager. Mr Peter Michael Heng is also considered an independent director of the manager.

- (i) **Can the board elaborate further on the roles and responsibilities of Mr Heng as a director of the Property Manager?**
- (ii) **How is Mr Heng compensated as a director of the Property Manager?**
- (iii) **Given that Mr Heng has 31 years of investment management experience (page 28), how is Mr Heng's experience and expertise relevant as a director of the Property Manager?**
- (iv) **How often is Mr Heng, as an independent director of the manager, put in a position of conflict due to his appointment as a director of the Property Manager?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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[^] Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (<https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings>)