

# AIMS AMP CAPITAL INDUSTRIAL REIT



AMPCAPITAL 

## 3<sup>rd</sup> ANNUAL GENERAL MEETING

### 19 JULY 2012

*1A International Business Park*



*1 Bukit Batok Street 22*



*10 Changi South Lane*



*29 Woodlands Industrial Park E1*



*8 & 10 Pandan Crescent*



*27 Penjuru Lane*



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- **Overview of the REIT**
- **Execution on Strategy**
- **Financial overview for FY2012 & 1Q FY2013**
- **Portfolio overview**
- **Strategy for FY2013**





## Overview of the REIT

# Overview of AIMS AMP Capital Industrial REIT

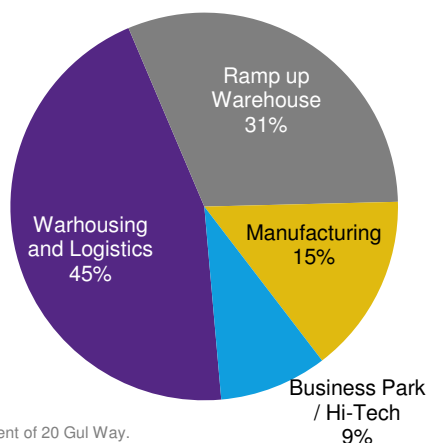
## Overview

|  |   |
|--|---|
| <b>Objective</b>                           | Formerly known as MacarthurCook Industrial REIT, AIMS AMP Capital Industrial REIT focuses on investing in a diversified portfolio of industrial real estate in Singapore & Asia |
| <b>Listing date</b>                        | 19 April 2007   |
| <b>No. of properties</b>                   | 25 properties, total NLA of 416,465.9 sqm   |
| <b>Market cap<sup>(1)</sup></b>            | S\$586.4m   |
| <b>Free float (%)</b>                      | 76%   |
| <b>Total Assets</b>                        | S\$939.5m as at 30 June 2012  |
| <b>Investment Properties<sup>(2)</sup></b> | S\$932.7m as at 30 June 2012  |
| <b>Gearing<sup>(3)</sup></b>               | 29.7% as at 30 June 2012  |
| <b>DPU yield<sup>(4)</sup></b>             | 7.6%  |
| <b>Discount to NAV<sup>(1)</sup></b>       | 6.1%  |
| <b>Rating (S&amp;P)</b>                    | Investment Grade BBB-   |

Note:

- (1) Based on closing price of \$1.315 as at 18 July 2012
- (2) Includes investment properties under development
- (3) Calculated based on total debt/total assets, post completion of sale of 31 Admiralty Road
- (4) Based on closing price of \$1.315 as at 18 July 2012 and annualised DPU of 10.0 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2013 annualised to full year

## Portfolio Analysis<sup>(1)</sup>

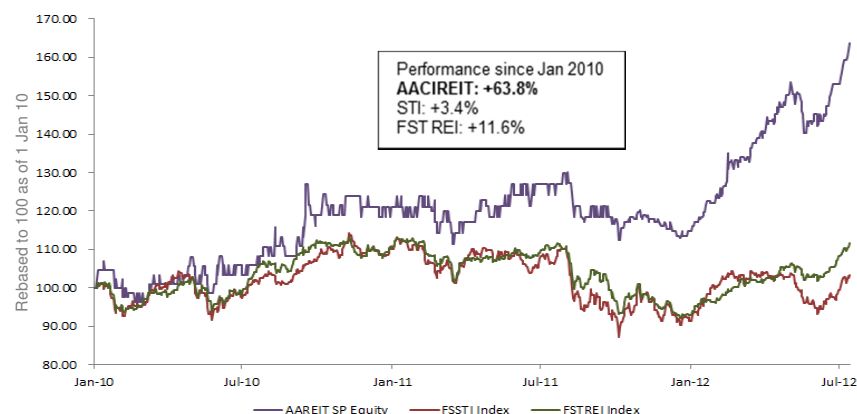


Source: Company filings

Note:

- (1) Post the redevelopment of 20 Gul Way.

## Price performance of AIMS AMP Capital Industrial REIT<sup>(1)(2)</sup>



Source: Bloomberg as of 13 July 2012

Note:

- (1) Assumes dividends reinvested
- (2) Price is adjusted for Equity Transactions

## Substantial unitholders of AIMS AMP Capital Industrial REIT as at 30 June 2012

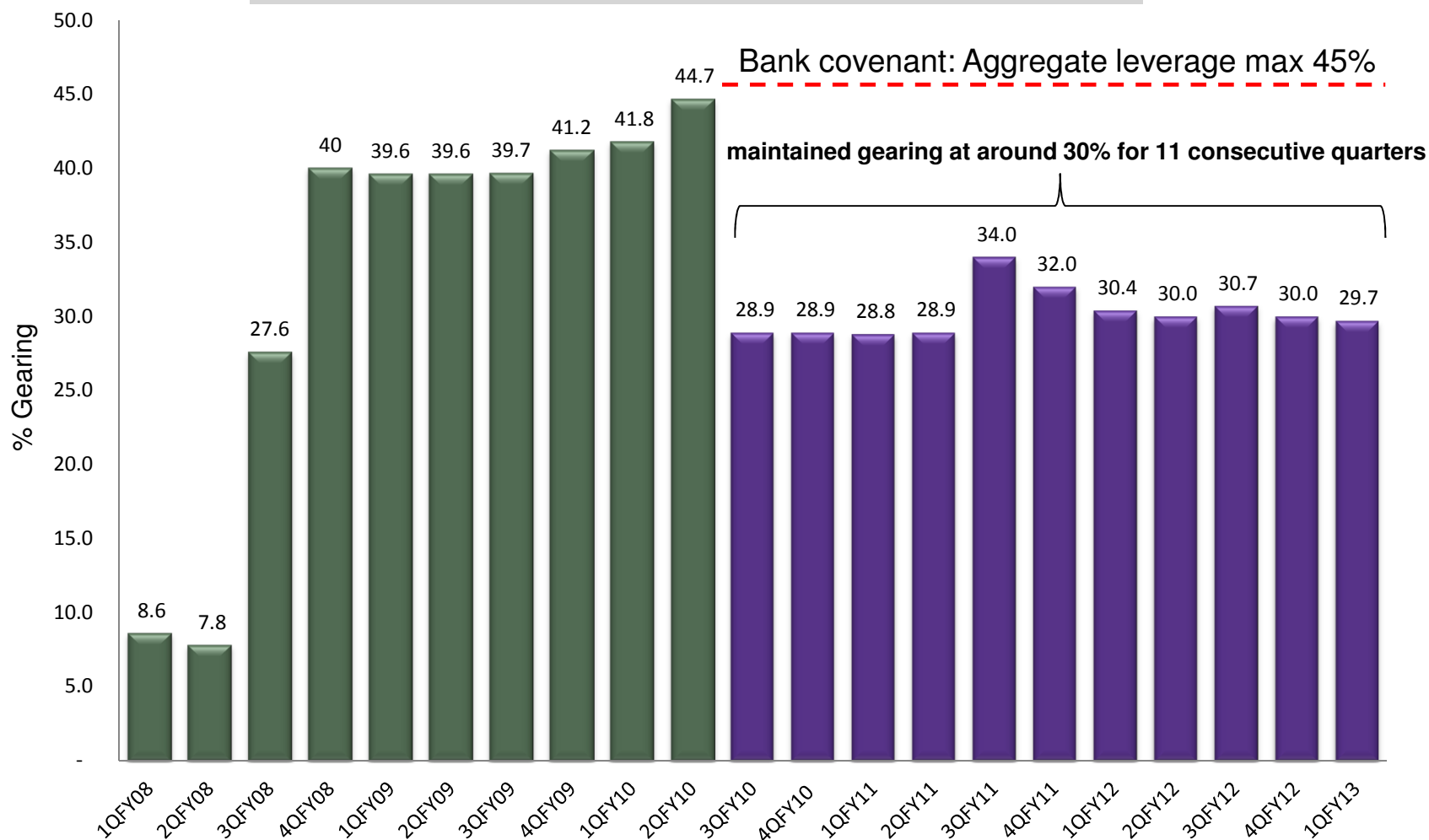
| Name                               | % Stake |
|------------------------------------|---------|
| AMP Capital Investors Limited      | 14.48   |
| Dragon Pacific Assets Limited      | 11.86   |
| APG Algemene Pensioen              | 9.32    |
| George Wang                        | 7.17    |
| Universities Superannuation Scheme | 7.05    |

# Unit price performance since 1 January 2012

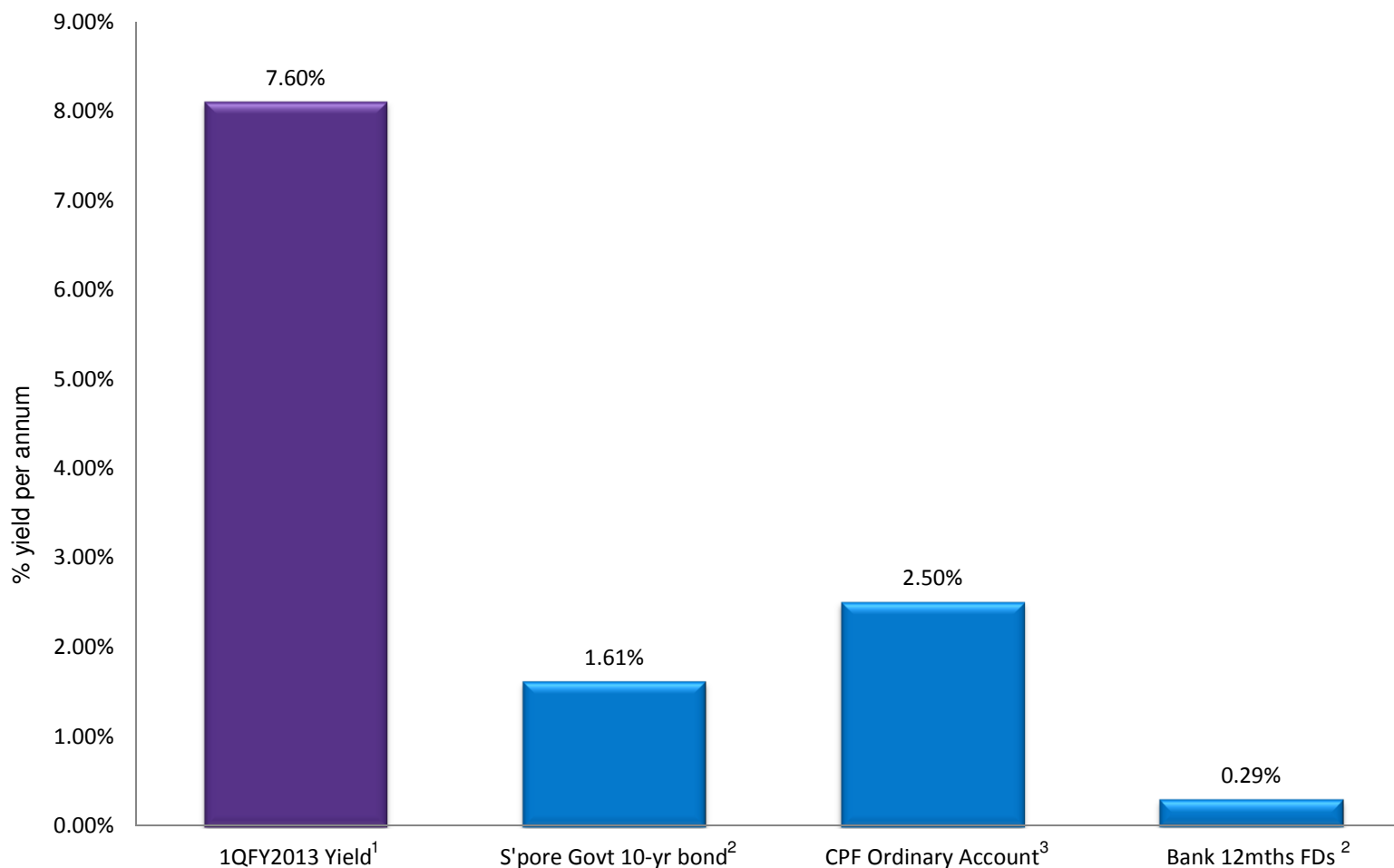
| REITS                                  | Share Price       | Share Price        | Unit price change |
|--|-------------------|--------------------|-------------------|
|  | (S\$)<br>1-Jan-12 | (S\$)<br>17-Jul-12 |                   |
| Frasers Commercial Trust               | 0.74              | 1.09               | 47%               |
| AIMS AMP Capital Industrial REIT       | 0.95              | 1.32               | 39%               |
| K-REIT Asia                            | 0.83              | 1.14               | 37%               |
| Suntec REIT                            | 1.08              | 1.46               | 35%               |
| Fortune REIT                           | 3.76              | 4.94               | 31%               |
| CDL Hospitality Trusts                 | 1.55              | 1.97               | 27%               |
| Starhill Global REIT                   | 0.57              | 0.71               | 25%               |
| CapitaCommercial Trust                 | 1.06              | 1.32               | 25%               |
| First REIT                             | 0.76              | 0.95               | 24%               |
| Cambridge Industrial Trust             | 0.48              | 0.59               | 23%               |
| Mapletree Commercial Trust             | 0.85              | 1.04               | 22%               |
| Frasers Centrepont Trust               | 1.44              | 1.75               | 22%               |
| Ascott Residence Trust                 | 0.99              | 1.20               | 21%               |
| Lippo Malls Indonesia Retail Trust     | 0.35              | 0.42               | 20%               |
| Ascendas REIT                          | 1.83              | 2.18               | 19%               |
| Mapletree Logistics Trust              | 0.85              | 1.00               | 18%               |
| CapitaRetail China Trust               | 1.15              | 1.35               | 17%               |
| Sabana REIT                            | 0.88              | 1.01               | 15%               |
| Cache Logistics Trust                  | 0.95              | 1.10               | 15%               |
| Ascendas India Trust                   | 0.69              | 0.80               | 15%               |
| Mapletree Industrial Trust             | 1.08              | 1.24               | 15%               |
| CapitaMall Trust                       | 1.70              | 1.95               | 14%               |
| Parkway Life REIT                      | 1.79              | 2.03               | 13%               |
| Saizen REIT                            | 0.14              | 0.16               | 13%               |
| Perennial China Retail Trust           | 0.48              | 0.52               | 9%                |
| Treasury China Trust                   | 1.44              | 1.51               | 5%                |
| Indiabulls Properties Investment Trust | 0.14              | 0.10               | -27%              |

# Gearing Level since IPO

Target LVR between 30 – 40%, max 45% (bank covenant)



# Stable and Attractive Yield



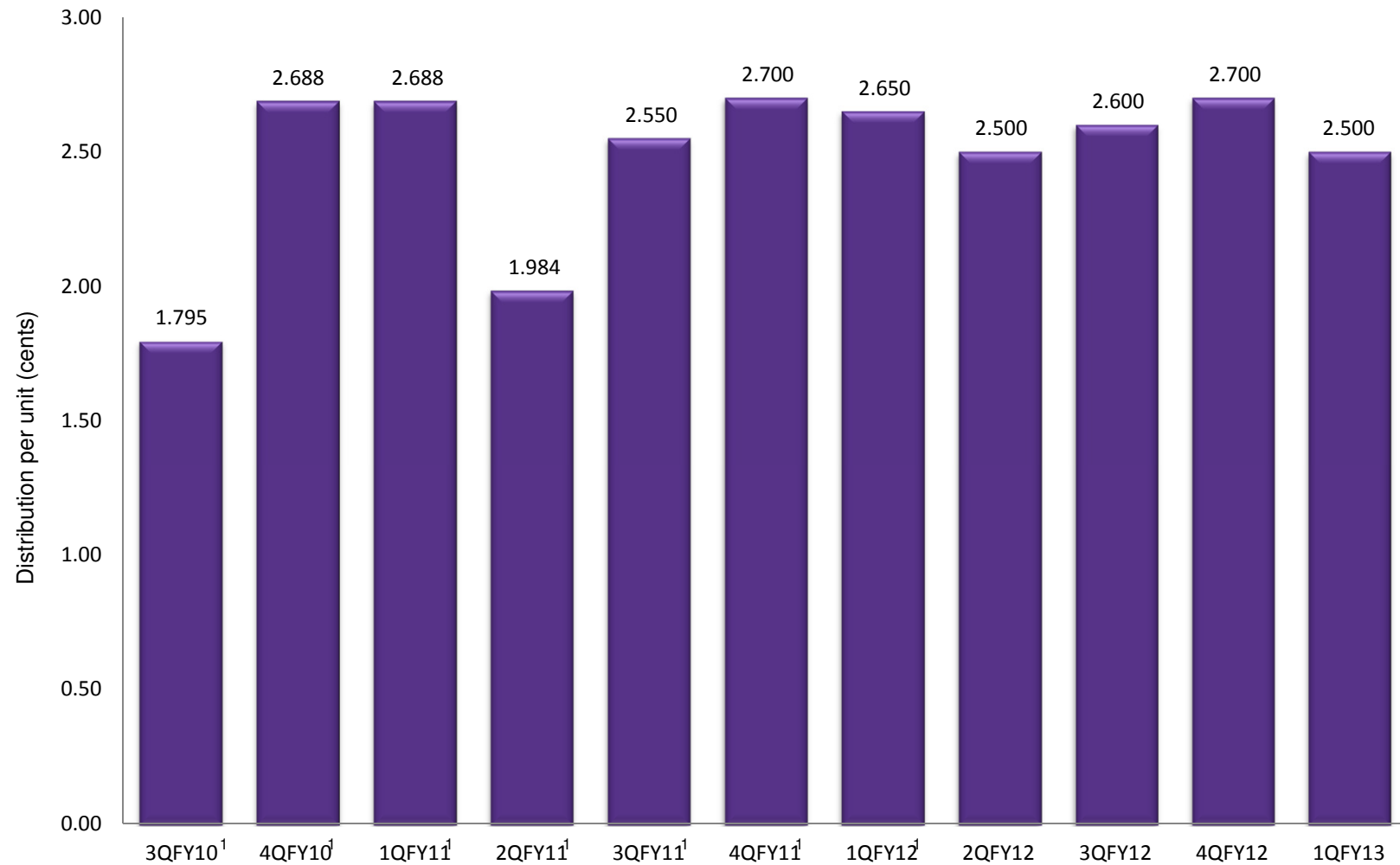
<sup>1</sup> Based on closing price of S\$1.315 on 18 July 2012 and annualised DPU of 10.0 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2013 annualised to full year.

<sup>2</sup> Source: Bloomberg data as at June 2012

<sup>3</sup> Prevailing CPF Ordinary Account interest rate

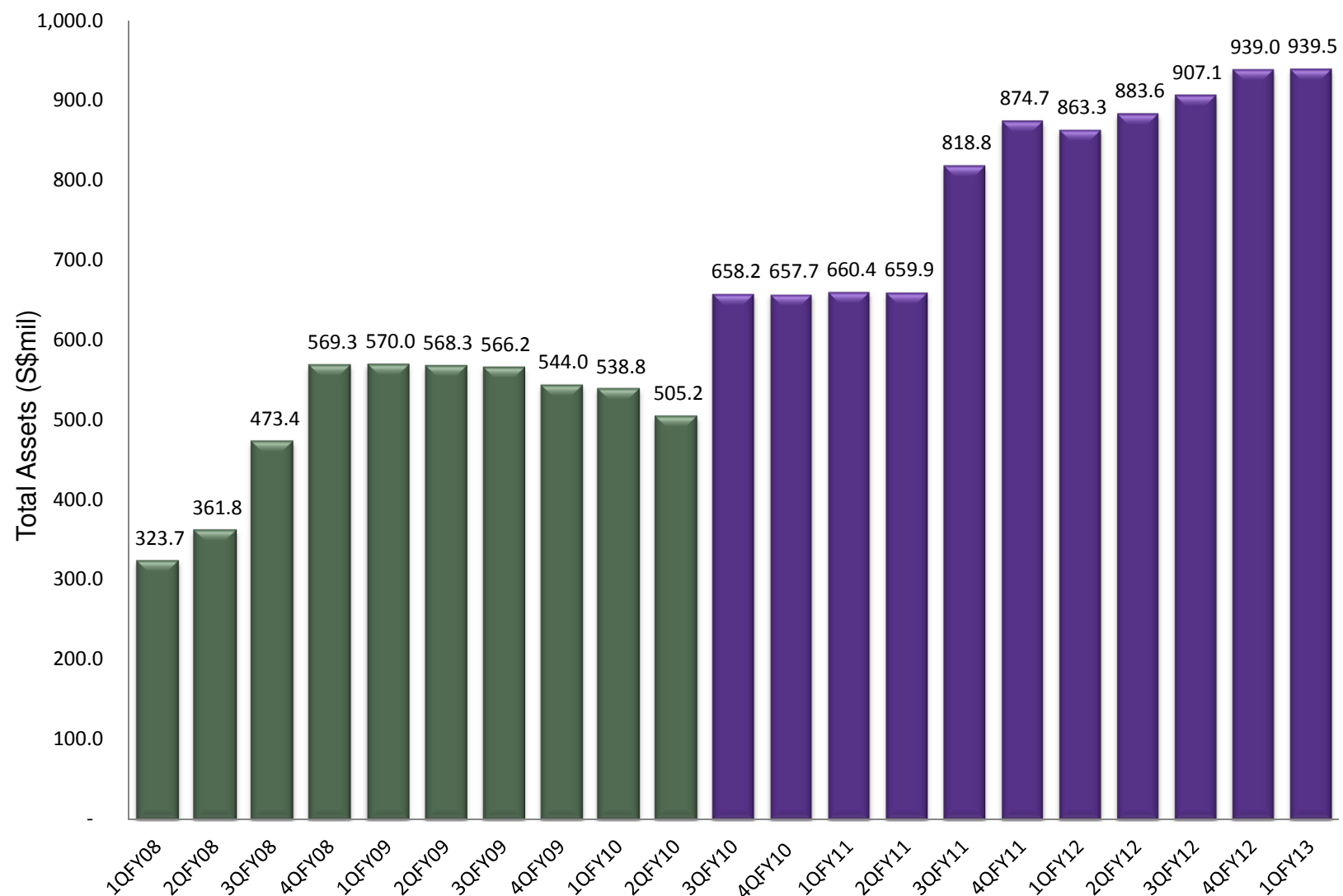


# Stable DPU performance



<sup>1</sup> The number of Units used to calculate the distribution per unit ("DPU") has been adjusted for the effect of the Unit Consolidation to allow for comparison.

# Total Assets since IPO



*1A International Business Park*



*1 Bukit Batok Street 22*



*10 Changi South Lane*



*29 Woodlands Industrial Park E1*



*8 & 10 Pandan Crescent*

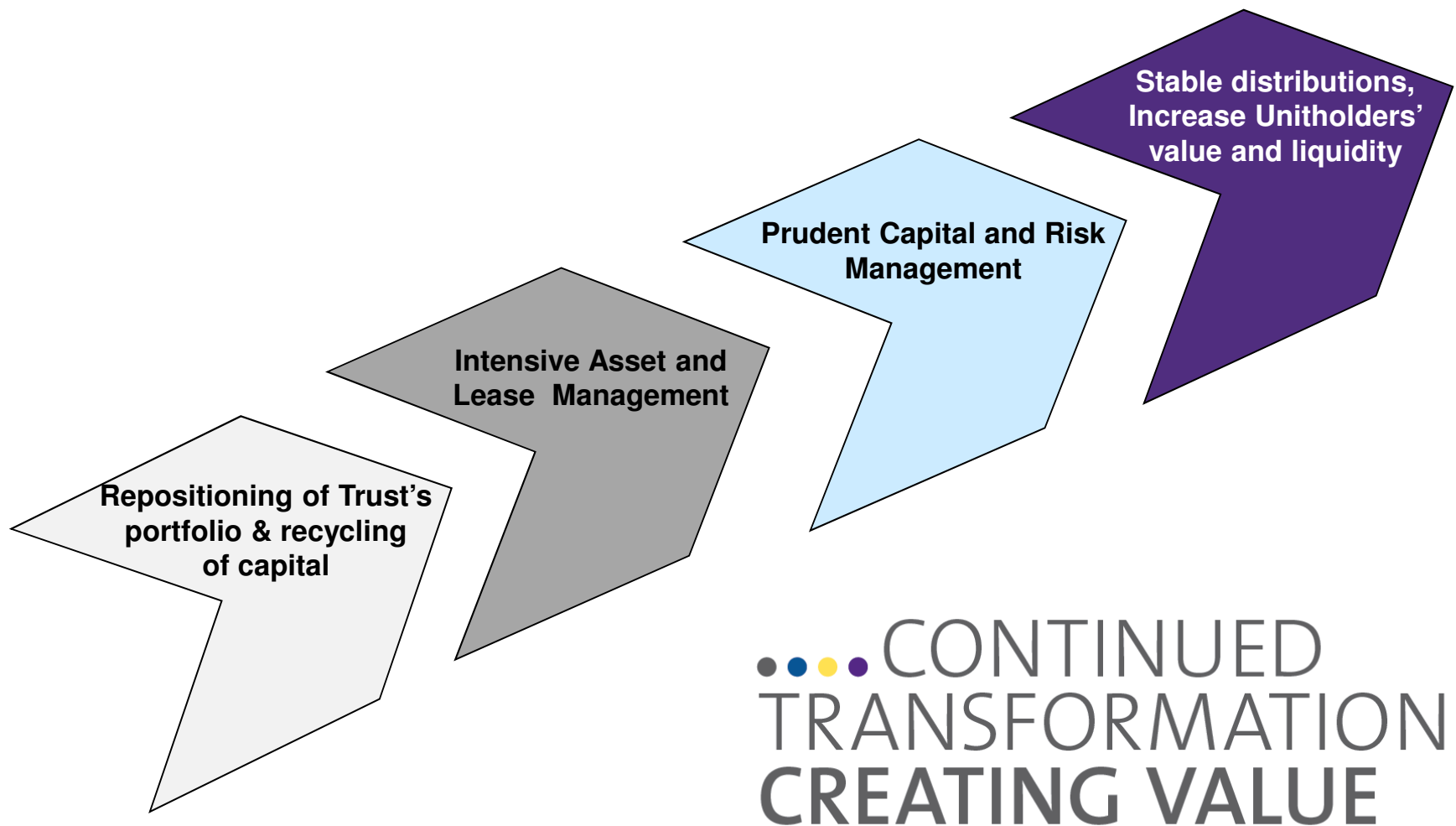


*27 Penjuru Lane*



## Execution on Strategy

# Objectives





# Execution on Strategy

- **S\$301.6 mil Acquisitions since January 2010 – increasing the size and improving the quality of the Portfolio**

**27 Penjuru Lane (Oct 2010)  
(S\$161 mil)**



**29 Woodlands Industrial Park E1 (Feb 2011)  
(S\$72 mil)**



**3 Toh Tuck Link (Jan 2010)  
(S\$19.3 mil)**



**23 Tai Seng Drive (Jan 2010)  
(S\$17.2 mil)**



**56 Serangoon Nth Ave 4 (Jan 2010)  
(S\$14.8 mil)**



**30 & 32 Tuas West Rd (Jan 2010)  
(S\$17.3 mil)**





# Execution on Strategy

- Divestments - Repositioning of Trust's portfolio and recycling of capital**



**23 Changi South Ave 2,  
Singapore**

- Sale of smaller asset in Singapore
- Sale completed in February 2011
- Sold for S\$16.7 million
- 3.1% above book value



**Asahi Ohmiya Warehouse,  
Japan**

- Disposal of Japan property
- Sale completed in March 2011
- Sold for JPY1.49 billion
- 1.6% above book value



**31 Admiralty Road,  
Singapore**

- Sale of smaller asset in Singapore
- Sale completed in May 2012
- Sale price of S\$16.438 million
- 8.9% above book value
- 22.7% above the REIT's initial purchase price of S\$13.4 million

# Execution on Strategy

- Asset Enhancement / Redevelopment

## 20 Gul Way – Redevelopment

*Before*



### Before

Cluster of 10 single storey buildings with an underutilised plot ratio.

*After*



### After

Purpose built five storey ramp up warehouse facility maximising 20 Gul Way's plot ratio. CWT Limited to take up all five storeys under a Master Lease.

# 20 Gul Way – Fact Sheet

|                        | Prior   | Post Redevelopment   |
|------------------------|---|--|
| Property               | 10 single storey buildings                                    | Five storey ramp up warehouse (completed in 2 Phases)  |
| Valuation              | S\$41.8 m <sup>1</sup>  | S\$214.0 m <sup>2</sup>  |
| Annual Rental Income   | S\$3.6 m <sup>1</sup>   | S\$16.3 m (when completed)   |
| Plot Ratio             | 0.46  | 1.4  |
| Maximum Plot Ratio     | 1.4   | 1.4  |
| Land Area              | 828,248 sqft  | 828,248 sqft   |
| Gross Floor Area (GFA) | 378,064 sqft  | Approx. 1,159,536 sqft   |
| Land Tenure            | 35-year lease wef 16 Jan 06                                   | 35-year lease wef 16 Jan 06  |
| Lease Term             | Master Lease - Enviro-Metals for 10 years commencing April 07 | Master Lease – CWT Limited for 4 years on middle floors & 5 years on ground floor and 5 <sup>th</sup> floor<br><br>(Surrender of lease with existing tenant by phases) |

1. As at 31 March 2011
2. Based on CBRE's valuation dated 22 June 2011

## 20 Gul Way – Post Redevelopment

|     |   | S\$ million  |
|-----|---|--|
| 1.  | Gross development value upon completion           | 214.0  |
| 2.  | Project redevelopment cost                        | (155.0)  |
| 3.  | Land cost   | (41.8)   |
| 4.  | Net rental income during redevelopment            | 6.8  |
| 5.  | Profit  | 24.0   |
| 6.  | Profit margin                                     | 12.2%  |
| 7.  | Project IRR (unleveraged)                         | 10.7%  |
| 8.  | DPU impact <sup>1</sup> (pre Unit Consolidation)  | +0.293 cents   |
| 9.  | DPU impact <sup>1</sup> (post Unit Consolidation) | +1.465 cents   |
| 10. | Net property income yield                         | 8.1% (based on development cost )<br>7.4% (based on valuation) |

<sup>1</sup> Please note that the DPU impact shown in this announcement is for illustration purposes only and purely on a pro forma basis based on the assumption that AIMSAMP REIT had completed, held and operated the proposed redevelopment for the whole of the financial year ended 31 March 2011 and the proposed redevelopment was funded using 100% debt based on units in issue as at 31 March 2011 of 2,207,064,174 units.



## 20 Gul Way – Progress Photos







## Financial Overview for FY2012 & 1Q FY2013

# Results for FY2012

|  | FY2012<br>S\$'000     | FY2011<br>S\$'000    | Var %<br>+/- |
|--|-----------------------|----------------------|--------------|
| <b>Gross Revenue</b>                             | 83,983                | 73,245               | 14.7         |
| <b>Net Property Income</b>                       | 58,926                | 52,721               | 11.8         |
| <b>Distribution to Unitholders</b>               | 46,318                | 37,204               | 24.5         |
| <b>Distribution per Unit ("DPU")<br/>(cents)</b> | 10.450 <sup>1,2</sup> | 9.922 <sup>1,2</sup> | 5.3          |

<sup>1</sup> On 4 October 2011, AIMSAMPIREIT announced the completion of the consolidation ("Unit Consolidation") of every five existing units ("Unit") held as at 3 October 2011 into one consolidated Unit. The number of Units used to calculate DPU is 443,851,849, being the Units in issue after the Unit Consolidation.

<sup>2</sup> The number of Units used to calculate the DPU for FY2011 and 1QFY2012 have been adjusted for the effect of the Unit Consolidation to allow for comparison.

# Results for 1Q FY2013

|   | 1Q FY2013<br>S\$'000 | 4Q FY2012<br>S\$'000 | Q-o-Q<br>% | 1Q FY2012<br>S\$'000 | Y-o-Y<br>% |
|---|----------------------|----------------------|------------|----------------------|------------|
| <b>Gross Revenue</b>  | 20,948               | 20,296               | 3.2        | 20,995               | (0.2)      |
| <b>Net Property Income</b>                                  | 14,897               | 13,990               | 6.5        | 14,341               | 3.9        |
| <b>Amount available for<br/>Distribution to Unitholders</b> | 11,405               | 10,574               | 7.9        | 12,084               | (5.6)      |
| <b>DPU (cents)</b>  | 2.50 <sup>1</sup>    | 2.70                 | (7.4)      | 2.65 <sup>2</sup>    | (5.7)      |
| <b>Annualised DPU yield<sup>3</sup> (%)</b>                 | 7.60%                |                      |            |                      |            |

<sup>1</sup> The Trust achieved an amount available for distribution of S\$11.4 million. AIMSAMPREIT's distribution policy is to distribute at least 90% of the Trust's taxable income for the full financial year. For 1Q FY2013, the Manager has resolved to distribute 97.7% of the taxable income available for distribution to the Unitholders, amounting to S\$11.1 million.

<sup>2</sup> The applicable number of Units used to compute DPU were adjusted for the effect of the Unit Consolidation took place on 3 October 2011, for every five existing units into one consolidated Unit.

<sup>3</sup> Based on closing price of S\$1.315 on 18 July 2012 and annualised DPU of 10.0 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2013 annualised to full year.

# Balance Sheet

|  | 30 June 2012 | 31 March 2012 | 31 December 2011 |
|--|--------------|---------------|------------------|
| Total Assets (S\$'M)                         | 939.5        | 939.0         | 907.1            |
| Comprising (S\$'M):                          |              |               |                  |
| - Investment Properties                      | 830.2        | 830.0         | 809.7            |
| - Investment Properties under development    | 102.6        | 84.5          | 68.7             |
| - Investment Properties held for sale        | -            | 16.4          | 15.1             |
| - Plant and equipment                        | 0.1          | 0.1           | 0.1              |
| - Cash and Cash Equivalents                  | 3.3          | 3.6           | 9.8              |
| - Trade and Other Receivables                | 3.3          | 4.4           | 3.7              |
| Total Liabilities (S\$'M)                    | 315.0        | 312.7         | 300.2            |
| Net Assets (S\$'M)                           | 624.5        | 626.2         | 606.9            |
| NAV per unit (post Unit Consolidation) (S\$) | 1.400        | 1.406         | 1.367            |
| Total Debt <sup>1</sup> (S\$'M)              | 279.4        | 281.8         | 278.3            |
| Aggregate Leverage (%)                       | 29.7         | 30.0          | 30.7             |

<sup>1</sup> Excluding unamortised loan transaction costs.



*1A International Business Park*



*1 Bukit Batok Street 22*



*10 Changi South Lane*



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## Portfolio Review



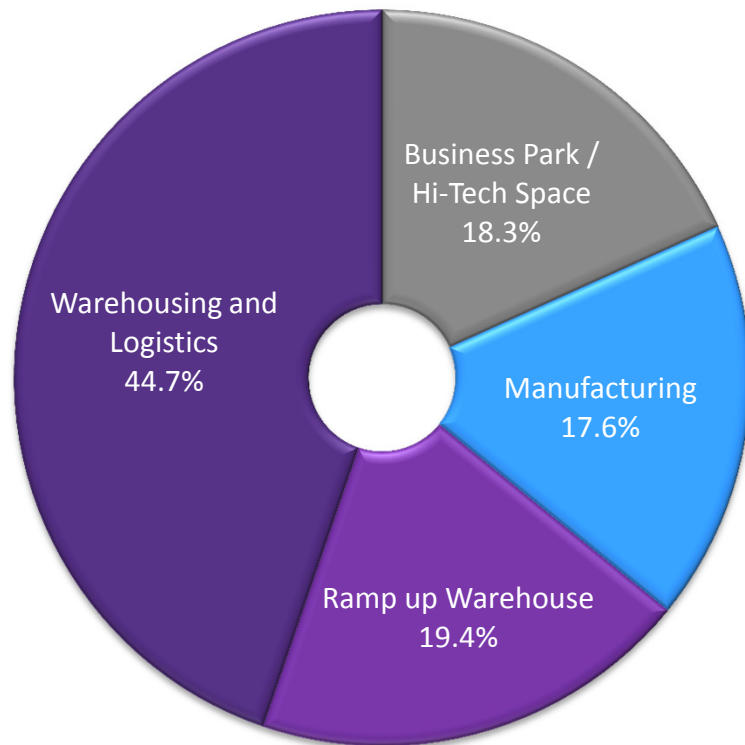
# Key Portfolio Statistics

|   | As at<br>30 June 2012 | As at<br>31 March 2012 | As at<br>19 April 2007<br>(Listing) |
|---|-----------------------|------------------------|-------------------------------------|
| Number of Properties                            | 25                    | 26                     | 12                                  |
| Appraised Value (S\$ million)                   | 932.7 <sup>1</sup>    | 930.9 <sup>1</sup>     | 316.5                               |
| Net Lettable Area (sq m)                        | 416,465.9             | 456,607.1              | 194,980.7                           |
| Number of Tenants                               | 98                    | 70                     | 12                                  |
| Occupancy (%)                                   | 99.1                  | 99.2                   | 100.0                               |
| Weighted Average Lease Expiry (WALE)<br>(years) | 2.66                  | 2.62                   | 6.7                                 |
| Weighted Average Land Lease Expiry<br>(years)   | 41.8                  | 41.7                   | 47.8                                |
| Location of Properties                          | Singapore             | Singapore              | Singapore                           |

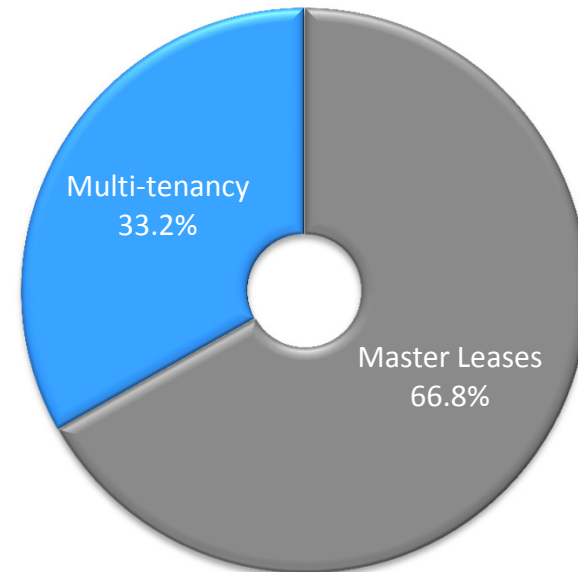
<sup>1</sup> Includes investment property under development and capital expenditure.

# Portfolio Breakdown (By 1Q FY2013 Rental Income)

**Breakdown by Property Sector**



**Master Leases vs Multi-tenancy**

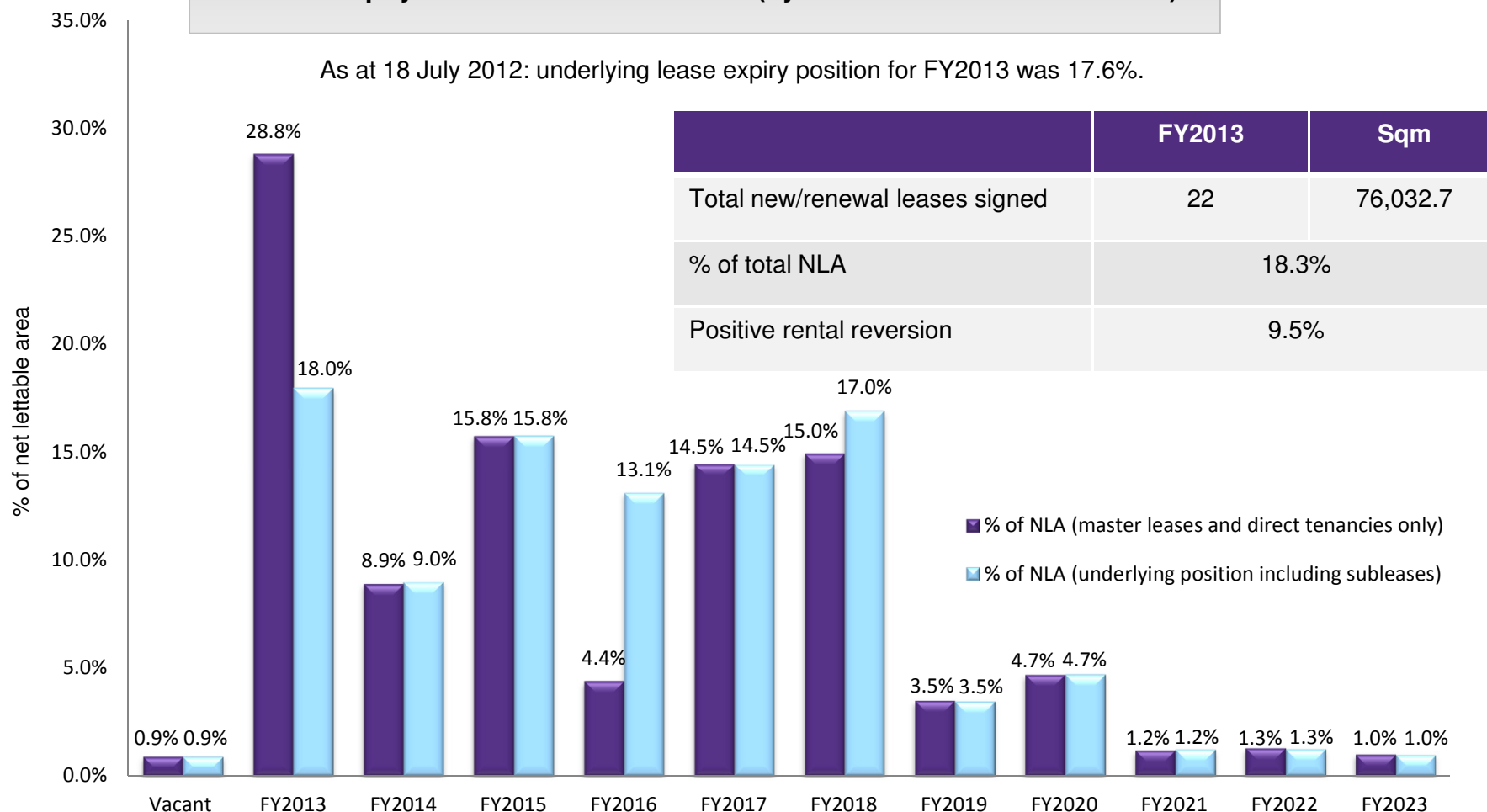


# Intensive Lease Management

## To Manage Lease Expiry Profile Risk

Lease Expiry Profile as at 30 June 2012 (by 1Q FY2013 Net Lettable Area)

As at 18 July 2012: underlying lease expiry position for FY2013 was 17.6%.



|                                 | FY2013 | Sqm      |
|---------------------------------|--------|----------|
| Total new/renewal leases signed | 22     | 76,032.7 |
| % of total NLA                  | 18.3%  |          |
| Positive rental reversion       | 9.5%   |          |

Note: The lease expiry profile takes into account the 20 Gul Way redevelopment and the master leases to CWT Limited upon completion.

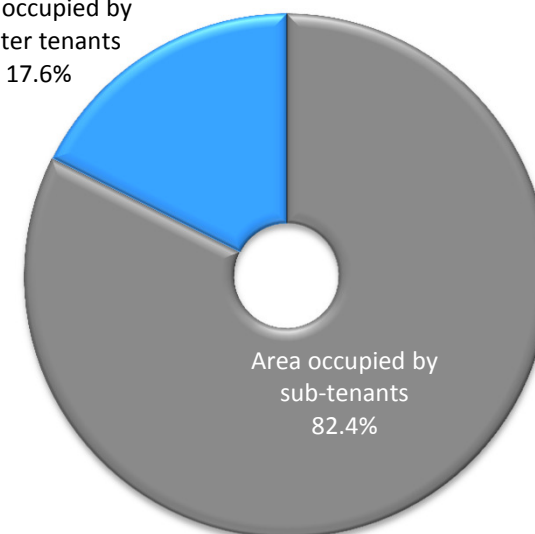
# FY2013 Lease Expiry: 28.8% of portfolio

## Management of Lease Expiry Risk

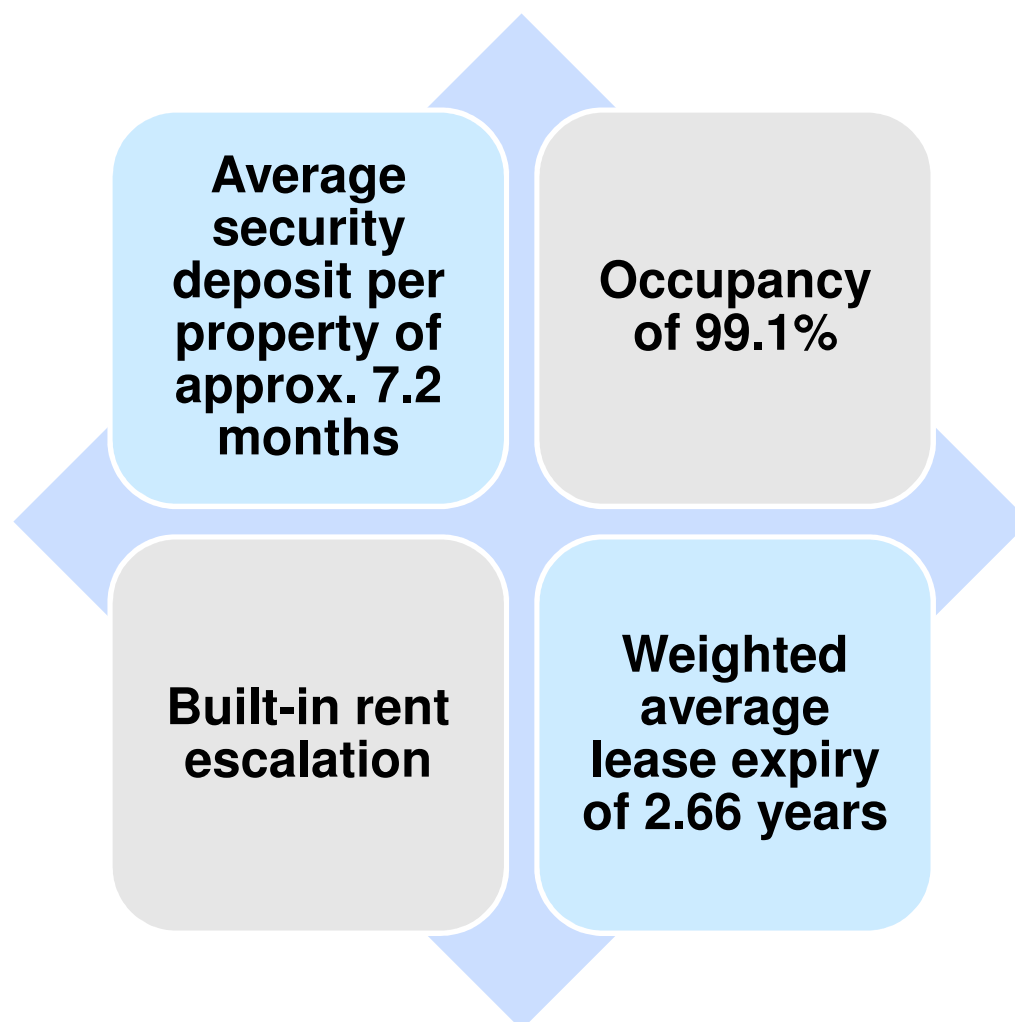
|                             | Expiry   | % of NLA | Status  |
|-----------------------------|----------|----------|---|
| Multi-Tenanted              |          | 3.5%     | Negotiations commenced  |
| Master Lease                | Expiry   | % of NLA | Status  |
| 27 Penjuru Lane             | Dec 2012 | 17.3%    | 55% of the property has been renewed to FY2016 and FY2018         |
| 56 Serangoon North Ave 4    | Jan 2013 | 2.0%     | Negotiations commenced  |
| 61 Yishun Industrial Park A | Jan 2013 | 2.6%     | Negotiations commenced  |
| 103 Defu Lane 10            | Jan 2013 | 1.6%     | Negotiations commenced  |
| 135 Joo Seng Road           | Mar 2013 | 1.8%     | 64.5% of the property has renewed beyond the master lease expiry. |

Risk mitigated by underlying subleases: 82.4% of Master Leases expiring in FY2013 are supported by underlying subleases.

Area occupied by master tenants  
17.6%



# Strong and Stable Cashflows





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## Strategy for FY2013

# Focused strategic execution

## Financial Performance - Stable & Growing DPU

### Strong Management & Sponsors

**Experienced** management team focused on growing financial returns for unitholders by maximising the performance of the portfolio

**Best interest of Unitholders** by applying strict corporate governance principles and focused risk management framework

**Leveraging** on Sponsors' expertise in debt advisory, development, asset and financial management

### Active Portfolio Management

**Repositioning** of portfolio by divesting smaller assets and focusing on larger and higher quality assets

**Managing** of lease expiry profile to obtain positive rental reversion

**Delivery** of 20 Gul Way with DPU growth of approximately 15% upon completion

**Exploring** redevelopment and asset enhancement opportunities within the portfolio

### Financial Strength

**Proven track record** of maintaining gearing around 30% for 11 consecutive quarters

**Delivery** of stable DPU. Strong DPU growth potential with 20 Gul Way development and leasing renewals

**Prudent capital management** by splitting of debt maturity and broadening banking relationships

**Recycling of capital** to maintain leverage of between 30% - 40% by using sales proceeds from divestments to repay debt

**Recognition** by Standard & Poor's investment grade credit rating of BBB-

# Strategy for FY2013

## Singapore investments

- Focus on successful delivery of 20 Gul Way redevelopment on time and within budget.
- Enhancement of selected asset(s).
- Evaluation of further redevelopment opportunities in Singapore.
- Continued evaluation of yield accretive investment opportunities in Singapore.

## Intensive asset and leasing management

- Managing of lease expiry profile and using this as an opportunity to achieve positive rental reversions.
- To ensure high occupancy is maintained.

## Capital and risk management

- Focus on maintaining stable DPU.
- Conservative capital management. Target leverage between 30% - 40%. Maintenance of investment grade rating.
- Continued broadening and diversifying of the Trust's funding sources.
- Management of interest rate risk, locking in low interest rates through interest rate swaps.

## Geographic focus

- Priority focus is Singapore.
- Continued monitoring of economic and property market trends in readiness for potential future investment opportunities in markets such as Australia, China and Japan.



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# Thank you

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