



AIMS AMP CAPITAL INDUSTRIAL REIT

EXTRAORDINARY GENERAL MEETING PRESENTATION

30 JULY 2014



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NOTICE OF EXTRAORDINARY GENERAL MEETING

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of holders of units of AIMS AMP Capital Industrial REIT ("**AACI REIT**", and the holders of units of AACI REIT, "**Unitholders**") will be held at the Amara Singapore, Level 3, Ballroom 2, 165 Tanjong Pagar Road, Singapore 088539 at 3.00 p.m. on Wednesday, 30 July 2014 (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of AACI REIT to be held at 2.00 p.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

ORDINARY RESOLUTION

THE PROPOSED ENTRY INTO THE MASTER PROPERTY MANAGEMENT AGREEMENT

That:

- (i) approval be and is hereby given for the entry into the master property management agreement ("**Master Property Management Agreement**") between HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AACI REIT (the "**Trustee**"), AIMS AMP Capital Industrial REIT Management Limited, in its capacity as manager of AACI REIT (the "**Manager**") and AIMS AMP Capital Property Management Pte. Ltd. (formerly known as MacarthurCook Property Management Pte. Ltd.) (the "**Property Manager**"), as described in the circular to Unitholders dated 9 July 2014;
- (ii) approval be and is hereby given for the payment of all fees, expenses and reimbursements relating to or arising from the Master Property Management Agreement; and
- (iii) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of AACI REIT to give effect to the Master Property Management Agreement.

By Order of the Board

AIMS AMP Capital Industrial REIT Management Limited
(Company Registration no.: 200615904N, Capital Markets Services License no.: CMS100137-2)
As Manager of AIMS AMP Capital Industrial REIT

Koh Wee Lih
Executive Director and Chief Executive Officer
9 July 2014

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SALIENT POINTS OF THE TRANSACTION

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Salient Points of the Transaction

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- In view of the impending expiry of the Existing Property Management Agreements (“ Existing Agreements”) on 19 April 2015, it is proposed that a new Master Property Management Agreement (“New Agreement”) be entered upon the Unitholders’ approval at this EGM.
- The terms of the proposed New Agreement will be based on the Existing Agreements. **All fees** remain the **same.**
- The key difference in this New Agreement is that we are proposing a ten-year term versus a eight year term in the Existing Agreements.

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RATIONALE FOR THE PROPOSAL

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Rationale for the Proposal

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Proven Track Record of the Property Manager

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Healthy and Stable Occupancy Rate

- Helped to ensure that the occupancy rate of AACI REIT's portfolio remained healthy and stable over the years and above the industrial average occupancy

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Occupancy Rates (%)	100.0	98.6	96.0	99.0	99.2	96.1	97.0 ¹
Industrial average occupancy (%)	93.3 ²	91.5 ²	91.2 ²	93.0 ²	93.8 ²	93.0 ²	91.6 ³
Master lease by Rental Income⁴ (%)	97.2	93.2	86.2	88.1	82.0	57.0	44.2

¹ The occupancy rate for FY2014 includes Optus Centre in New South Wales, Australia which was acquired on 7 February 2014.

² The industrial average is the average of the factory and warehouse spaces occupancy rates as extracted from the statistics reports published by the Urban Redevelopment Authority of Singapore for the relevant period. The Urban Redevelopment Authority of Singapore has not provided its consent to the inclusion of the information extracted from the relevant reports published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant reports published by the Urban Redevelopment Authority of Singapore are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such reports, neither the Manager nor any other party has conducted an independent review of the information contained in such reports nor verified the accuracy of the contents of the relevant information.

³ The industrial average occupancy rates as extracted from the statistics reports published by JTC Corporation. JTC Corporation has not provided its consent to the inclusion of the information extracted from the relevant reports published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the relevant reports published by JTC Corporation are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such reports, neither the Manager nor any other party has conducted an independent review of the information contained in such reports nor verified the accuracy of the contents of the relevant information.

⁴ Net rental income, after rent rebates and provisions for rent free periods (if applicable)

Proven Track Record of the Property Manager

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Positive Rental Renewal Rates

- Helped secure weighted average rent increase on the lease renewals

	No. of new/renewal leases	Area (sqm)	Net lettable area (%)	Positive rental renewal increases (%)
FY2012	53	90,951.5	19.9	10 – 15
FY2013	81	149,572.6	31.2	9.5 – 23.5
FY2014	64	50,261.4	9.0	15.8

Reduced Tenant Concentration Risk

- Helped reduced tenant concentration risk in AACI REIT's portfolio

	As at IPO ¹	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
No. of tenants	12	27	25	49	71	70	141	141
Rental Income from top ten tenants (%)	94.3	69.9	67.3	73.4	72.1	72.5	47.8	47.7

¹ 19 April 2007



Proven Track Record of the Property Manager

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Increased Net Property Income of AACI REIT

- Consistently contributed to the steady net property income growth of AACI REIT since 2007

Net property income (S\$'000)



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RECOMMENDATION BY THE IFA

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Recommendation by the IFA

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- CIMB Bank Berhad, Singapore Branch has been appointed as the Independent Financial Adviser (“IFA”) to the Trustee, the Audit, Risk and Compliance Committee and the Independent Directors of the Manager to review and opine on the terms of the proposed New Agreement (“IFA Letter”)
- Proposed property management fees under the New Agreement are generally in line with other industrial REITs listed on the SGX-ST
- Based on the considerations set out in the IFA Letter and subject to the qualifications and assumptions therein, the IFA is of the view that the terms of the proposed New Agreement are on normal commercial terms and are not prejudicial to the interests of AACI REIT and its minority Unitholders

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THE RESOLUTION

Ordinary Resolution

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- ii. approval be and is hereby given for the payment of all fees, expenses and reimbursements relating to or arising from the Master Property Management Agreement; and
- iii. the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of AACI REIT to give effect to the Master Property Management Agreement.

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Thank you

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