

*Artist's impression of the proposed five-storey ramp-up warehouse on the site*

# AIMS AMP CAPITAL INDUSTRIAL REIT

Redevelopment of 30 & 32 Tuas West Road, Singapore

22 May 2015



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# THE PROPERTY

# 30 & 32 Tuas West Road – Fact Sheet

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|                        | Prior to redevelopment                         | Post redevelopment               |
|------------------------|--|----------------------------------|
| Property               | Two three-storey detached industrial buildings | Five-storey ramp-up warehouse    |
| Valuation              | S\$14.1 million <sup>1</sup>                   | S\$60.7 million <sup>2</sup>     |
| Annual Rental Income   | S\$0.82 million <sup>3</sup>                   | S\$4.15 million (when completed) |
| Plot Ratio             | 1.15   | 2.07                             |
| Land Area              | 138,801 sqft                                   | 138,801 sqft                     |
| Gross Floor Area (GFA) | 159,717 sqft                                   | Approx. 287,866 sqft             |
| Land Tenure            | 30+30 years lease wef 1 Jan 96                 | 30+30 years lease wef 1 Jan 96   |
| Lease Term             | Multi-tenanted                                 | Master lease                     |

1. Based on Knight Frank Pte Ltd's valuation dated 31 March 2015.

2. Based on Colliers International Consultancy and Valuation (Singapore) Pte Ltd's valuation dated 20 May 2015 on an "as-if-complete" basis.

4 3. Annual Rental Income for FY2015.



# 30 & 32 Tuas West Road – Redevelopment (Before and After)

> 1



## Before

Two three-storey detached industrial buildings with an under-utilised plot ratio

## After

Purpose built five-storey ramp-up warehouse facility increasing plot ratio. CWT Limited to take up all five storeys under Master Lease arrangement



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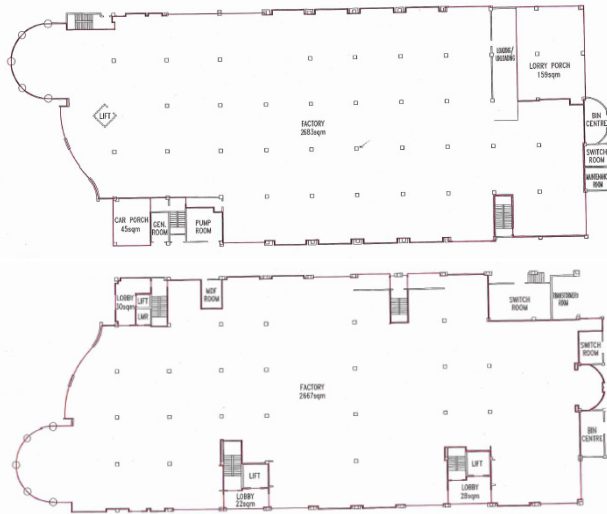
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# 30 & 32 Tuas West Road – Redevelopment (Site Plans Before and After)

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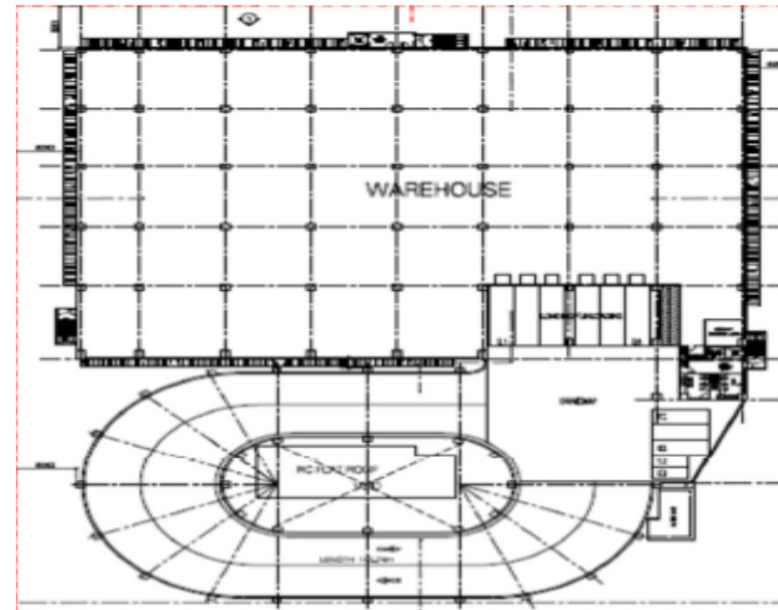


## ***Before***

Two three-storey detached industrial buildings with no loading and unloading bays

## ***After***

Purpose built five-storey ramp-up warehouse facility with exclusive loading and unloading bays at each level



# 30 & 32 Tuas West Road – Location

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## GO WEST, GO TALL

Tuas West Extension to feature Singapore's tallest viaduct at 23m above ground



30&32 Tuas West Road



Top: An artist's impression of the extension, which goes over the Ayer Rajah Expressway viaduct.  
Above: Work on the extension project is expected to be completed next year.

PHOTOS: LTA, ZAOBAO ST GRAPHICS

Property is located along Tuas West Road and a short drive to Tuas Checkpoint. Located within minutes to the future Tuas Link and Tuas West Road MRT station.

Improved infrastructure and connectivity in the area with Tuas West MRT Extension and the four new MRT stations (Tuas Link, Tuas West Road, Tuas Crescent and Gul Circle) targeted for completion in 2016.<sup>1</sup>

Government has announced a new port in Tuas to consolidate all existing container ports in Tanjong Pagar, Keppel, Brani and Pasir Panjang, which will be moved to Tuas when leases expire from 2027. The new port will handle about double the current total container handling capacity.<sup>2</sup>

A new MRT Tuas West Extension, which will feature Singapore's tallest viaduct at 23m above ground will be constructed to provide motorists an alternative to the busy Pioneer Road. Tuas area is set to become heavier once the port is moved there.<sup>3</sup>

1. The Straits Times (7 October 2013)
2. The Straits Times (2 October 2012 and 18 August 2013)
3. The Straits Times (3 February 2015)

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# STRUCTURE OF THE TRANSACTION



# Structure of the Transaction

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## Key Terms of the Transaction

|                           |  |
|---------------------------|--|
| D&C Contractor            | Indeco Engineers (Pte) Ltd (subsidiary of CWT Limited)                       |
| Total Redevelopment Costs | Approximately S\$41.7 million (excluding land)                               |
| Financing                 | AA REIT has sufficient funding capacity for the entire cost of redevelopment |
| Land Valuation            | S\$14.1 million <sup>1</sup>   |
| GFA                       | Approx. 287,866 sqft   |
| Expected Commencement     | 3Q FY2016  |
| Target Completion         | 1Q FY2018  |
| Construction Period       | 16 months  |
| Master Tenant             | CWT Limited  |
| Master Lease Terms        | Staggered master leases on the warehouse with an annual rent escalation      |

1. Based on Knight Frank Pte Ltd's valuation dated 31 March 2015.

# 30 & 32 Tuas West Road – Summary Estimated Financials

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|   |  | S\$ million                      |
|---|--|----------------------------------|
| 1 | Gross development value upon completion <sup>1</sup> | 60.7                             |
| 2 | Project redevelopment cost                           | (41.7)                           |
| 3 | Land cost <sup>2</sup>                               | (14.1)                           |
| 4 | Profit   | 4.9                              |
| 5 | Profit margin  | 8.8%                             |
| 6 | Net property income yield                            | 7.2% (based on development cost) |
| 7 | DPU impact per annum <sup>3</sup>                    | +0.35 cents                      |

1. Based on Colliers International Consultancy and Valuation (Singapore) Pte Ltd's valuation dated 20 May 2015 on an "as-if-complete" basis.

2. Based on Knight Frank Pte Ltd's valuation dated 31 March 2015.

3. 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 AA REIT had completed, held and operated the proposed redevelopment for the whole of the financial year ended 31 March 2015; the proposed redevelopment was funded using 100% debt; and based on units in issue as at 31 March 2015 of 628,935,114.

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# RISKS AND BENEFITS OF THE TRANSACTION

# Mitigation of Risks

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## Development risk

- Fixed price turnkey design and construct contract
- Liquidated damages for delay based on loss in rental income

## Leasing risk

- Master leases with CWT Limited that guarantees income upon completion
- Staggered lease expiries to mitigate leasing/renewal risk

## Financing risk

- Funding is in place for the entire cost of the redevelopment
- Leverage remains within target of between 30% to 45%

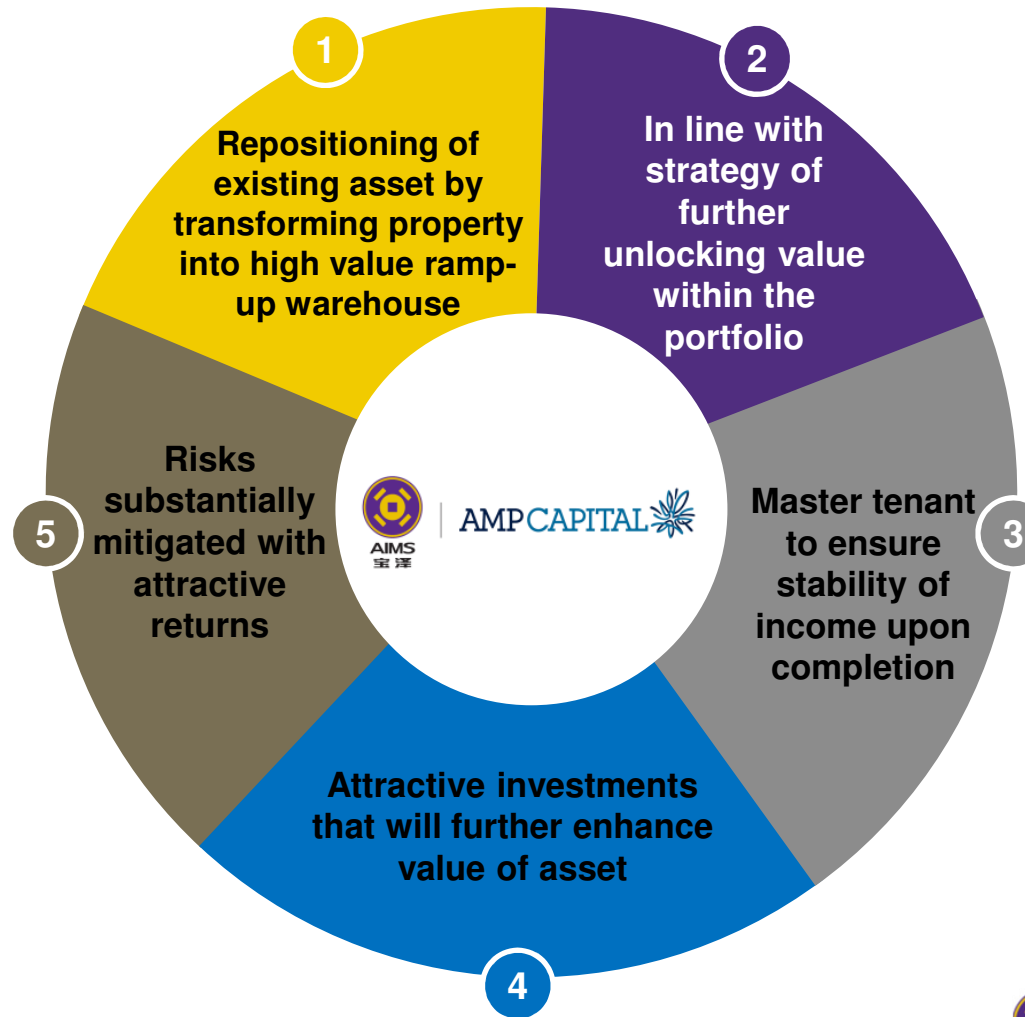
## Loss of current rental income

- Minimal impact (the property contributed to <1% of the portfolio's rental revenue of FY2015).



# Benefits of the Redevelopment

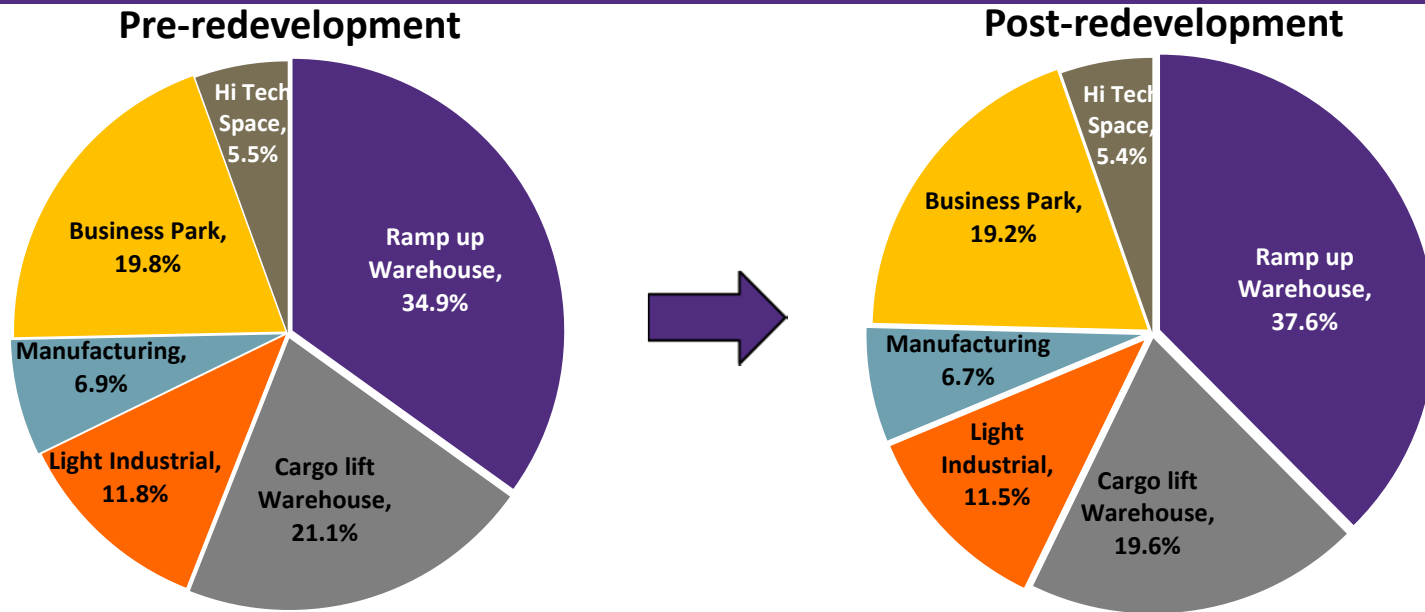
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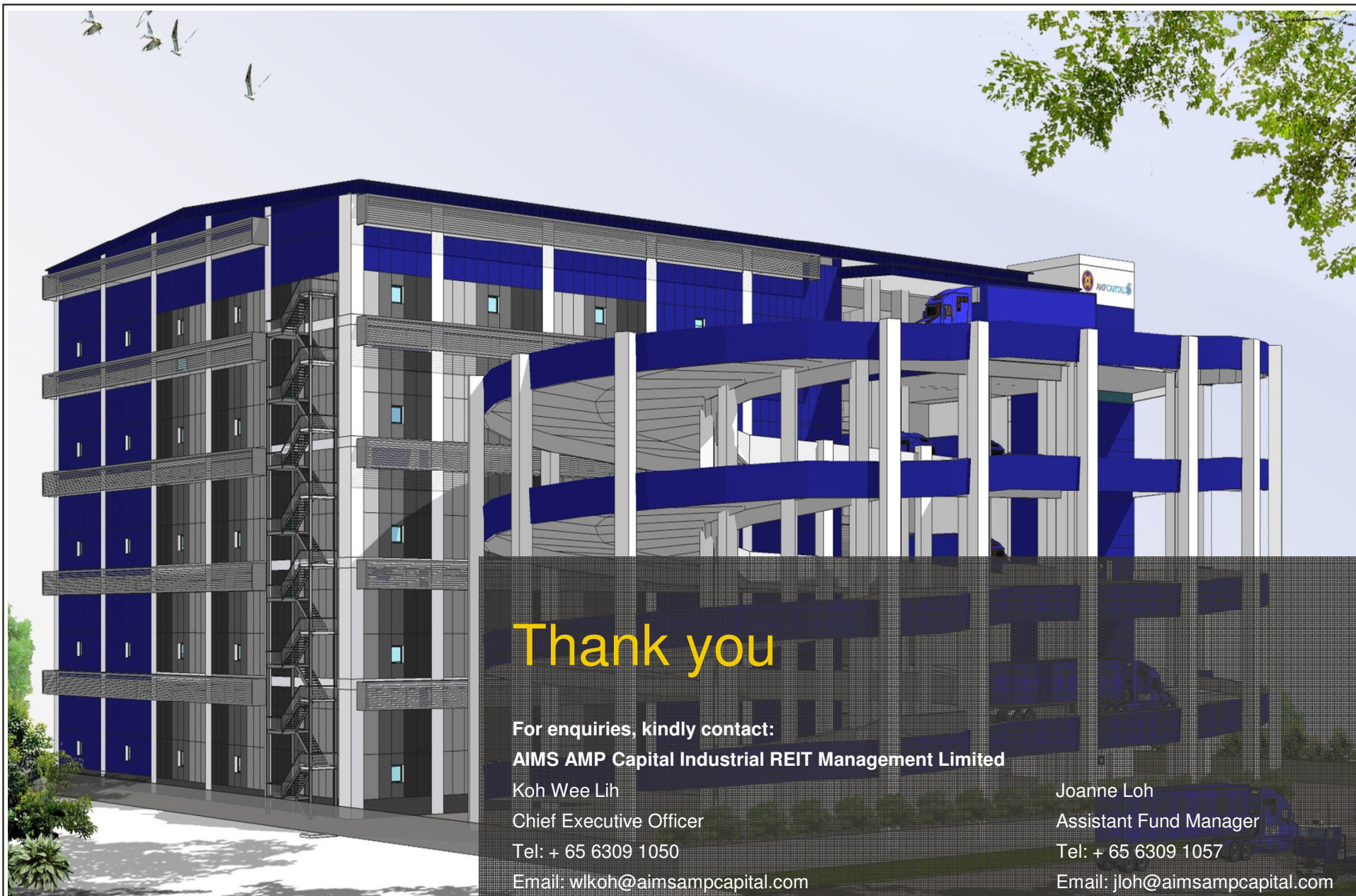
# Impact of the Redevelopment

(Pro forma based on 31 Mar 15 rental income)

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|                       | Actual<br>(31 Mar 15) | After<br>redevelopment | Change |
|-----------------------|-----------------------|------------------------|--------|
| Occupancy             | 95.8%                 | 97.3%                  | ↑ 1.6% |
| Master Lease exposure | 48.4%                 | 50.7%                  | ↑ 4.8% |
| Aggregate Leverage    | 31.4%                 | 33.2%                  | ↑ 5.7% |



# Thank you

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