



AIMS AMP CAPITAL INDUSTRIAL REIT

7th ANNUAL GENERAL MEETING PRESENTATION

26 July 2016



AMPCAPITAL 

Important notice

Disclaimer

This Presentation is focused on comparing actual results for the financial period from 1 April 2015 to 31 March 2016 (“FY2016”) and 1 April 2016 to 30 June 2016 (“1Q FY2017”) versus actual results year-on-year (“y-o-y”) and quarter-on-quarter (“q-o-q”). This Presentation shall be read in conjunction with AIMS AMP Capital Industrial REIT’s (“AA REIT” or the “Trust”) results for 1Q FY2017 as per the SGXNet Announcement.

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> 1

HIGHLIGHTS FOR FY2016

Highlights for FY2016

> 1

Active portfolio management driving higher distributions

- Gross revenue and net property income for FY2016 increased by 7.8% and 2.9% respectively compared to a year ago.
- Distribution to Unitholders in FY2016 increased by 4.1% y-o-y to S\$72.1 million.
- DPU for FY2016 of 11.35 cents, a 2.5% increase over FY2015 DPU of 11.07 cents.

Leasing renewals

- Executed 64 new and renewal leases in FY2016, representing 138,201 sqm (23% of NLA of the portfolio) at a weighted average rental increase of 9.5% on the renewals.
- Successfully extended the master lease of Sin Hwa Dee and the lease of Broadcom, a top 10 tenant, ahead of their lease expiries in FY2017.

Developing a higher value portfolio

- Redevelopment of 30 & 32 Tuas West Road
 - ✓ 100% pre-commitment to a quality tenant
 - ✓ Increase plot ratio from 1.15 to 2.07
 - ✓ Increase annual rental income to S\$4.15 million from S\$0.82 million and is being valued at S\$60.7 million upon completion

Highlights for FY2016

> 1

Focus on asset management to deal with challenging market conditions

- Completed 3 minor Asset Enhancement Initiatives (AEI)
 - ✓ S\$1.19 million customised AEI at 26 Tuas Ave 7 for master tenant by adding an production line and extra storage space. As a result, the master tenant extended the lease for a further 5 year term till FY2023.¹
 - ✓ S\$2.2 million AEI at 1 Kallang Way 2A to increase the net lettable area by approximately 13%. Since the completion of AEI works at 1 Kallang Way 2A², the occupancy is now 100%.
 - ✓ S\$0.52 million AEI at 11 Changi South St 3 to convert non-usable space to lettable area.

Prudent capital management

- Standard & Poor's reaffirmed AA REIT's investment grade rating of 'BBB-' with stable outlook.
- In April 2016, AA REIT received commitment from a syndicate of five financial institutions to upsize its existing secured facility with a four year term loan facility of S\$100 million to refinance its unsecured borrowings due in August 2016 and fund development and/or acquisitions as well as general working purposes. The weighted average debt maturity (on a pro forma basis) will increase to 2.92 years and save over S\$1.0 million per annum in interest cost.

¹ Kindly refer to SGX announcement dated 22 May 2014 for more details.

² Kindly refer to SGX announcement dated 29 April 2015 for more details.

Strengthened Capital Structure

> 1

	31 March 2016	31 March 2015
Broad banking relationships	6 regional and foreign banks	
Diversified source of funding	Secured bank debt and unsecured medium term notes	
Undrawn committed facility	S\$133.3 million	S\$153.2 million
Substantially hedged interest rate exposure	92.2%	86.2%
Reduced blended funding cost	4.2%	4.53%
Unencumbered assets that provides financial flexibility	13 assets valued at S\$544.1 m ¹	13 assets valued at S\$529.1 m ²
Credit rating	BBB- (investment grade)	

¹ Based on 31 March 2016 valuation appraised by CBRE Pte Ltd and Savills Valuation and Professional Services (S) Pte Ltd.

² Based on 31 March 2015 valuation appraised by Knight Frank Pte Ltd and Colliers International Consultancy and Valuation (Singapore) Pte Ltd.

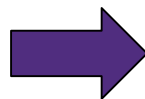
30 & 32 Tuas West Road – Redevelopment (Before and After)

> 1



After

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

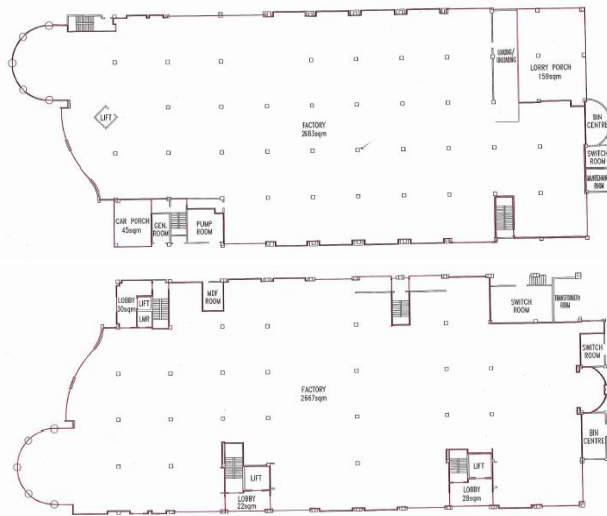


Before
Two three-storey detached industrial buildings with an under-utilised plot ratio



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

> 1

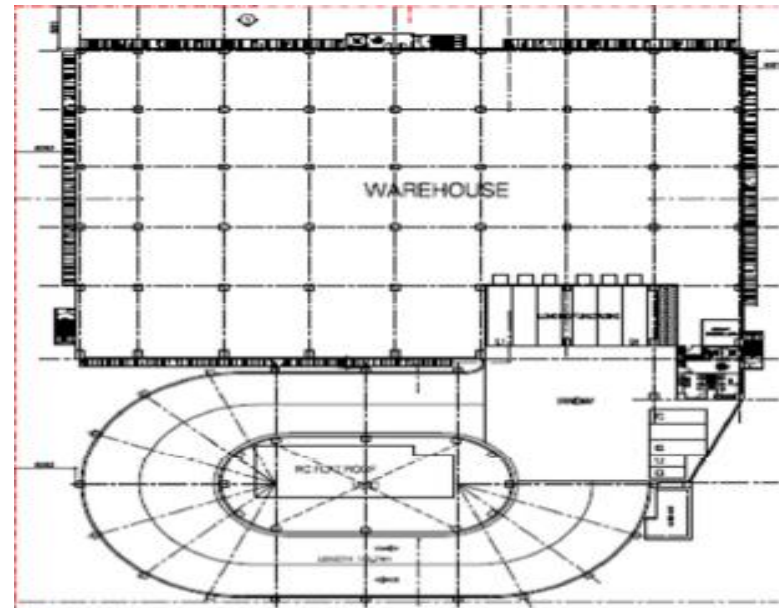


Before

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 – Summary Estimated Financials

> 1

		S\$ million
1	Gross development value upon completion ¹	60.7
2	Project redevelopment cost	(41.7)
3	Land cost ²	(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 ³	+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.

> 2

HIGHLIGHTS FOR 1Q FY2017

Highlights for 1Q FY2017

> 2

Active portfolio management and stable distributions despite challenging conditions

- DPU performance: 2.75 cents per Unit for the quarter (stable y-o-y)
- Gross revenue¹, net property income and Distribution to Unitholders for 1Q FY2017 remained stable compared to a year ago.

Leasing renewals

- Executed 18 new and renewal leases in 1Q FY2017, representing 28,661.1 sqm (4.8% of net lettable area).
- Portfolio occupancy remained healthy at 92.7%, which is above the industrial average of 90.1%.

Developing a higher value portfolio (progress update)

- The redevelopment of 30 & 32 Tuas West Road is on track. As at 30 June 2016, approximately 67% of the development has been completed.
- The redevelopment of 8 & 10 Tuas Ave 20 is targeted to complete in 2H of 2017. Demolition work will be completed by end of July.

¹ For 1Q FY2017, the gross revenue of S\$29.2 million included a property tax refund of S\$1.1 million for 23 Tai Seng Drive for the period from 1 January 2012 to 31 March 2016. The property tax refund was due to the change in annual value of property assessed by Inland Revenue Authority of Singapore which was refunded to two tenants of the property. Excluding this additional property tax refund, the gross revenue would have been S\$30.3 million.

Highlights for 1Q FY2017

> 2

Prudent capital management

- On 25 July 2016, AA REIT executed a supplemental loan facility agreement with its syndicate of five financial institutions to upsize its existing secured facility for a four year term loan facility of S\$100 million to refinance its unsecured borrowings due in August 2016. The weighted average debt maturity (on a pro forma basis) will increase to 2.7 years and save over S\$1.0 million per annum in interest cost.
- 89.3% of the portfolio's interest rate is fixed taking into account interest rate swaps and Fixed Rate Notes.
- Reduced overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 4.1% from 4.2% a quarter ago.
- Aggregate leverage as at 30 June 2016 is at 33.1% (average of approximately 32% for > 7 years).
- Standard & Poor's reaffirmed AA REIT's investment grade rating of 'BBB-' with stable outlook.

Results for 1Q FY2017

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	1Q FY2017 S\$'000	4Q FY2016 S\$'000	Q-o-Q %	1Q FY2016 S\$'000	Y-o-Y %
Gross Revenue¹	29,234	30,287	(3.5)	30,296	(3.5)
Net Property Income	20,405	20,372	0.2	20,205	1.0
Share of results of joint venture (net of tax)²	3,605	10,720	(66.4)	3,655	(1.4)
Distribution to Unitholders³	17,525	18,743	(6.5)	17,441	0.5
DPU (cents)	2.75	2.95	(6.8)	2.75	-
DPU yield⁴ (%)	7.51%				

¹ For 1Q FY2017, the gross revenue of S\$29.2 million included a property tax refund of S\$1.1 million for 23 Tai Seng Drive for the period from 1 January 2012 to 31 March 2016. The property tax refund was due to the change in annual value of property assessed by Inland Revenue Authority of Singapore which was refunded to two tenants of the property. Excluding this additional property tax refund, the gross revenue would have been S\$30.3 million.

² The share of results of joint venture (net of tax) comprised contribution from the Group's 49.0% interest in Optus Centre which is located in Macquarie Park, NSW, Australia. The share of results of joint venture (net of tax) for 4Q FY2016 included the share of revaluation surplus of S\$7.1 million recognised from the valuation of Optus Centre.

³ The Manager resolved to distribute S\$17.5 million for 1Q FY2017, comprising (i) taxable income of S\$16.3 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.6 million and capital distribution of S\$0.6 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia. The distribution to Unitholders for 1Q FY2017 was S\$1.2 million lower than 4Q FY2016 as the 4Q FY2016 distribution included retained distributions from the previous three quarters of FY2016.

AA REIT's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 1Q FY2017, the Manager has resolved to distribute 99.9% of the Singapore taxable income available for distribution to the Unitholders.

⁴ Based on closing price of S\$1.465 on 25 July 2016 and annualised DPU of 11.00 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2017 and annualised to the full year.

Balance Sheet

> 2

	30 June 2016	31 March 2016	31 December 2015
Total Assets (S\$'M)	1,461.5	1,459.4	1,465.9
Comprising (S\$'M):			
- Investment properties	1,172.5	1,172.4	1,208.8
- Investment properties under development	49.6	44.9	20.4
- Joint venture	218.6	225.2	217.9
- Trade and other receivables	10.6	9.4	10.5
- Derivative financial instruments	-	-	0.9
- Cash at banks and in hand	10.2	7.5	7.4
Total Liabilities (S\$'M)	521.7	518.7	500.0
Net Assets (S\$'M)	939.8	940.7	965.9
NAV per Unit (S\$)	1.47	1.48	1.52
Total Debt ¹ (S\$'M)	483.1	473.4	462.3
Aggregate Leverage (%)	33.1	32.4	31.5

¹ Excluding unamortised loan transaction costs.

Key financial metrics

> 2

	1Q FY2017	4Q FY2016
Appraised Value of Property Portfolio	S\$1,441.2 million ¹	S\$1,442.7 million ²
Market Capitalisation ³	S\$932.4 million	S\$860.9 million
NAV per Unit	S\$1.47	S\$1.48
Premium / (Discount) to NAV ³	(0.3%)	(8.4%)
Aggregate Leverage ⁴	33.1%	32.4%
Interest Cover Ratio ⁵	4.8 times	4.8 times
Weighted Average Debt Maturity	1.9 years (2.7 years on pro forma basis) ⁶	2.2 years

¹ Singapore portfolio included (i) investment properties and investment properties under development based on 31 March 2016 appraised by CBRE Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd and (ii) capitalised capital expenditure. Optus Centre, Macquarie Park, NSW, Australia is based on 49% interest in the property appraised by CBRE Valuations Pty Ltd as at 31 March 2016 and capitalised capital expenditure.

² The Singapore portfolio was based on valuation as at 31 March 2016 appraised by CBRE Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd. Optus Centre, Macquarie Park, NSW, Australia is based on 49% interest in the property appraised by CBRE Valuations Pty Ltd as at 31 March 2016.

³ Based on the closing price per unit of S\$1.465 on 25 July 2016 and S\$1.355 on 26 April 2016.

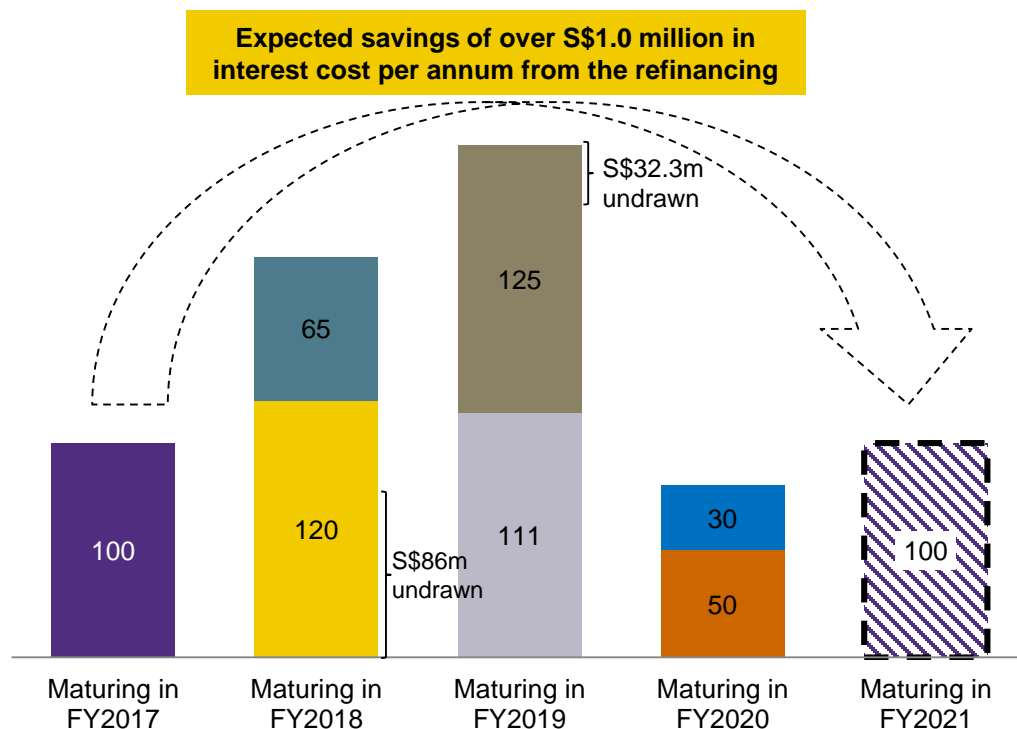
⁴ Total debt as a % of total assets.

⁵ Bank covenant of at least 2.0 times.

⁶ On 25 July 2016, AA REIT executed a supplemental loan facility agreement with its syndicate of five financial institutions to upsize its existing secured facility for a four year term loan facility of S\$100 million to refinance its unsecured borrowings due in August 2016. The weighted average debt maturity (on a pro forma basis) will increase to 2.7 years and save over S\$1.0 million per annum in interest cost.

Debt facilities as at 30 June 2016

> 2



Maturity date

S\$
'million

Due in August 2016 (FY2017)	100.0
Due in November 2017 (FY2018)	99.4
Due in November 2018 (FY2019)	92.7
Due in February 2019 (FY2019)	111.0
Due in May 2019 (FY2020)	50.0
Due in December 2019 (FY2020)	30.0
Total debt drawn down	483.1
Undrawn available facilities	118.3
Total committed facilities	601.4

- 4 year S\$ fixed rate notes
- S\$ revolving credit facility
- 3 year A\$ term loan
- 5 year A\$ term loan
- 4 year S\$ term loan
- 5 year S\$ fixed rate notes
- 7 year S\$ fixed rate notes
- New 4 year S\$ term loan

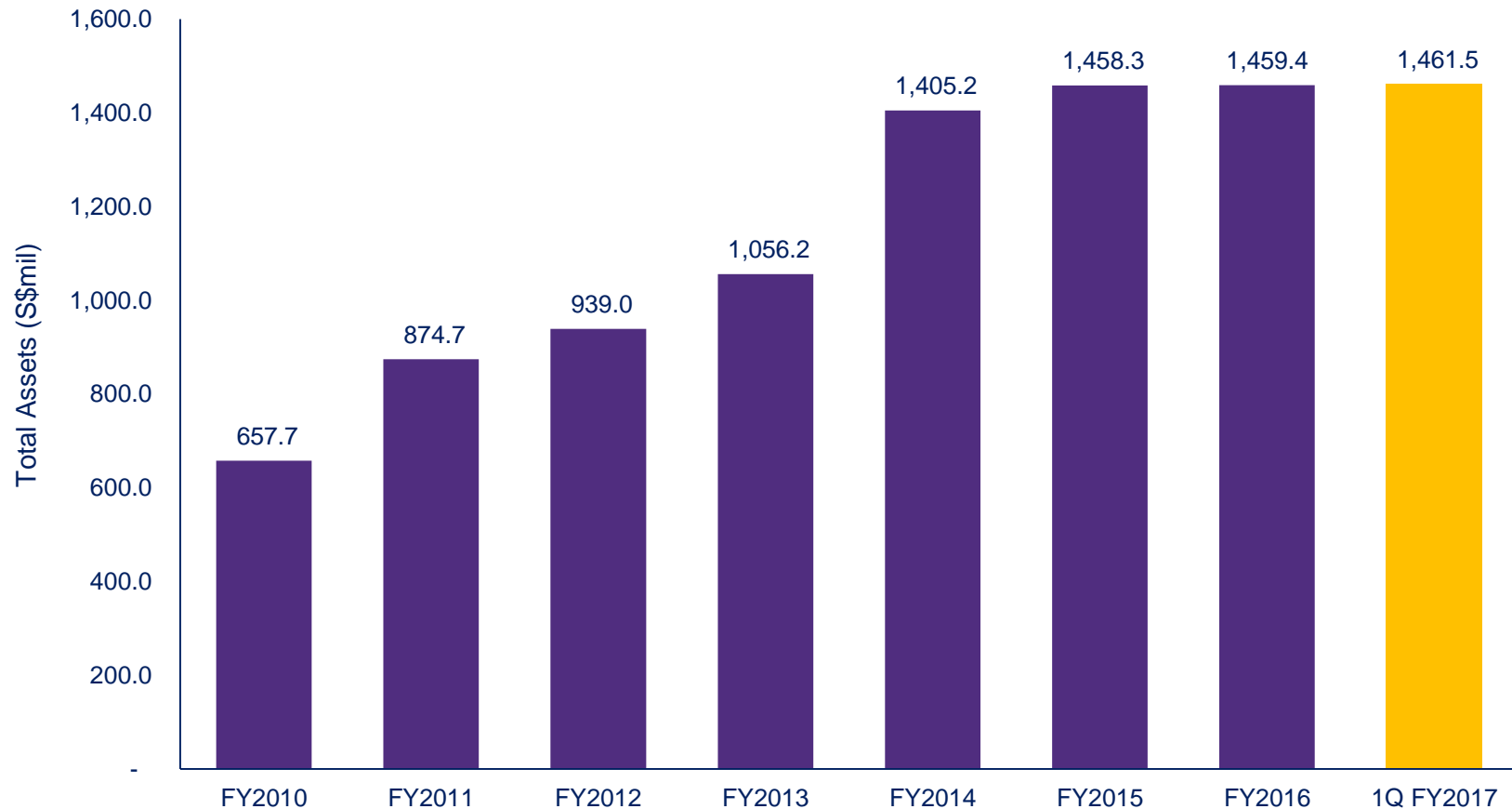
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PORTFOLIO PERFORMANCE

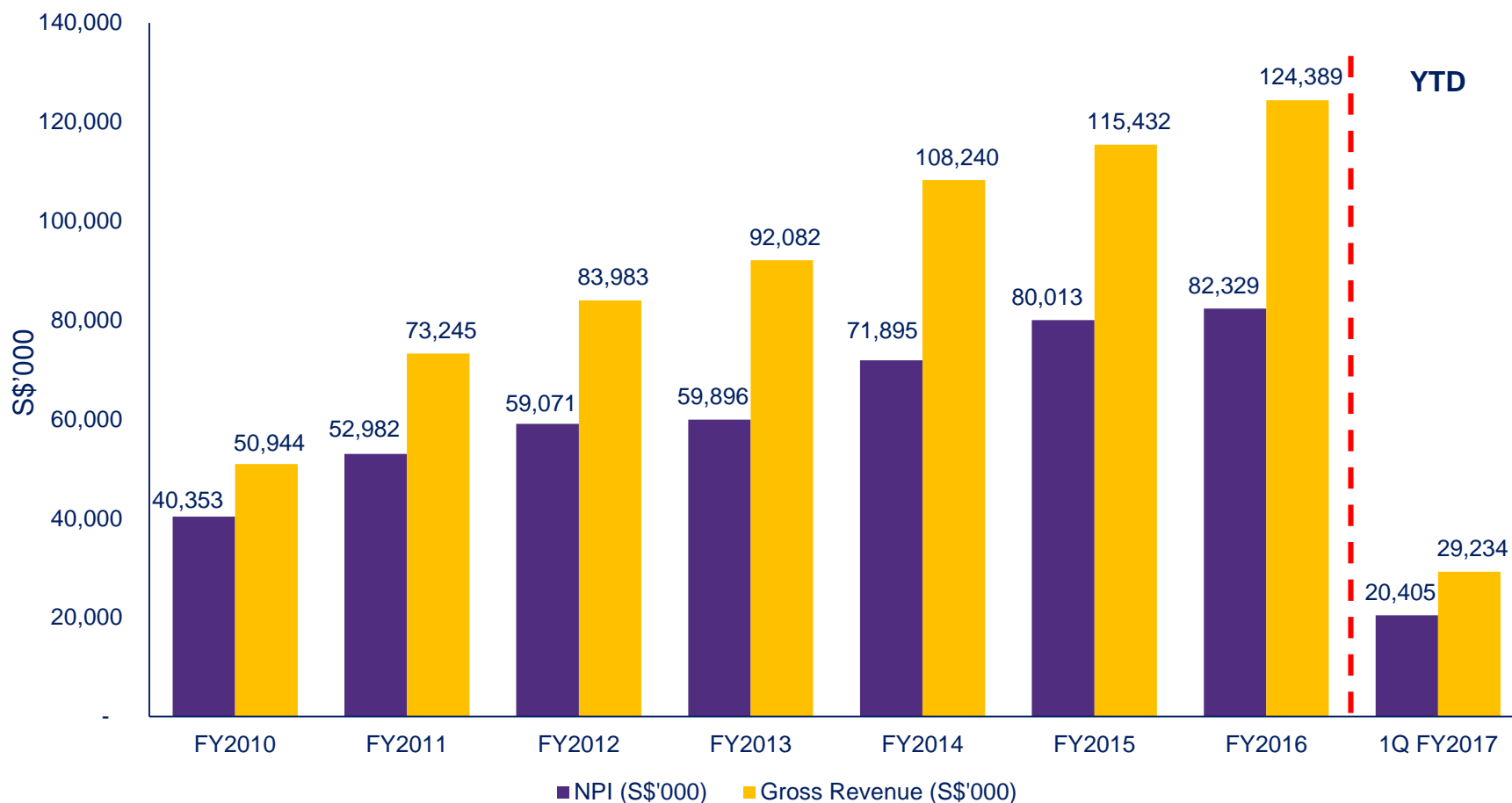
Total assets since 2009

> 3



Revenue performance since 2009

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20

Key portfolio statistics

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	As at 30 June 2016	As at 31 March 2016	As at 19 April 2007 (IPO)
Number of Properties	26	26	12
Appraised Value (S\$ million)	1,441.2 ¹	1,442.7 ²	316.5
Net Lettable Area (sq m)	600,249.5 ³	600,216.7 ³	194,980.7
Number of Tenants	141 ³	139 ³	12
Portfolio Occupancy (%)	92.7 ³	93.4 ³	100.0
Weighted Average Lease Expiry (WALE) (years)	2.81 ³	2.93 ³	6.7
Weighted Average Land Lease Expiry (years)	39.1 ⁴	39.3 ⁴	47.8
Location of Properties	Singapore, Australia	Singapore, Australia	Singapore

¹ Singapore portfolio included (i) investment properties and investment properties under development based on 31 March 2016 appraised by CBRE Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd and (ii) capitalised capital expenditure. Optus Centre, Macquarie Park, NSW, Australia is based on 49% interest in the property appraised by CBRE Valuations Pty Ltd as at 31 March 2016 and capitalised capital expenditure.

² The Singapore portfolio was based on valuation as at 31 March 2016 appraised by CBRE Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd. Optus Centre, Macquarie Park, NSW, Australia is based on 49% interest in the property appraised by CBRE Valuations Pty Ltd as at 31 March 2016.

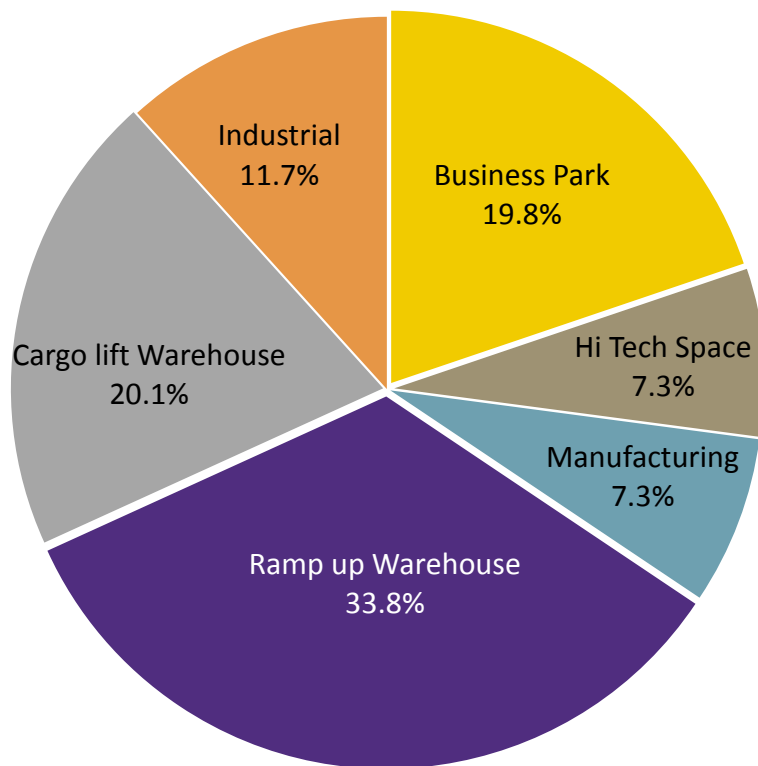
³ Excludes redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20.

⁴ For the calculation of the weighted average land lease, AA REIT's interest in the freehold property, Optus Centre has been assumed as a 99-year leasehold interest.

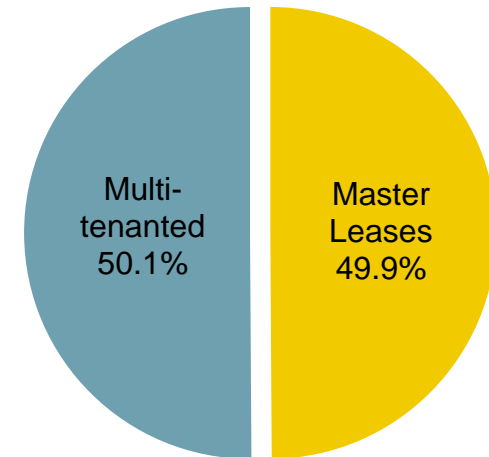
Portfolio breakdown

By 1Q FY2017 gross rental income

> 3



Master Leases vs Multi-tenanted



Occupancy

Average security deposit^{1,2}

Total Portfolio ¹ (24 properties)	92.7	4.7 months
Master Leases (8 properties)	100.0	7.1 months
Multi-tenanted (16 properties)	87.3	3.7 months

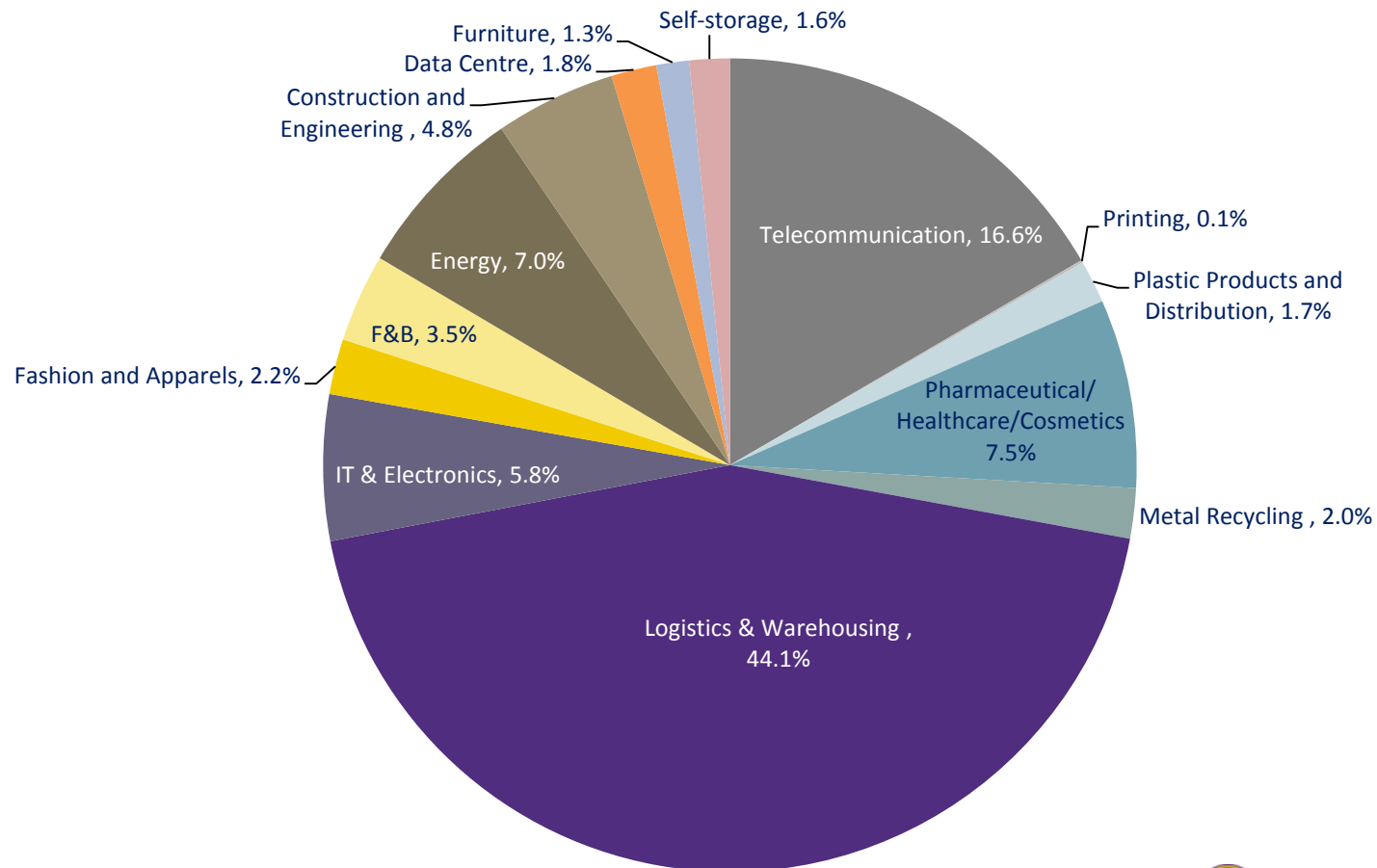
¹ Excluding redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20.

² Excluding Optus Centre whose lease is guaranteed by SingTel Optus

Diversification reduces risk

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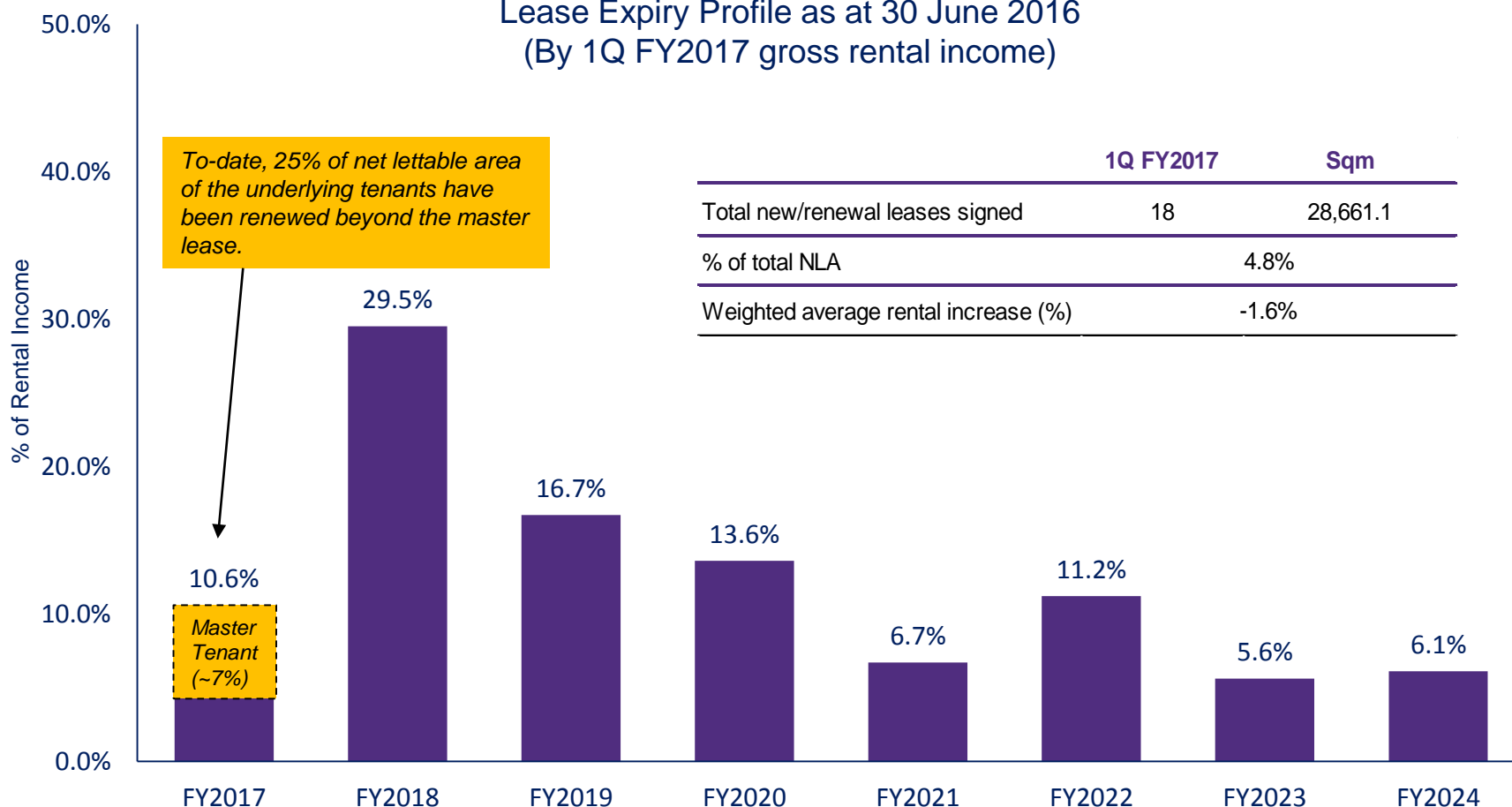
Tenant Base by Industry (By 1Q FY2017 gross rental income)



Active lease management

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Lease Expiry Profile as at 30 June 2016
(By 1Q FY2017 gross rental income)



Quality tenant base

Top 10 tenants by 1Q FY2017 by gross rental income

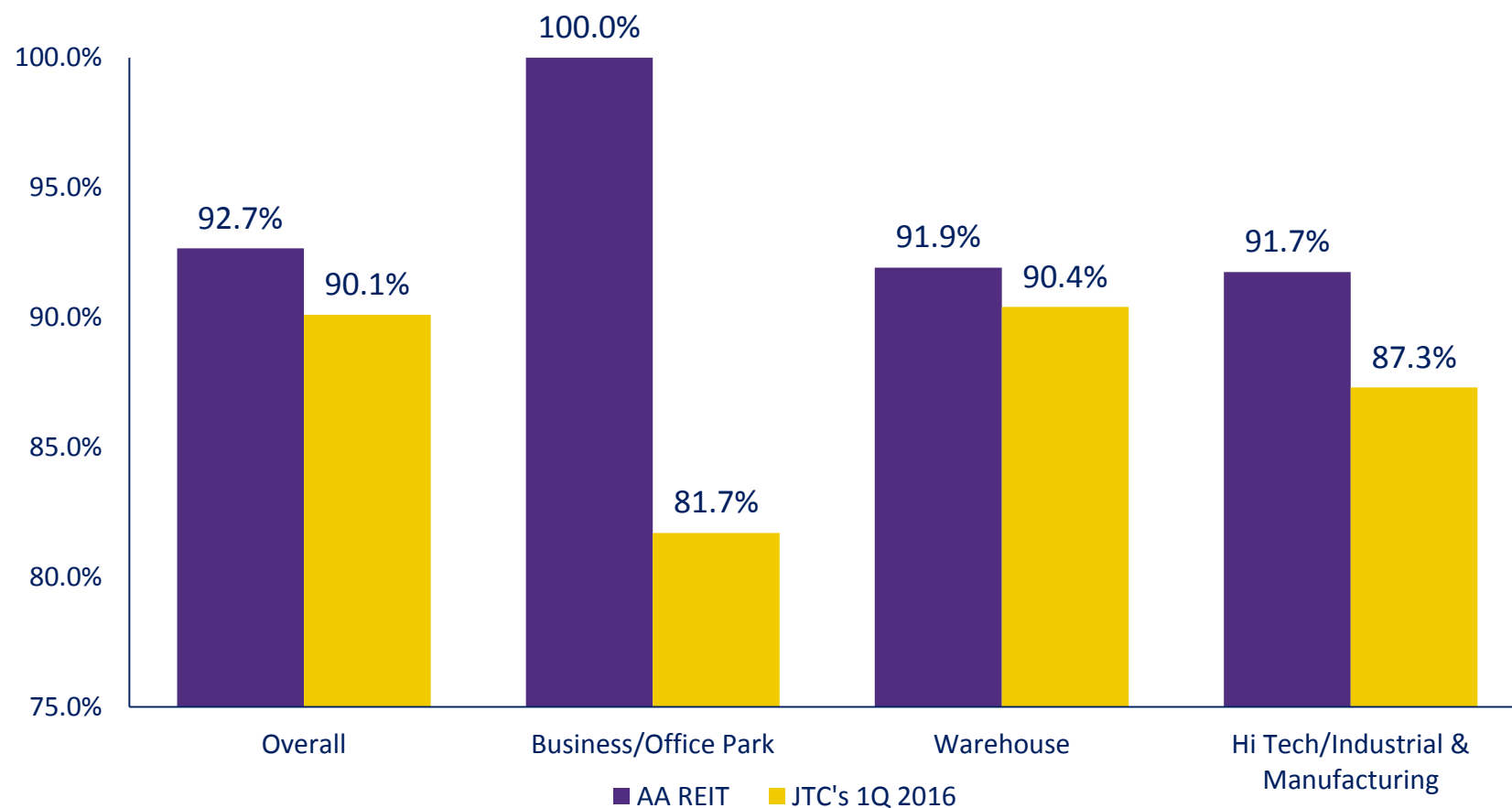
Tenant	%
CWT Limited*	22.7%
Optus Administration Pty Limited*	13.0%
Eurochem Corporation Pte Ltd	6.8%
Schenker Singapore (Pte) Ltd*	4.6%
Illumina Singapore Pte Ltd*	3.9%
Broadcom Singapore Pte Ltd*	2.9%
FNA Group International	2.4%
Enviro-Hub Group*	2.0%
CIT Cosmeceutical Pte Ltd	1.6%
Element14*	1.5%
Top 10 tenants	61.4%

* Listed Groups or subsidiaries of listed entities



Comparisons to Singapore industrial average occupancy levels

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> 4

MARKET OUTLOOK & STRATEGY

Market Outlook

> 4

Market outlook remains challenging

- Ministry of Trade and Industry (“MTI”) announced on 14 July 2016 that the Singapore economy grew by 2.2% on a year-on-year basis in the second quarter of 2016, marginally higher than the 2.1% growth in the previous quarter. MTI maintains 2016 gross domestic product growth forecast at 1.0% to 3.0%.
- Based on JTC statistics, prices and rentals of industrial space continued to fall in tandem with occupancy rates. In 2016, supply of industrial space coming on-stream is significantly higher than the average annual supply during the past 3 years.
- Uncertainty of the global economy with the exit of Britain from the European Union and the uncertain impact of the possible interest rate hike by the US Federal Reserve are expected to dampen overall business sentiment.
- The industrial leasing market will continue to be challenging in the near term given the soft demand for industrial premises and oversupply situation in Singapore.

Strategy

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Yield accretive investments

Focus on successful delivery of current developments on time and within budget.

Evaluation of further redevelopment opportunities in Singapore.

Continued evaluation of yield accretive investment opportunities in Singapore and Australia.

Active asset and leasing management

Continual focus on prudent asset and lease management.

Unlocking value of selected asset(s) within the portfolio through asset enhancement.

To maintain above industrial average occupancy.

Prudent capital and risk management

Prudent capital management by splitting of debt maturities. Target leverage between 30% - 45%.

Focus on maintaining stable DPU.

Maintenance of investment grade rating.

Potential opportunities within AA REIT's portfolio

> 4

A large proportion of current portfolio remains under-utilised; with select organic opportunities available to AA REIT



10 Soon Lee Rd



3 Tuas Avenue 2



8 Senoko South Rd



11 Changi South St 3



10 Changi South Lane



541 Yishun Industrial
Park A



2 Ang Mo Kio St 65



3 Toh Tuck Link



7 Clementi Loop

Potential untapped GFA
≈ 758,480 sqft

Vision and Mission

> 4

Vision

- To be a high-performing Asia Pacific industrial real estate solutions provider to our partners.

Mission

- To provide investors with sustainable long-term returns from an actively managed portfolio of quality industrial real estate located throughout Asia Pacific.

Operating Principles

- **Deliver to our Unitholders:** We are focused on achieving stable and sustainable financial returns for our Unitholders by maximising our portfolio's performance.
- **Disciplined investment:** Our investment strategy is to build a quality and diversified portfolio of industrial real estate assets throughout Asia Pacific.
- **Active portfolio management:** We strive for value creation by proactively managing our portfolio to deliver sustainable long-term returns.
- **Prudent capital and risk management:** We have a proven track record of prudent capital management supported by a focused risk management framework.
- **Be a trusted partner:** Developing trusting relationships with our Unitholders, tenants, other key stakeholders and communities is ingrained in the way we do business.
- **Strong corporate governance:** By championing strong corporate governance principles and practices, we aim to be recognised as a transparent and responsible company.

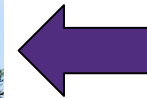
8 & 10 Tuas Ave 20 – Redevelopment (Before and After)

> 4



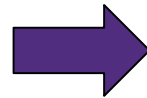
Before

Customised two adjoining two-storey industrial space with an under-utilised plot ratio



After

Versatile three-storey industrial facility with ramp and cargo lift access



8 & 10 Tuas Ave 20 – Fact Sheet

> 4

	Prior to redevelopment	Post redevelopment
Property	Customised two adjoining two-storey industrial space	Versatile three-storey industrial facility with ramp and cargo lift access
Valuation	S\$8.7 million ¹	S\$32.0 million ²
Plot Ratio	1.03	1.4
Land Area	113,668 sqft	113,668 sqft
Gross Floor Area (GFA)	117,521 sqft	Approx. 159,135 sqft
Total redevelopment cost	S\$ 27 million (including land cost and excluding insurance payout)	
Pro forma leverage ³	33.7%	

1. Based on Savills Valuation And Professional Services (S) Pte Ltd's valuation dated 31 March 2016 on a "as-is" basis.

2. Based on Savills Valuation And Professional Services (S) Pte Ltd's valuation dated 31 March 2016 on an "as-if-complete" basis.

3. Pro forma leverage is calculated based on position as at 31 December 2015, taking into account the completion of the 30 & 32 Tuas West Road and 8 & 10 Tuas Ave 20 redevelopments.

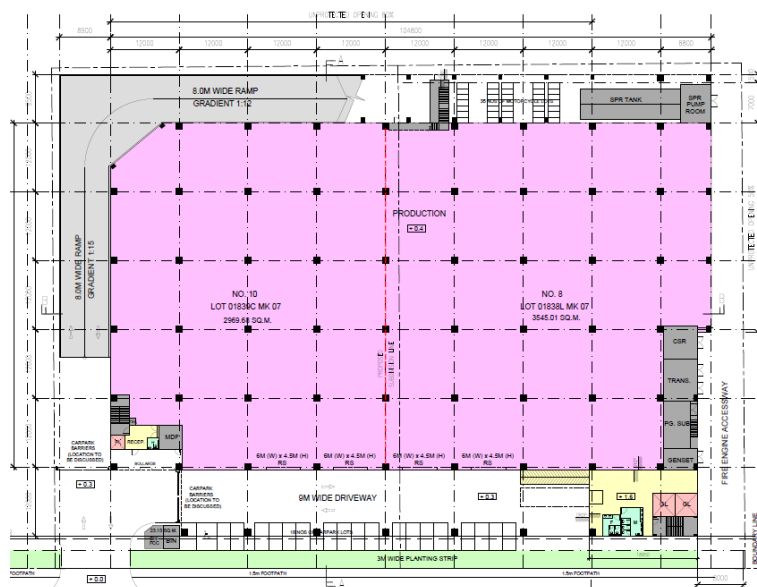
8 & 10 Tuas Ave 20 – Redevelopment

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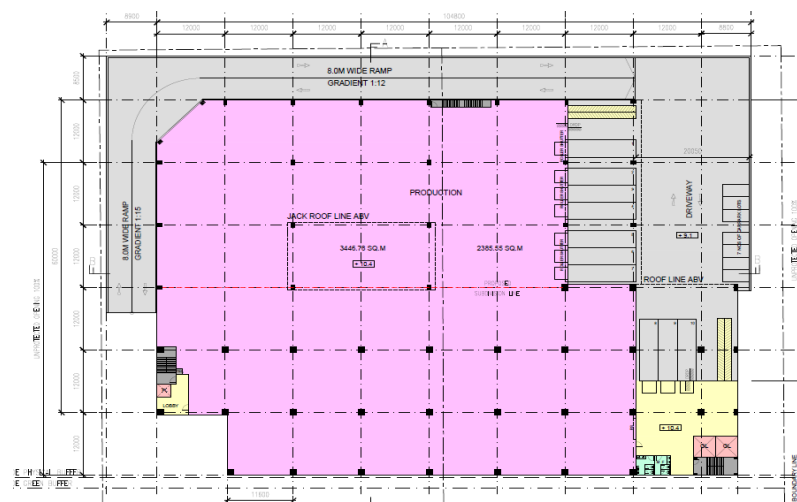
After

Versatile three-storey industrial facility with ramp and cargo lift access

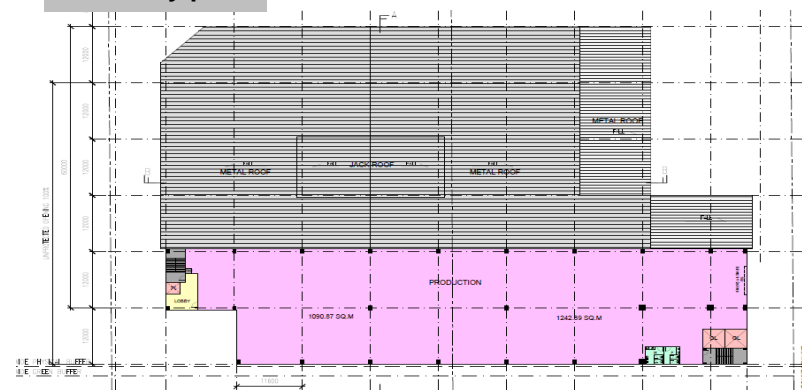
1st storey plan



2nd storey plan



3rd storey plan





*Awarded Best Investor Relations Company and
Asia's Best CEO in Singapore at the
6th Asian Excellence Awards 2016*

Thank you

For enquiries, kindly contact:

AIMS AMP Capital Industrial REIT Management Limited

Koh Wee Lih

Chief Executive Officer

Tel: + 65 6309 1050

Email: wlkoh@aimsampcapital.com

Joanne Loh

Assistant Fund Manager

Tel: + 65 6309 1057

Email: jlloh@aimsampcapital.com



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