



AIMS AMP CAPITAL INDUSTRIAL REIT

8th ANNUAL GENERAL MEETING PRESENTATION

27 July 2017



AMPCAPITAL 

Important notice

Disclaimer

This Presentation is focused on comparing actual results for the financial period from 1 April 2016 to 31 March 2017 (“FY2017”) and 1 April 2017 to 30 June 2017 (“1Q FY2018”) 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 FY2017 and 1Q FY2018 as per the SGXNet Announcement.

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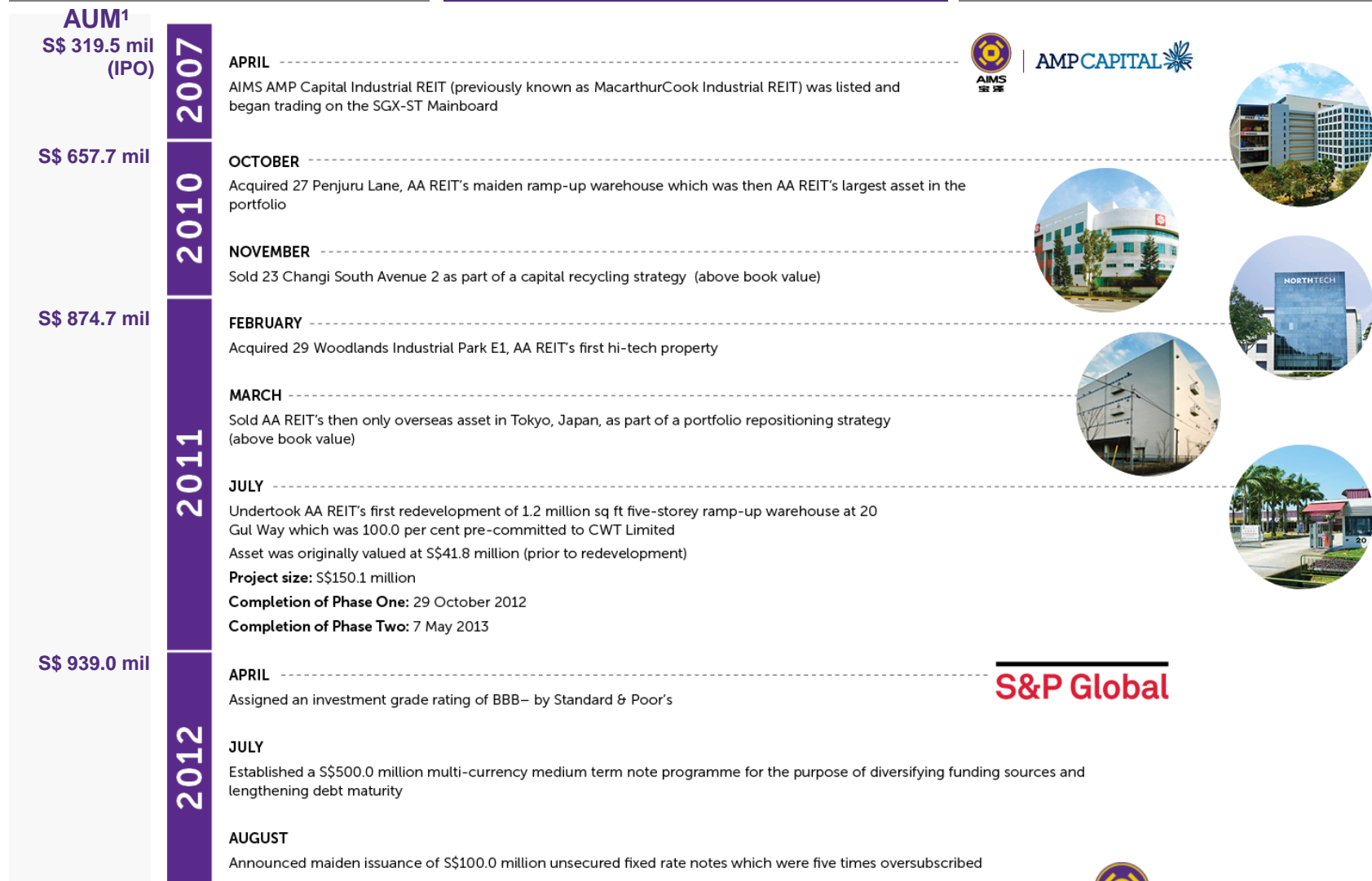
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CELEBRATING 10 YEARS OF PARTNERSHIP

26 properties in Singapore;
1 property in Australia

Total assets
S\$1.5 billion

6.75 million
sq ft NLA



AIMS AMP Capital Industrial REIT

¹ Figure accurate as at end of financial year in March.

AUM¹
S\$ 1.06 bil
*Marking AA
 REIT's S\$1 bil
 AUM milestone*

2013

JANUARY

Undertook a second redevelopment of a modern 203,000 sq ft six-storey industrial facility at 103 Defu Lane 10 which was 76.0 per cent pre-committed to Focus Network Agencies (Singapore) Pte Ltd

Project size: S\$21.7 million

Completion: 28 May 2014



JUNE

Undertook a further development of 497,000 sq ft at 20 Gul Way as a result of increase in plot ratio. The asset is the largest in AA REIT's portfolio and 100.0 per cent leased to CWT Limited

Project size: S\$73.0 million

Completion of Phase Two Extension: 14 June 2014

Completion of Phase Three: 9 September 2014



S\$ 1.41 bil

2014

JANUARY

Welcomed Koh Wee Lih on board as the Manager's Chief Executive Officer and Executive Director

FEBRUARY

Acquired a 49.0 per cent interest in business park, Optus Centre, Macquarie Park, New South Wales, marking AA REIT's maiden acquisition in Australia



MAY

Undertook an asset enhancement initiative at 26 Tuas Avenue 7 to create additional production line and storage space for existing master tenant

The master tenant, Aalst Chocolate Pte Ltd extended the lease for a further five-year term



S\$ 1.46 bil

2015

MAY

Undertook a third redevelopment of a five- storey ramp-up warehouse (approximately 289,000 sq ft) at 30 Tuas West Road which is fully leased to CWT Limited

Project size: S\$40.6 million

Completion: 27 December 2016



S\$ 1.46 bil

2016

APRIL

Undertook a fourth redevelopment of a three-storey industrial facility (approximately 159,000 sq ft) at 8 & 10 Tuas Avenue 20

Project size: S\$27.0 million (including land cost)

Target completion: Second half of 2017



AUGUST

Announced AA REIT's first greenfield build-to-suit development of an industrial facility (approximately 232,000 sq ft) at 51 Marsiling Road which will be fully leased to Beyonics International Pte Ltd for ten years upon completion (after fitting out period)

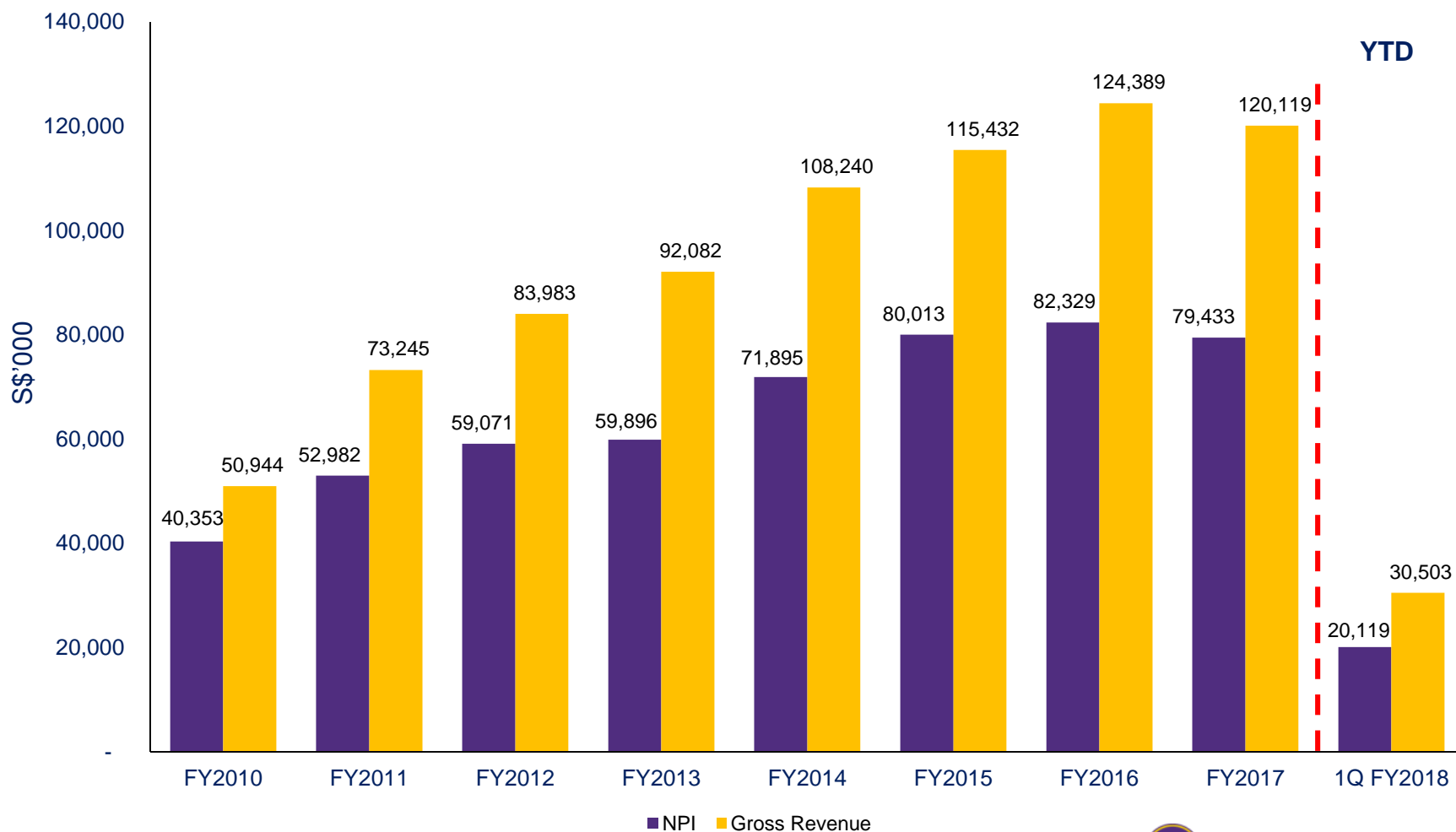
Project size: S\$39.4 million (including land cost)

Target completion: Second half of 2017



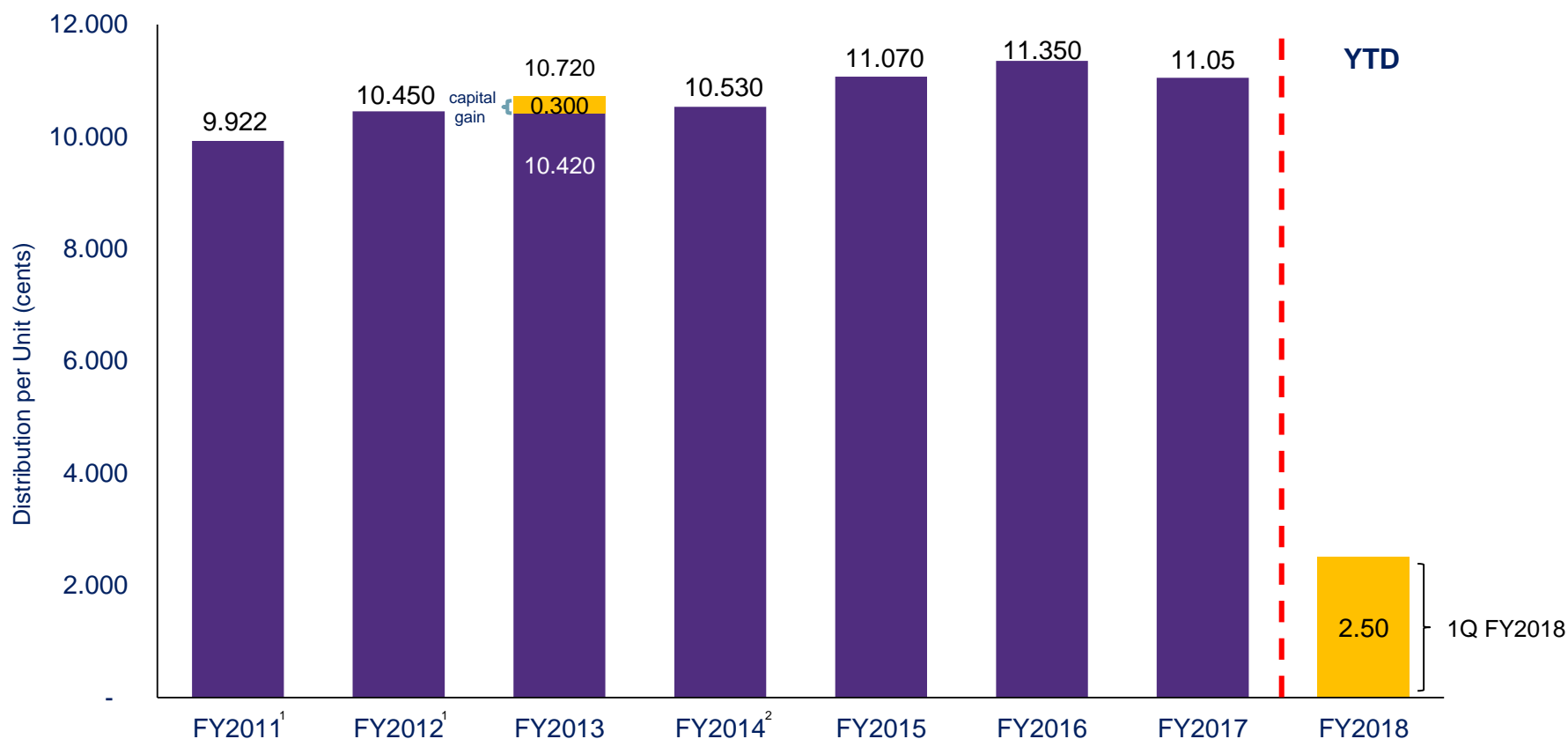
Revenue performance since 2009

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Stable and sustainable DPU

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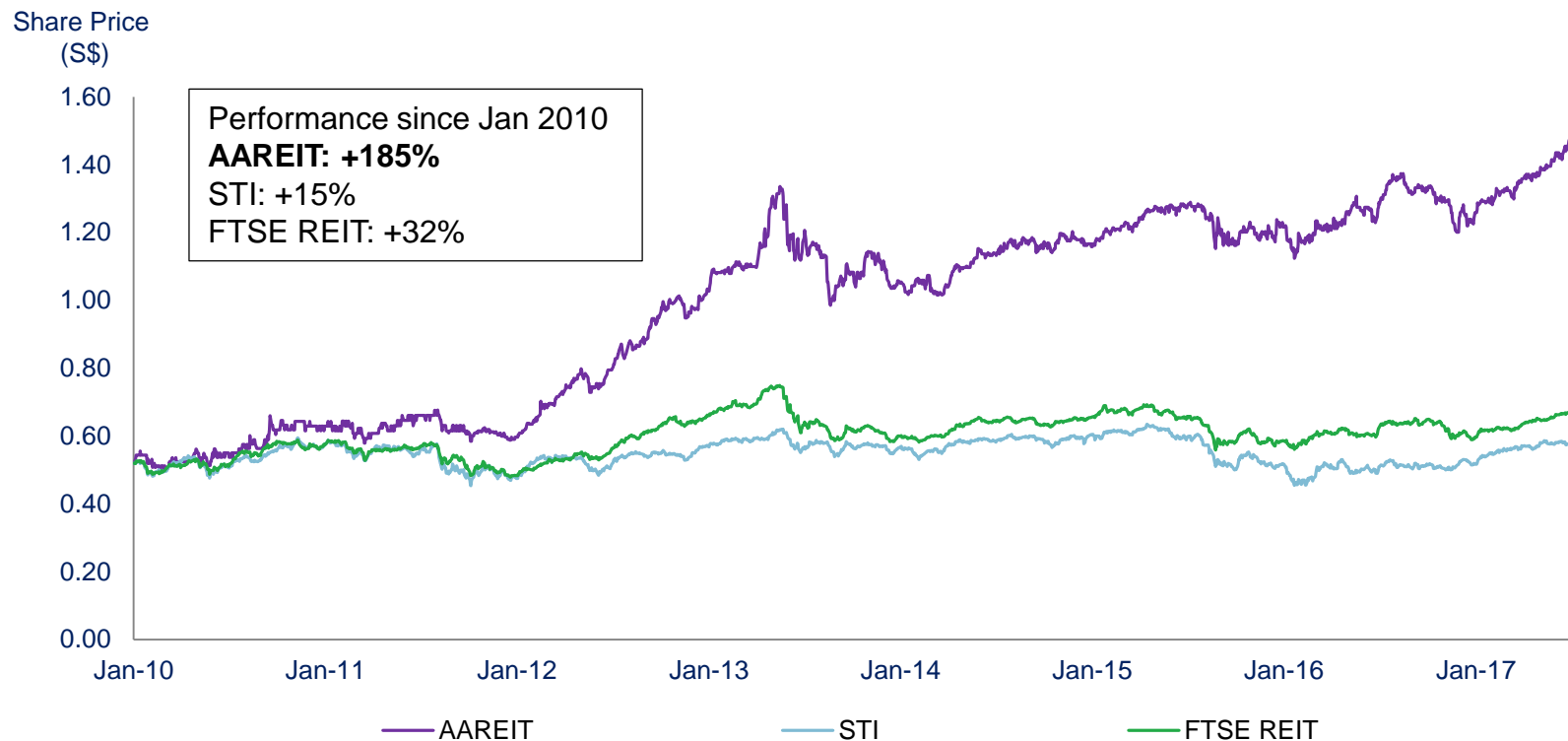


¹ The number of Units used to calculate the distribution per Unit ("DPU") has been adjusted for the effect of the Unit Consolidation to allow for comparison.

² The lower DPU is due to equity fund raising in FY2014 which increased the number of Units in issue.

Performance of AA REIT

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Source: Bloomberg data as of 25 July 2017

Note:

(A) Assumes dividends reinvested

(B) Price is adjusted for Equity Transactions

> 2

HIGHLIGHTS FOR FY2017

Highlights for FY2017

> 2

Focus on active portfolio management in navigating challenging market conditions

- DPU for FY2017 of 11.05 cents, compared to DPU for FY2016 of 11.35 cents.

Lease renewals

- Executed 81 new and renewal leases in FY2017, representing 160,888.6 sqm (25.7% of current NLA of the portfolio).
- Increased occupancy to 94.6% from 93.4% a year ago, and continue to be above the industrial average of 89.4%.
- First and second phases of master lease at 20 Gul Way, AA REIT's largest asset, which expired in FY2017 has been fully leased out.
- Successfully extended the master lease of CIT Cosmeceutical Pte Ltd, a top ten tenant for a further seven years.

Highlights for FY2017

> 2

Prudent capital management

- 84.4% of the portfolio's interest rate is fixed taking into account interest rate swap contracts and fixed rate notes.
- Reduced overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.7% from 4.2% a year ago.
- Aggregate leverage as at 31 March 2017 is at 36.1%.
- Fourth issuance of S\$50 million 5-year fixed rate notes at attractive rate of 3.6% to extend debt maturity.
- Standard & Poor's reaffirmed AA REIT's investment grade rating of 'BBB-' with stable outlook.
- In April 2017, AA REIT received commitment from a syndicate of financial institutions to refinance its existing secured facility due in November 2017 with a new four-year revolving credit facility and three-year Australian dollar term loan.
- Current weighted average debt maturity of 2.3 years. Post refinancing, weighted average debt maturity (on a pro forma basis) will increase to 2.7 years.

Recently completed development - 30 Tuas West Road

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30 Tuas West Road

- TOP was granted on 27 December 2016
- Full income contribution in 1Q FY2018
- 100% leased to master tenant, CWT Limited
- Valuation of S\$60.7 million
 - Profit recognised of S\$6.0 million



Fact Sheet

	Prior redevelopment	Post redevelopment
Property	Two three-storey detached industrial buildings	Five-storey ramp-up warehouse facility
Valuation	S\$14.1 million ¹	S\$60.7 million ²
Annual Rental Income	S\$0.82 million ³	S\$4.15 million ⁴
Plot ratio	1.15	2.08
Gross Floor Area	159,717 sqft	288,664 sqft

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

² Based on Savills Valuation And Professional Services (S) Pte Ltd's valuation dated 27 December 2016.

³ Annual Rental Income for FY2015.

⁴ First year rental income.

Summary financials update: 30 Tuas West Road

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		Per 22 May 2015 announcement (S\$ million)	Actual Achieved (S\$ million)
1	Gross development value upon completion	60.7 ¹	60.7 ²
2	Project redevelopment cost	(41.7)	(40.6)
3	Land cost ³	(14.1)	(14.1)
4	Profit	4.9	6.0
5	Profit margin	8.8%	11.0%
6	Net property income yield (based on development cost)	7.2%	7.4%

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 Savills Valuation And Professional Services (S) Pte Ltd's valuation dated 27 December 2016.

³ Based on Knight Frank Pte Ltd's valuation dated 31 March 2015.

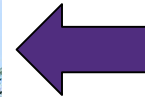
8 Tuas Ave 20 – Redevelopment (Before and After)

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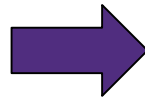
Before

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



Build-to-Suit industrial facility for Beyonics

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- AA REIT is developing a greenfield build-to-suit (“BTS”) industrial facility for a leading strategic manufacturer – Beyonics International Pte Ltd (“Beyonics”).
- This is AA REIT’s first third-party greenfield development project outside its existing portfolio.
- AA REIT has acquired the land from a third party vendor, Seiko Instruments Singapore Pte Ltd, before proceeding with the construction of the BTS project.
- This project reaffirms AA REIT’s growth strategy of seeking yield accretive BTS opportunity.



Structure of the Transaction

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Key Terms of the Transaction

Master Tenant	Beyonics International Pte Ltd
Master Lease Terms	10 years master lease on the entire property with rent escalation
Option to renew	5 + 5 years
Annual Rental Income	S\$3.5 million (Year 1)
Proposed development	5-storey Build-to-Suit production facility
D&C Contractor	Boustead Projects Limited
Development Costs	Approximately S\$39.4 million (including land and associated transaction costs)
Financing	AA REIT has sufficient funding capacity for the entire cost of development
GFA	Approx. 231,738 sqft
Target Completion	2H 2017

Summary Estimated Financials

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		S\$ million
1	Gross development value upon completion ¹	42.9
2	Project development cost (including land cost)	(39.4)
3	Profit	3.5
4	Profit margin	8.9%
5	Net property income yield	8.9%
		(based on development cost)
6	DPU impact per annum ²	+0.30 cents

¹ Based on CBRE Pte. Ltd.'s valuation dated 31 March 2017 on an "as-if-complete" basis.

² The DPU impact set out in this announcement is for illustration purposes only and purely on a pro forma basis based on the assumptions that AA REIT had completed, held and operated the proposed development for the whole of the financial year ended 31 March 2016, the proposed development was fully funded with debt and based on Units in issue of 635,366,206 as at 31 March 2016.

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1Q FY2018 FINANCIAL RESULTS

Highlights for 1Q FY2018

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Active portfolio management in navigating challenging market conditions

- DPU performance: 2.50 cents per Unit for the quarter.
- Gross revenue and net property income for 1Q FY2018 remained relatively stable compared to preceding quarter.

Lease renewals

- Executed 23 new and renewal leases in 1Q FY2018, representing 46,068.2 sqm (7.4% of net lettable area) at a weighted average rental decrease of 4.3% on the renewals.
- Decrease in portfolio occupancy to 91.0% from 94.6% a quarter ago, mainly due to the expiry of master lease at 3 Tuas Ave 2 and decrease in occupancy for the logistics portfolio. However, portfolio occupancy continue to be above the industrial average of 89.4%.
- Third phase of master lease at 20 Gul Way (27,640 sqm of net lettable area), AA REIT's largest asset, which expired in May 2017 is currently 80% leased out. The occupancy of the whole property is currently 94%.

Developing a higher quality portfolio

- The two development projects at 51 Marsiling Road and 8 Tuas Ave 20 are on budget and due to complete in second half of 2017.

Highlights for 1Q FY2018

> 3

Prudent capital management

- 83.3% of the portfolio's interest rate is fixed taking into account interest rate swap contracts and fixed rate notes.
- Reduced overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.6% from 3.7% a quarter ago.
- Aggregate leverage as at 30 June 2017 is at 36.3%.
- Weighted average debt maturity of 2.0 years (2.5 years on a pro forma basis¹)

¹ In April 2017, AA REIT received commitment from a syndicate of financial institutions to refinance the secured facilities due in November 2017 with a new four-year revolving credit facility and three-year Australian dollar term loan.

Results for 1Q FY2018

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	1Q FY2018 S\$'000	4Q FY2017 S\$'000	Q-o-Q %	1Q FY2017 S\$'000	Y-o-Y %
Gross Revenue¹	30,503	30,606	(0.3)	29,234	4.3
Net Property Income¹	20,119	19,973	0.7	20,405	(1.4)
Share of results of joint venture (net of tax)²	3,661	4,119	(11.1)	3,605	1.6
Distribution to Unitholders³	15,999	17,755	(9.9)	17,525	(8.7)
DPU (cents)	2.50	2.78	(10.1)	2.75	(9.1)
DPU yield⁴ (%)	6.69%				

¹ Please refer to section 8 of the unaudited financial statement for explanation of the variances.

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 FY2017 included the share of revaluation surplus of S\$0.3 million from the valuation of Optus Centre (after adjusting for the straight-lining of rental income and capitalised capital expenditure).

³ The Manager resolved to distribute S\$16.0 million for 1Q FY2018, comprising (i) taxable income of S\$15.4 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.3 million and capital distribution of S\$0.3 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

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 FY2018, the Manager has resolved to distribute 94.4% of the Singapore taxable income available for distribution to the Unitholders.

⁴ Based on closing price of S\$1.495 on 26 July 2017 and annualised DPU of 10.0 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2018 and annualised to the full year.

Key financial metrics

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	1Q FY2018	4Q FY2017
Appraised Value of Property Portfolio	S\$1,455.9 million ¹	S\$1,445.3 million ²
Market Capitalisation ³	S\$954.8 million	S\$890.9 million
NAV per Unit	S\$1.39	S\$1.39
Share Price ³	S\$1.495	S\$1.395
Premium / (Discount) to NAV ³	7.6%	0.4%
Aggregate Leverage ⁴	36.3%	36.1%
Interest Cover Ratio ⁵	4.9 times	5.0 times
Weighted Average Debt Maturity	2.0 years 2.5 year (pro forma basis) ⁶	2.3 years

¹ Singapore portfolio included (i) investment properties and investment properties under development based on valuation as at 31 March 2017 appraised by CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd and (ii) capitalised capital expenditure. Optus Centre, Macquarie Park, NSW, Australia is based on 49.0% interest in the property appraised by CBRE Valuations Pty Limited as at 31 March 2017 and capitalised capital expenditure.

² Singapore portfolio was based on valuation as at 31 March 2017 appraised by CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd. Optus Centre, Macquarie Park, NSW, Australia is based on 49.0% interest in the property appraised by CBRE Valuations Pty Limited as at 31 March 2017.

³ Based on the closing price per unit of S\$1.495 on 26 July 2017 and S\$1.395 on 26 April 2017.

⁴ Total debt as a % of total assets.

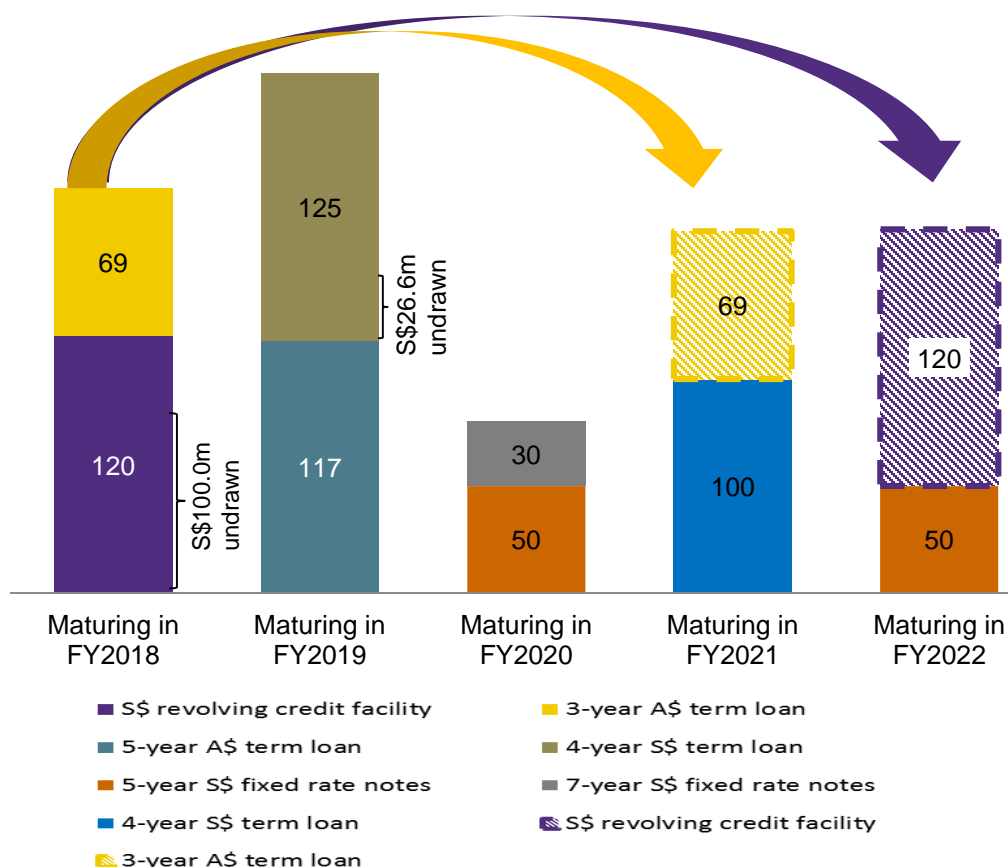
⁵ Bank covenant of at least 2.0 times.

⁶ In April 2017, AA REIT received commitment from a syndicate of financial institutions to refinance the secured facilities due in November 2017 with a new four-year revolving credit facility and three-year Australian dollar term loan.

Debt facilities as at 30 June 2017

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Effect of refinancing of secured facilities due in November 2017



Maturity date

S\$
'million

Due in November 2017 (FY2018)	88.9
Due in November 2018 (FY2019)	98.4
Due in February 2019 (FY2019)	116.9
Due in May 2019 (FY2020)	50.0
Due in December 2019 (FY2020)	30.0
Due in August 2020 (FY2021)	100.0
Due in March 2022 (FY2022)	50.0
Total debt drawn down	534.2

Undrawn available facilities 126.6

Total committed facilities 660.8

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PORTFOLIO PERFORMANCE

Strong and stable cashflows

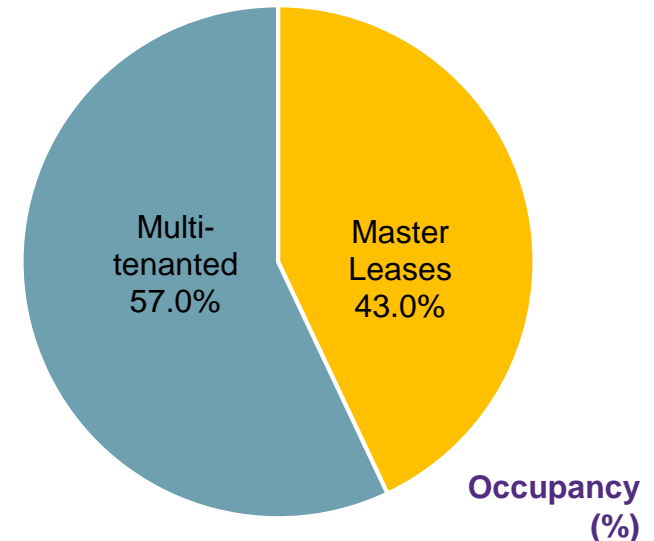
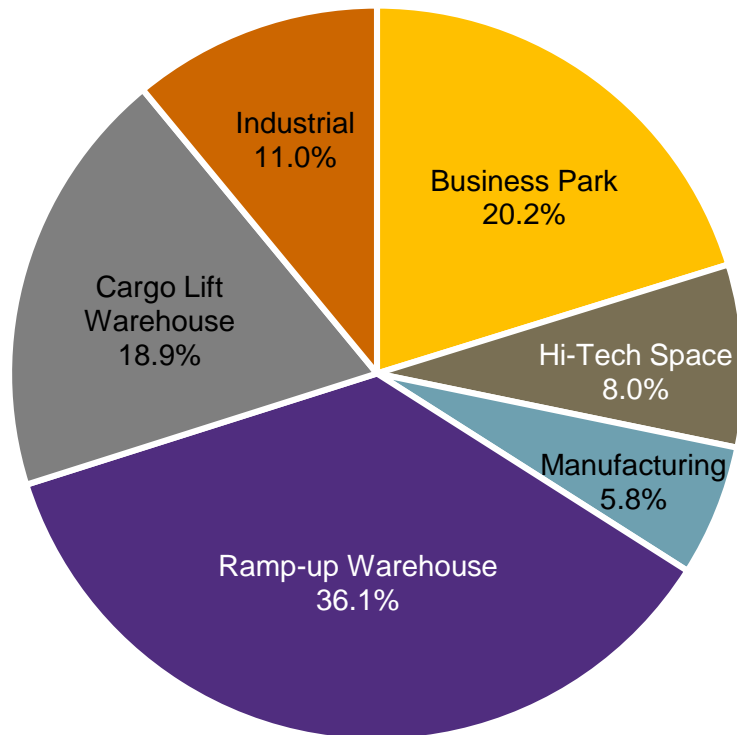
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Portfolio breakdown

By 1Q FY2018 gross rental income

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Total Portfolio ¹ (25 properties)	91.0
Master Leases ² (8 properties)	100.0
Multi-tenanted ^{2,3} (18 properties)	88.2

¹ Excludes redevelopment of 8 Tuas Ave 20 and greenfield development at 51 Marsiling Road.

² 20 Gul Way is partially under master lease and partially multi-tenanted.

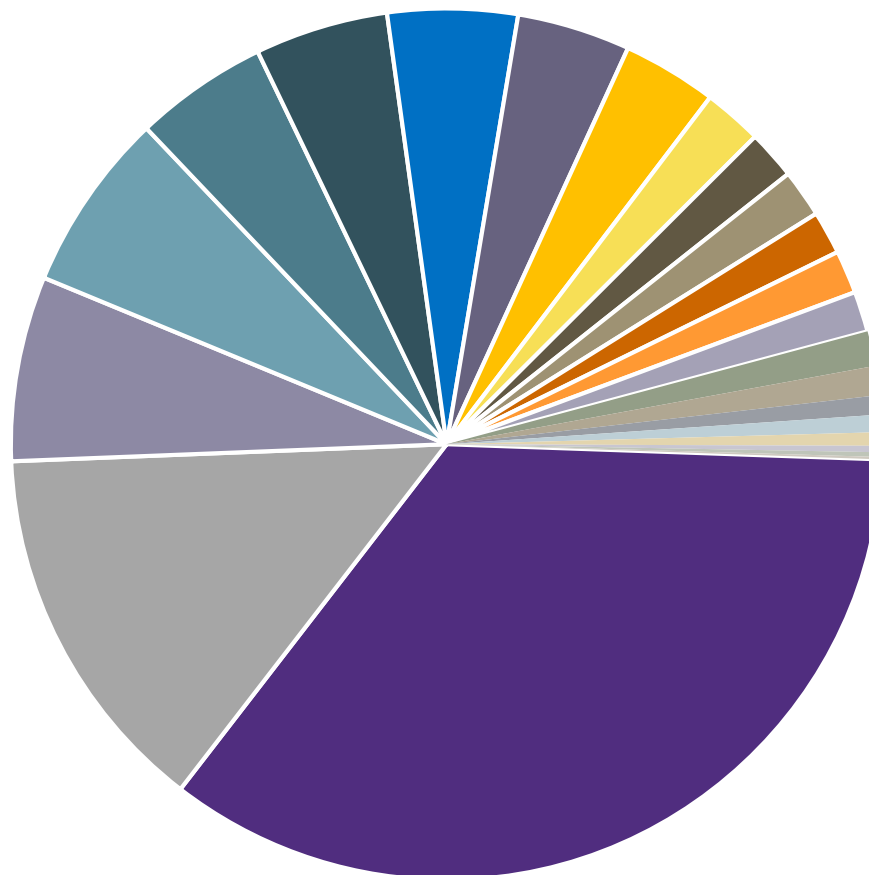
³ Includes recently vacated master lease at 3 Tuas Ave 2.

Diversification reduces risk

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Tenant Base by Industry (By 1Q FY2018 gross rental income)

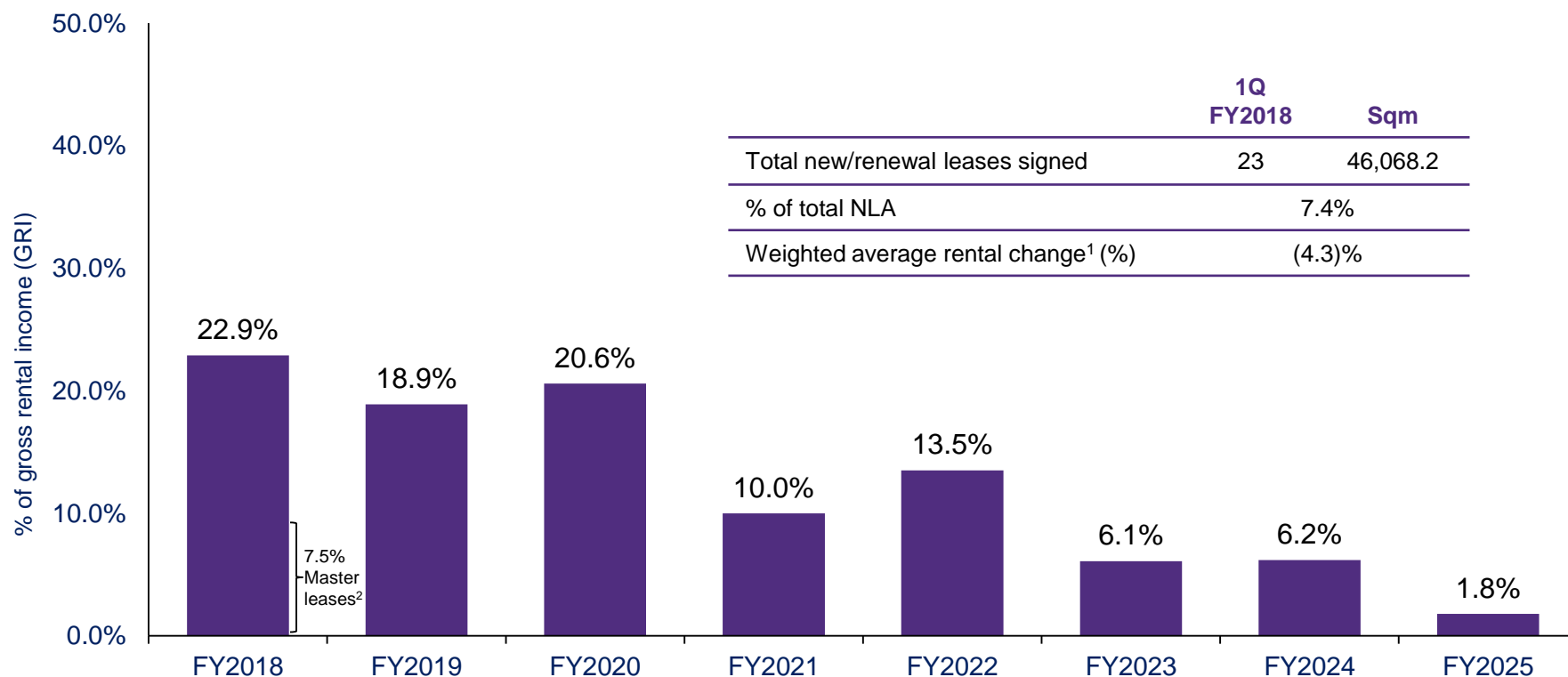
- Logistics, 34.9%
- Telecommunication, 13.9%
- Infrastructure, 6.9%
- Engineering, 6.7%
- IT & Electronics, 5.0%
- Consumer products, 4.9%
- FMCG, 4.8%
- Biotech / Life Sciences, 4.2%
- Semiconductor, 3.5%
- Pharmaceutical/Healthcare/Cosmetics, 2.2%
- Furniture, 1.8%
- Data Centre, 1.8%
- Fashion and Apparels, 1.6%
- Plastic Products and Distribution, 1.6%
- Self-storage, 1.5%
- Testing and certification, 1.3%
- Paper & Printing, 1.1%
- Metal Recycling, 0.7%
- F&B, 0.6%
- Others / Services, 0.5%
- Education, 0.2%
- Energy, 0.2%
- Design & Marketing, 0.1%



Active lease management

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Lease Expiry Profile as at 30 June 2017
(By 1Q FY2018 gross rental income)



	1Q FY2018	Sqm
Total new/renewal leases signed	23	46,068.2
% of total NLA	7.4%	
Weighted average rental change ¹ (%)	(4.3)%	

¹ Takes into account only renewal leases with the same tenant of the same lease area.

² Master lease at 20 Gul Way, of which 16.9% of NLA has been leased beyond master lease expiry date.

Quality tenant base

Top 10 tenants by 1Q FY2018 by gross rental income

Tenant	%
CWT Limited*	19.2%
Optus Administration Pty Limited*	13.4%
Eurochem Corporation Pte Ltd	6.9%
Schenker Singapore (Pte) Ltd*	4.7%
Illumina Singapore Pte Ltd*	4.2%
Broadcom Singapore Pte Ltd*	3.5%
FNA Group International	2.6%
CIT Cosmeceutical Pte Ltd	1.8%
Element 14*	1.5%
King Plastic Pte Ltd	1.5%
Top 10 tenants	59.3%

* Listed Groups or subsidiaries of listed entities



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MARKET OUTLOOK & STRATEGY

Market update and Outlook

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Macro Environment

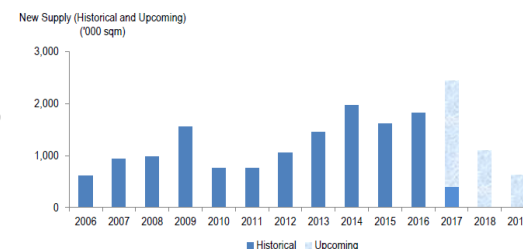
- Improved growth prospects for the global economy. However, uncertainties and downside risks remain.
- Rising anti-globalisation sentiments, political risks and economic uncertainties in Europe and Brexit, and tightening of monetary policy in China present downside risks to the global economy.

Singapore Economy

- Based on advance estimates by the Ministry of Trade and Industry, the economy grew by 2.5% y-o-y in 2Q 2017, same pace of growth as in the previous quarter.
- Government's official 2017 GDP forecast maintained at between 1.0% and 3.0%, with growth likely to come in higher than 2.0%.

Industrial Sector

- Based on JTC 1Q 2017 statistics, overall occupancy rates of Singapore's industrial property market fell 0.1% q-o-q to 89.4%.
- Compared to a year ago, the price and rental indices fell by 8.9% and 5.0%.
- In the next 3 quarters of 2017 about 2.0m sqm of industrial space is estimated to come on-stream. This is higher than the average annual supply and demand of around 1.8m sqm and 1.3m sqm, respectively in the past 3 years.
- The oversupply situation is likely to exert further downward pressure on occupancy, prices and rentals.



AA REIT

- The portfolio occupancy remains healthy at 91.0% and continues to be above the industrial average.
- The industrial leasing market remains challenging as supply continues to outpace demand in an anemic growth environment. The REIT continues to remain focused on asset and lease management, while opportunistically looking to enhance portfolio value through AEs and acquisitions.
- Prudent capital and risk management with 83.3% of the portfolio's interest rate fixed.

Strategy

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Yield accretive investments / developments

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%.

Substantially hedge interest rate exposure.

Maintenance of investment grade rating.

Potential opportunities within AA REIT's portfolio

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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
≈ 757,875 sqft



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



*Awarded Titanium Award for Excellence in
Governance, CSR and Investor Relations
at The Asset Corporate 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: jloh@aimsampcapital.com



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