


AIMS AMP CAPITAL INDUSTRIAL REIT

FY2019: First Quarter Financial Results Ended 30 June 2018
Results Presentation

26 July 2018

AIMS 宝泽 | AMP CAPITAL

Important notice

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This Presentation is focused on comparing actual results for the financial period from 1 April 2018 to 30 June 2018 (“1Q FY2019”) 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 FY2019 as per the SGXNet Announcement.

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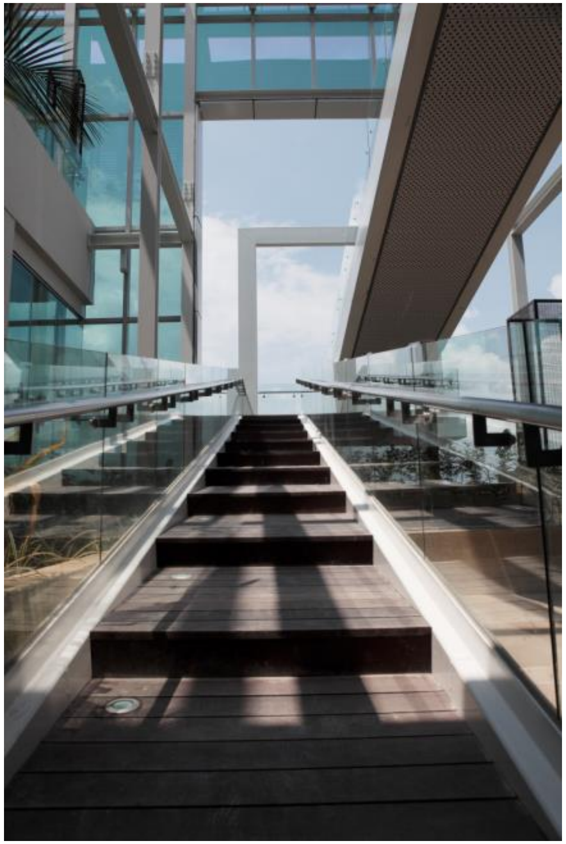

> 1 HIGHLIGHTS FOR 1Q FY2019

Highlights for 1Q FY2019

> 1

Focusing on asset management to navigate the soft market conditions

- DPU performance: 2.50 cents per Unit for the quarter.
- Gross revenue and net property income increased by 3.2% and 10.0% respectively from the preceding quarter and included maiden contribution from the newly completed property at 51 Marsiling Road.

Active lease management

- Executed 15 new and renewal leases in 1Q FY2019, representing 31,886 sqm (5.0% of total net lettable area).
- Increased portfolio occupancy to 91.5% from 90.5% in preceding quarter, above industrial average of 89.0%.

Developing a higher quality portfolio

- Maiden contribution from the newly completed property at 51 Marsiling Road from 27 April 2018 which was completed on time and within budget.
- Announced the asset enhancement initiative ("AEI") for NorthTech to upgrade the common areas and air-conditioning system of the building (including implementation of energy and water efficient initiatives) at approximately S$13.0 million to cater to the anchor tenant's additional lease commitment.

AEI for NorthTech (announced on 9 July 18)

> 1

Artist's Impression of AEI

Factsheet

Property	4-storey hi-tech industrial building
Gross Floor Area	45,481.3 sqm
Rental Income FY2018	S$10.2 million
Valuation (31 Mar 18)	S$102.0 million
Purchase Price (21 Feb 11)	S$72.0 million
Occupancy	100%
Lease Type	Multi-tenanted
WALE (30 Jun 18)	3.3 years

- The AEI will further enhance NorthTech as a modern and energy efficient hi-tech industrial facility with improvements to the common areas as well as implementation of sustainable strategies.
- The anchor tenant has committed to lease additional space because of the AEI.
- The building will remain operational while the AEI is being carried out and the project is estimated to cost S$13.0 million.

Highlights for 1Q FY2019 (cont'd)

> 1

Prudent Capital Management

- On 29 June 2018, AA REIT and its subsidiary executed a supplemental loan facility agreement with a syndicate of financial institutions for a four-year S$125 million term loan and a five-year A$110 million term loan. The new facilities were drawn down on 25 July 2018 to refinance the secured facilities due in November 2018 and February 2019 respectively.
- Post-refinancing, weighted average debt maturity (on a pro forma basis) is 3.1 years, with interest savings of approximately S$0.7 million per annum.
- 88.1% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes.
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.8%.
- Aggregate leverage as at 30 June 2018 is at 33.6%.
- Standard & Poor's reaffirms AA REIT's "BBB-" investment grade rating with a stable outlook.

Attractive return on investment

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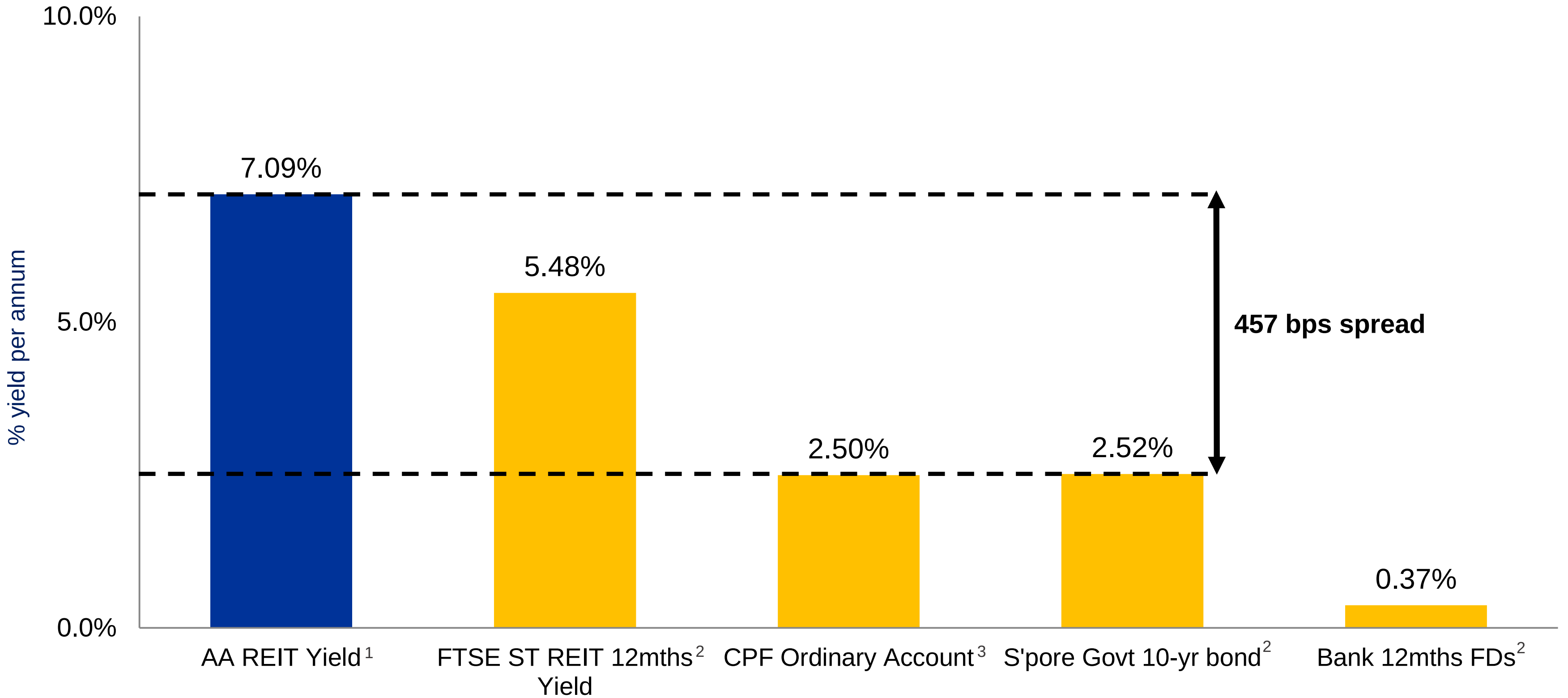

1 Based on closing price of S$1.41 on 25 July 2018 and annualised DPU of 10.0 cents. Annualised DPU is computed based on actual DPU payout for the first quarter of FY2019 and annualised to the full year.
2 Source: Bloomberg data as at June 2018.
3 Prevailing CPF Ordinary Account interest rate.

Stable and sustainable DPU

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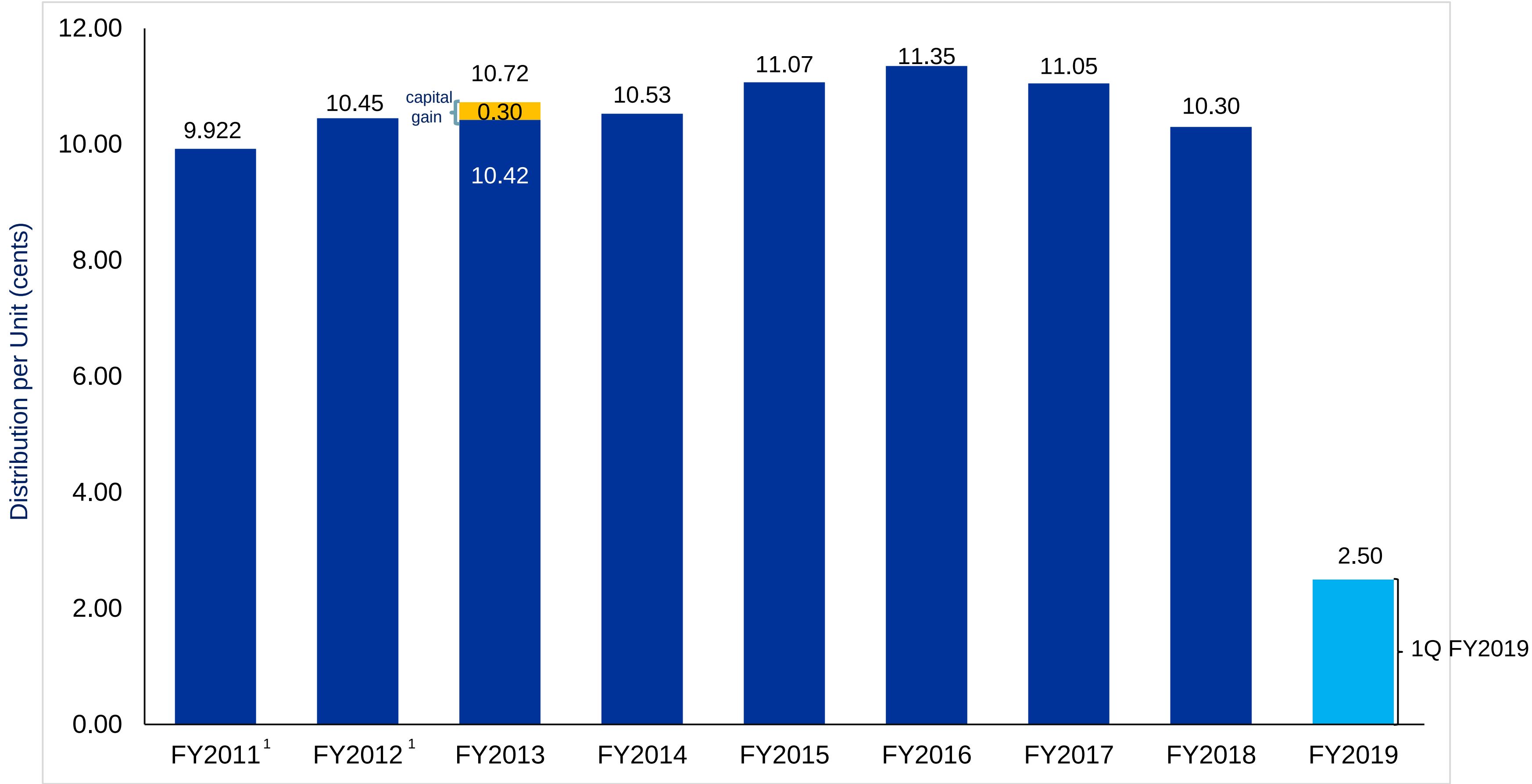

1 The number of Units used to calculate the distribution per Unit ("DPU") has been adjusted for the effect of the Unit Consolidation to allow for comparison.

> 2 1Q FY2019 FINANCIAL RESULTS

Distribution details

> 2

Stock counter	Distribution period	DPU (cents)
AIMSAMP Cap Reit Code: O5RU	For 1 April 2018 to 30 June 2018	2.50

Distribution Period	For 1 April 2018 to 30 June 2018
Ex-date	3 August 2018, 9.00am
Books closure date	7 August 2018, 5.00pm
Return of Tax Declaration Forms	28 August 2018, 5.00pm
Distribution payment date	20 September 2018

Results for 1Q FY2019

	1Q FY2019 S$'000	4Q FY2018 S$'000	Q-o-Q %	1Q FY2018 S$'000	Y-o-Y %
Gross Revenue[1]	28,925	28,032	3.2	30,503	(5.2)
Net Property Income[1]	19,431	17,669	10.0	20,119	(3.4)
Share of results of joint venture (net of tax)[2]	3,339	6,363	(47.5)	3,661	(8.8)
Distributions to Unitholders[3]	17,139	17,975	(4.7)	15,999	7.1
DPU (cents)	2.50	2.63	(4.9)	2.50	-
DPU yield[4] (%)	7.09				

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 AA REIT'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) in 4Q FY2018 included the share of revaluation surplus from the valuation of Optus Centre.

3 The Manager resolved to distribute S$17.1 million for 1Q FY2019, comprising (i) taxable income of S$15.7 million from Singapore operations; and (ii) tax-exempt income distribution of S$0.69 million and capital distribution of S$0.75 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 FY2019, the Manager has resolved to distribute 99.7% of the Singapore taxable income available for distribution to the Unitholders.

4 Based on closing price of S$1.41 on 25 July 2018 and annualised DPU of 10.00 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2019 and annualised to the full year.

Balance sheet

> 2

	30 June 2018	31 March 2018
Total Assets (S$'M)	1,474.6	1,477.6
Comprising (S$'M):		
- Investment properties	1,210.7	1,210.1
- Investment properties under development	18.8	18.6
- Joint venture	220.9	220.8
- Trade and other receivables	11.0	10.1
- Derivative financial instruments	0.8	0.5
- Cash and cash equivalents	12.4	17.5
Total Liabilities (S$'M)	535.4	538.6
Net Assets (S$'M)	939.2	939.0
NAV per Unit (S$)	1.37	1.37
Total Debt[1] (S$'M)	495.2	494.9
Aggregate Leverage (%)	33.6	33.5

1 Excluding unamortised loan transaction costs.

Key financial metrics

> 2

	1Q FY2019	4Q FY2018
Appraised Value of Property Portfolio	S$1,451.9 million[1]	S$1,450.7 million[2]
Market Capitalisation[3]	S$966.6 million	S$950.0 million
NAV per Unit	S$1.37	S$1.37
Share Price[3]	S$1.41	S$1.39
Premium / (Discount) to NAV[3]	2.9%	1.5%
Aggregate Leverage[4]	33.6%	33.5%
Interest Cover Ratio[5]	4.8 times	4.7 times
Weighted Average Debt Maturity	1.6 years (3.1 years pro forma basis)[6]	1.8 years

1 Singapore portfolio included (i) investment properties and investment property under development based on valuation as at 31 March 2018 appraised by Jones Lang LaSalle Property Consultants Pte. Ltd. or Colliers International Consultancy & Valuation (Singapore) Pte Ltd and (ii) capitalised capital expenditure. Optus Centre, Macquarie Park, NSW, Australia is based on 49.0% interest in the property appraised by Jones Lang LaSalle Property Consultants Pty Ltd as at 31 March 2018.

2 Singapore portfolio was based on valuation as at 31 March 2018 appraised by Jones Lang LaSalle Property Consultants Pte. Ltd. or Colliers International Consultancy & Valuation (Singapore) Pte Ltd. Optus Centre, Macquarie Park, NSW, Australia is based on 49.0% interest in the property appraised by Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2018.

3 Based on the units outstanding and closing price per unit of S$1.41 on 25 July 2018 and S$1.39 on 24 April 2018.

4 Total debt as a % of total assets.

5 Bank covenant of at least 2.0 times.

6 On 29 June 2018, AA REIT and its subsidiary executed a supplemental loan facility agreement with a syndicate of financial institutions for a four-year S$125 million term loan and a five-year A$110 million term loan. The new facilities were drawn down on 25 July 2018 to refinance the secured facilities due in November 2018 and February 2019 respectively.

> 3 PRUDENT CAPITAL MANAGEMENT

Debt facilities as at 30 June 2018

> 3

Secured SGD borrowings

- Consortium of 7 banks comprising regional and foreign banks
- Total secured facility of **S$320.3 million** comprising:
  - 4-year term loan facility of S$100.3 million, maturing in November 2018. On 25 July 2018, AA REIT drew down on a new 4-year term loan facility to extend the debt to July 2022
  - 4-year term loan facility of S$100.0 million, maturing in August 2020
  - 4-year revolving credit facility of S$120.0 million, maturing in November 2021

Secured AUD borrowings

- Secured AUD borrowings as natural hedge for the investment in Optus Centre, Australia
- Total secured facility of **A$175.7 million** comprising:
  - 5-year onshore term loan facility of A$110.7 million, maturing in February 2019. On 25 July 2018, AA REIT's subsidiary drew down on a new 5-year term loan facility to extend the debt to July 2023
  - 3-year offshore term loan facility of A$65.0 million, maturing in November 2020

Debt facilities as at 30 June 2018 (cont'd)

> 3

Unsecured borrowings

- S$30.0 million 7-year fixed rate notes at 4.35% maturing in December 2019 (2nd issuance)
- S$50.0 million 5-year fixed rate notes at 3.80% maturing in May 2019 (3rd issuance)
- S$50.0 million 5-year fixed rate notes at 3.60% maturing in March 2022 (4th issuance)

Summary

- Increased weighted average debt maturity to 3.1 years (on a pro forma basis) after taking into account the refinancing in July 2018, with interest savings of approximately S$0.7 million per annum.
- 88.1% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes.
- Overall blended funding cost of 3.8%.
- No debt due for refinancing until May 2019.

Debt facilities as at 30 June 2018 (cont'd)

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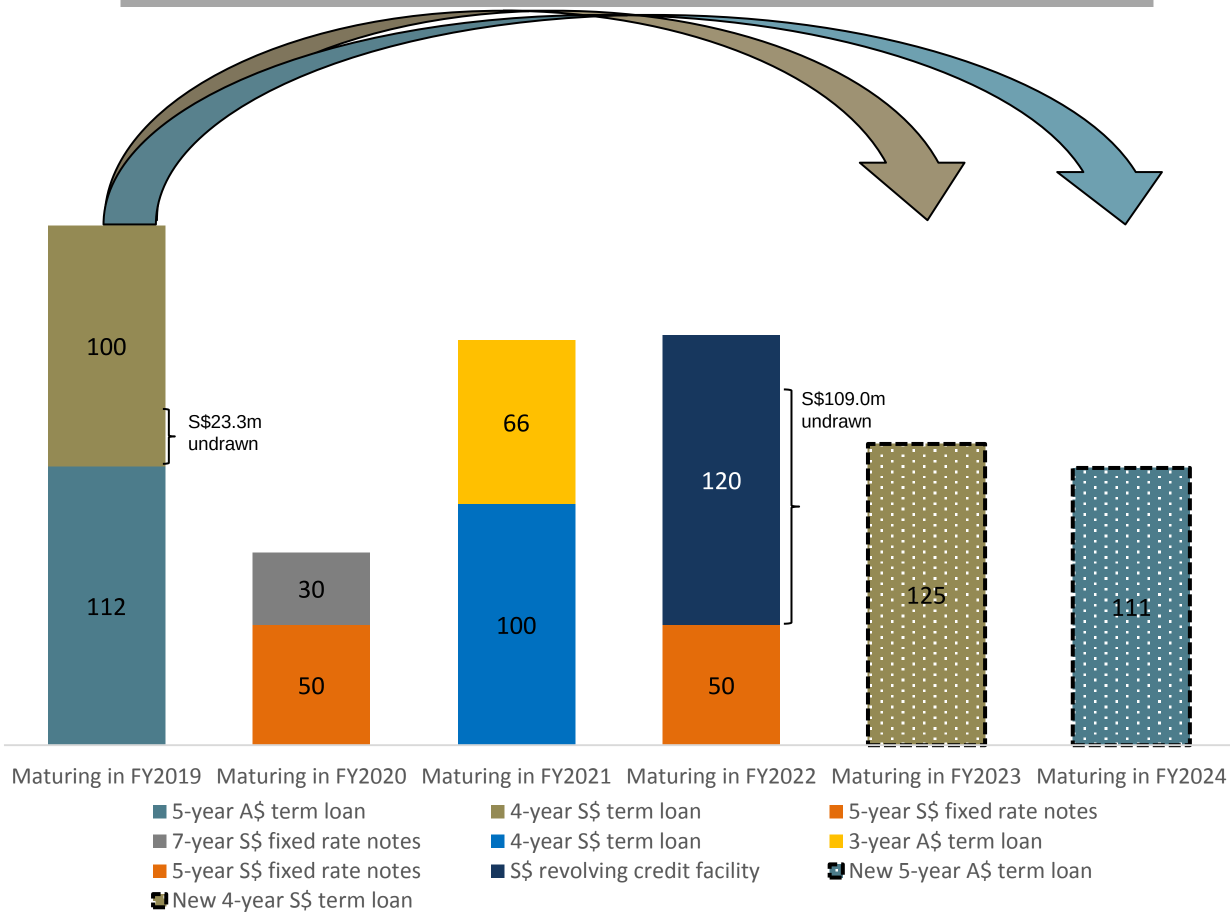
Effect of refinancing of existing secured facilities due in November 2018 and February 2019



Maturity date	**S$ 'million**
Due in November 2018 (FY2019) *Post-refinancing: July 2022 (FY2023)*	77.0
Due in February 2019 (FY2019) *Post-refinancing: July 2023 (FY2024)*	111.6
Due in May 2019 (FY2020)	50.0
Due in December 2019 (FY2020)	30.0
Due in August 2020 (FY2021)	100.0
Due in November 2020 (FY2021)	65.6
Due in November 2021 (FY2022)	11.0
Due in March 2022 (FY2022)	50.0
Total debt drawn down	**495.2**
Undrawn available facilities	**132.3**
Total committed facilities	**627.5**

> 4 PORTFOLIO PERFORMANCE

Revenue performance since FY2010

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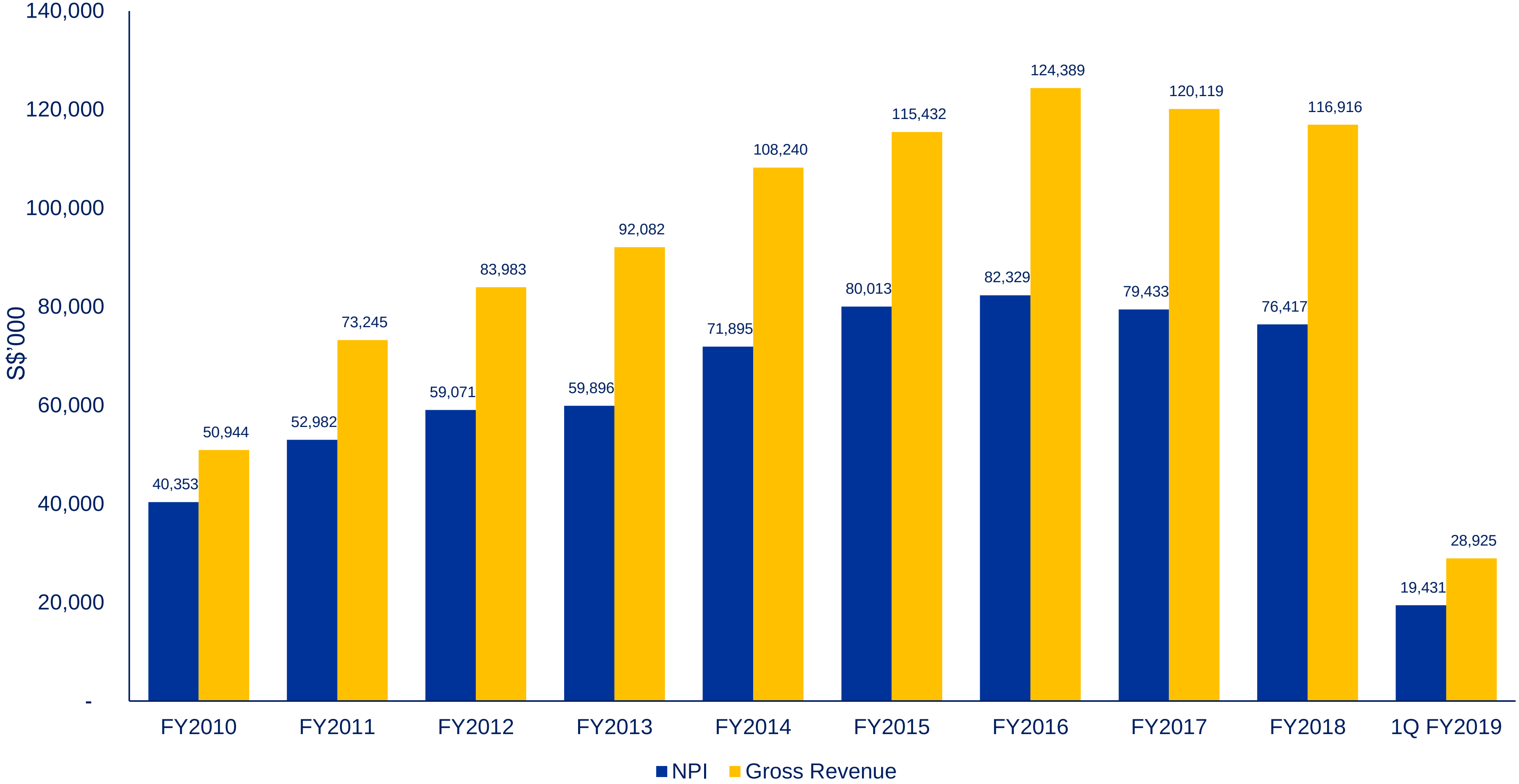

Key portfolio statistics

	As at 30 June 2018	As at 31 March 2018
Number of Properties	26	26
Appraised Value (S$ million)	1,451.9[1]	1,450.7[2]
Net Lettable Area (sq m)	635,067	636,083
Number of Tenants	159	159
Portfolio Occupancy (%)	91.5	90.5
Weighted Average Lease Expiry (WALE) (years)[3]	2.73	2.56
Weighted Average Land Lease Expiry (years) [4]	37.1	37.3
Location of Properties	Singapore, Australia	Singapore, Australia

1 Singapore portfolio included (i) investment properties and investment property under development based on valuation as at 31 March 2018 appraised by Jones Lang LaSalle Property Consultants Pte. Ltd. or Colliers International Consultancy & Valuation (Singapore) Pte Ltd and (ii) capitalised capital expenditure. Optus Centre, Macquarie Park, NSW, Australia is based on 49.0% interest in the property appraised by Jones Lang LaSalle Property Consultants Pty Ltd as at 31 March 2018.

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3 Computation included forward committed leases. Excluding forward committed leases, the WALE is 2.64 years as at 30 June 2018.

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 FY2019 gross rental income

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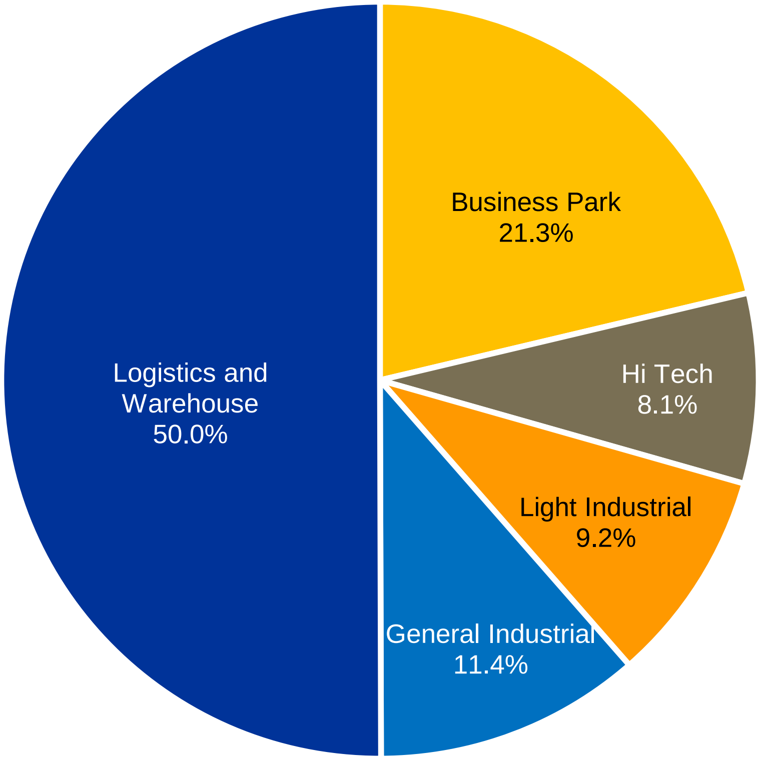
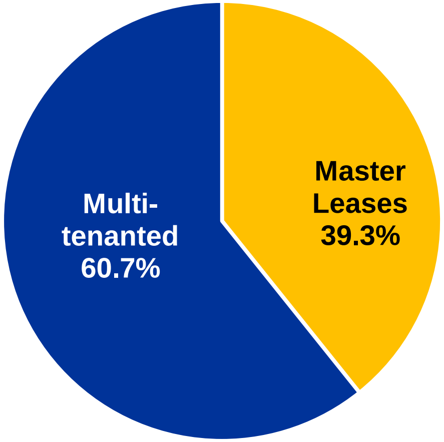


Note: The industrial sub-sectors have been reclassified from 1 April 2018 to better reflect the asset type.



	Occupancy (%)
Total Portfolio[1] (25 properties)	91.5
Master Leases[2] (9 properties)	100.0
Multi-tenanted[1,2] (17 properties)	88.5

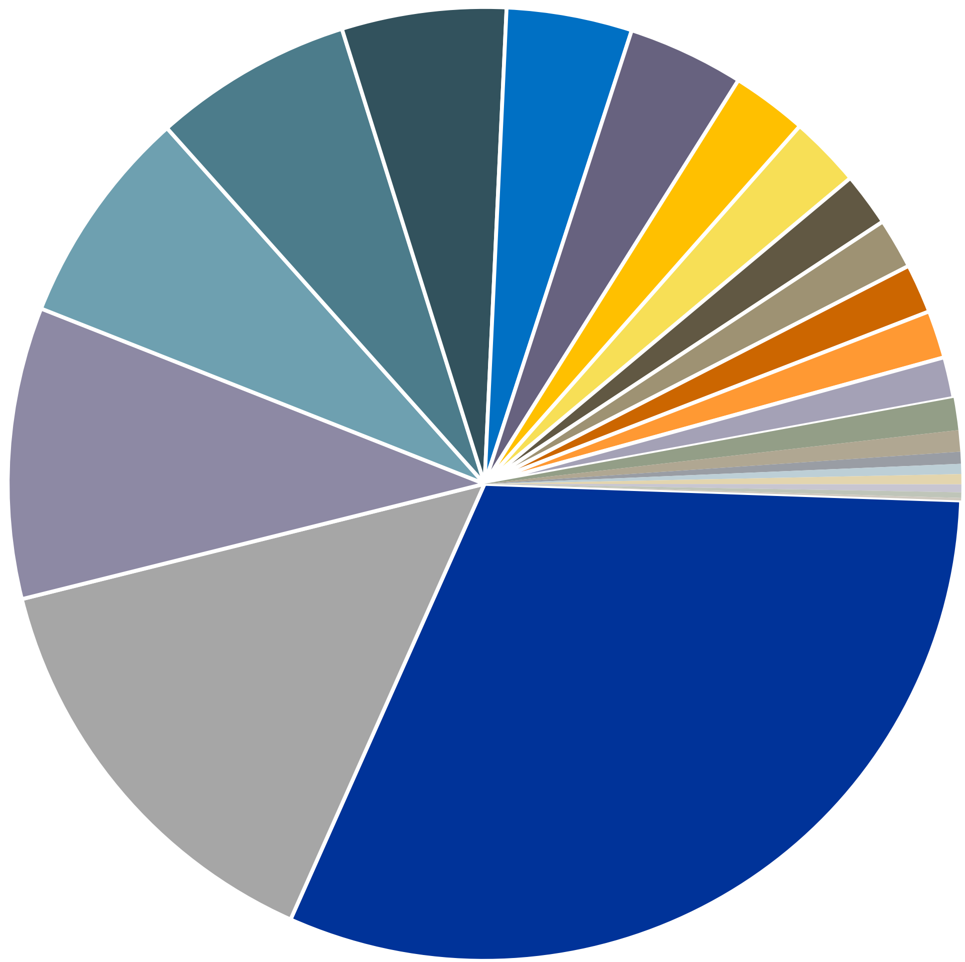
1 Excludes 3 Tuas Avenue 2 which is undergoing redevelopment.

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

Diversified tenant / industry base

> 4

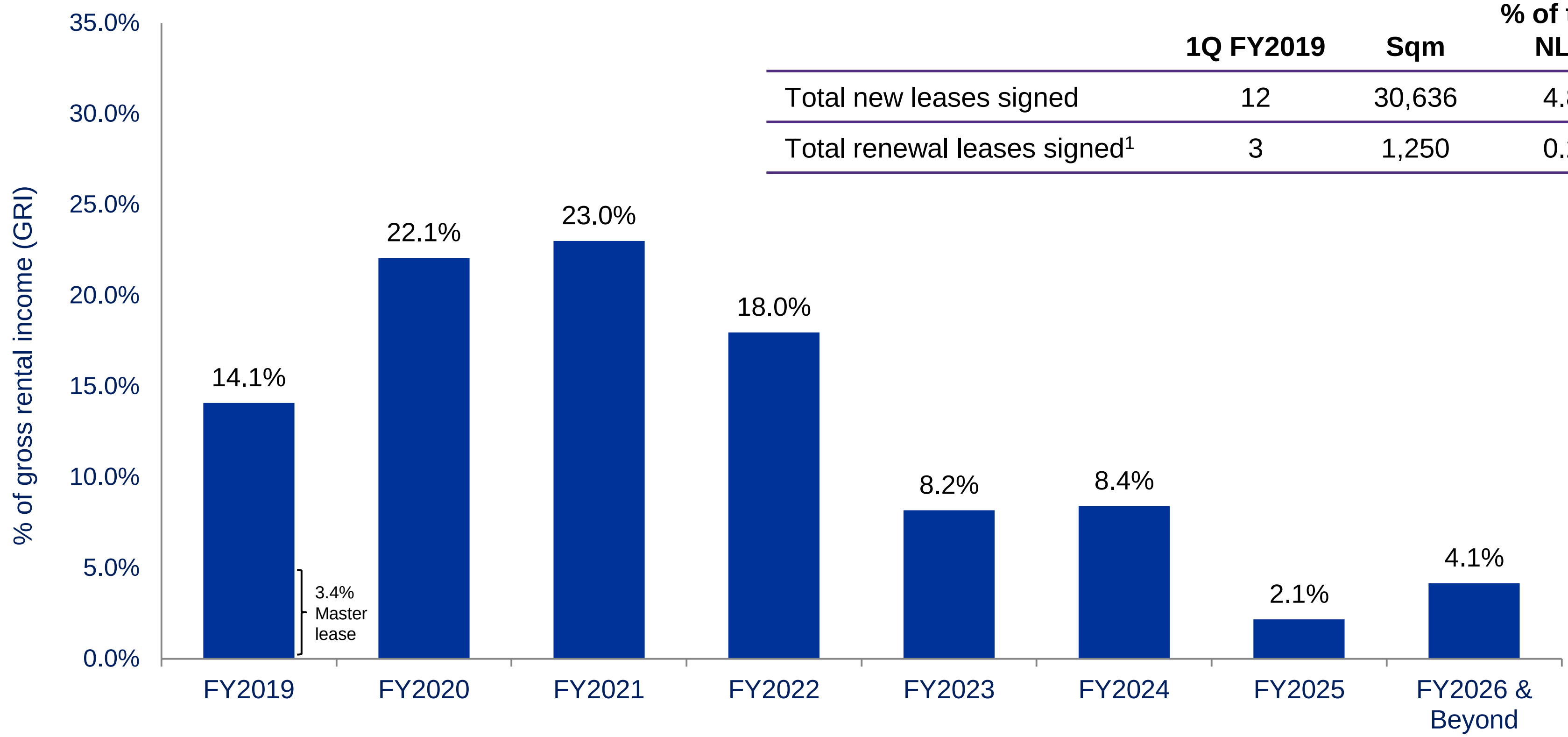
- Logistics, 31.1%
- Telecommunication, 14.4%
- Engineering, 9.9%
- Infrastructure, 7.4%
- Biotech / Life Sciences, 6.8%
- Consumer products, 5.6%
- FMCG, 4.3%
- IT & Electronics, 3.9%
- Pharmaceutical/Healthcare/Cosmetics, 2.6%
- Furniture, 2.4%
- Data Centre, 1.8%
- Self-storage, 1.7%
- Plastic Products and Distribution, 1.7%
- Fashion and Apparels, 1.6%
- Testing and certification, 1.4%
- Semiconductor, 1.1%
- F&B, 0.7%
- Paper & Printing, 0.4%
- Others / Services, 0.3%
- Metal Recycling, 0.3%
- Education, 0.3%
- Energy, 0.2%
- Design & Marketing, 0.1%



Active lease management

Lease Expiry Profile as at 30 June 2018
(By 1Q FY2019 gross rental income)

	1Q FY2019	Sqm	% of total NLA
Total new leases signed	12	30,636	4.8
Total renewal leases signed[1]	3	1,250	0.2



1 Weighted average rental decrease for renewals (taking into account only renewal leases with the same tenant of the same lease area) was 8.0%.

Quality tenant base

Top 10 tenants by 1Q FY2019 gross rental income

Tenant	%
Optus Administration Pty Limited	13.9%
CWT Pte. Limited	12.6%
Eurochem Corporation Pte Ltd	7.4%
Illumina Singapore Pte Ltd	6.8%
Schenker Singapore (Pte) Ltd	5.6%
Focus Network Agencies (Singapore) Pte Ltd	2.7%
Beyonics International Pte Ltd	2.7%
CIT Cosmeceutical Pte Ltd	2.2%
King Plastic Pte Ltd	1.6%
Element 14 Pte Ltd	1.4%
Top 10 tenants	**56.9%**

Long land lease expiry – 37.1 years

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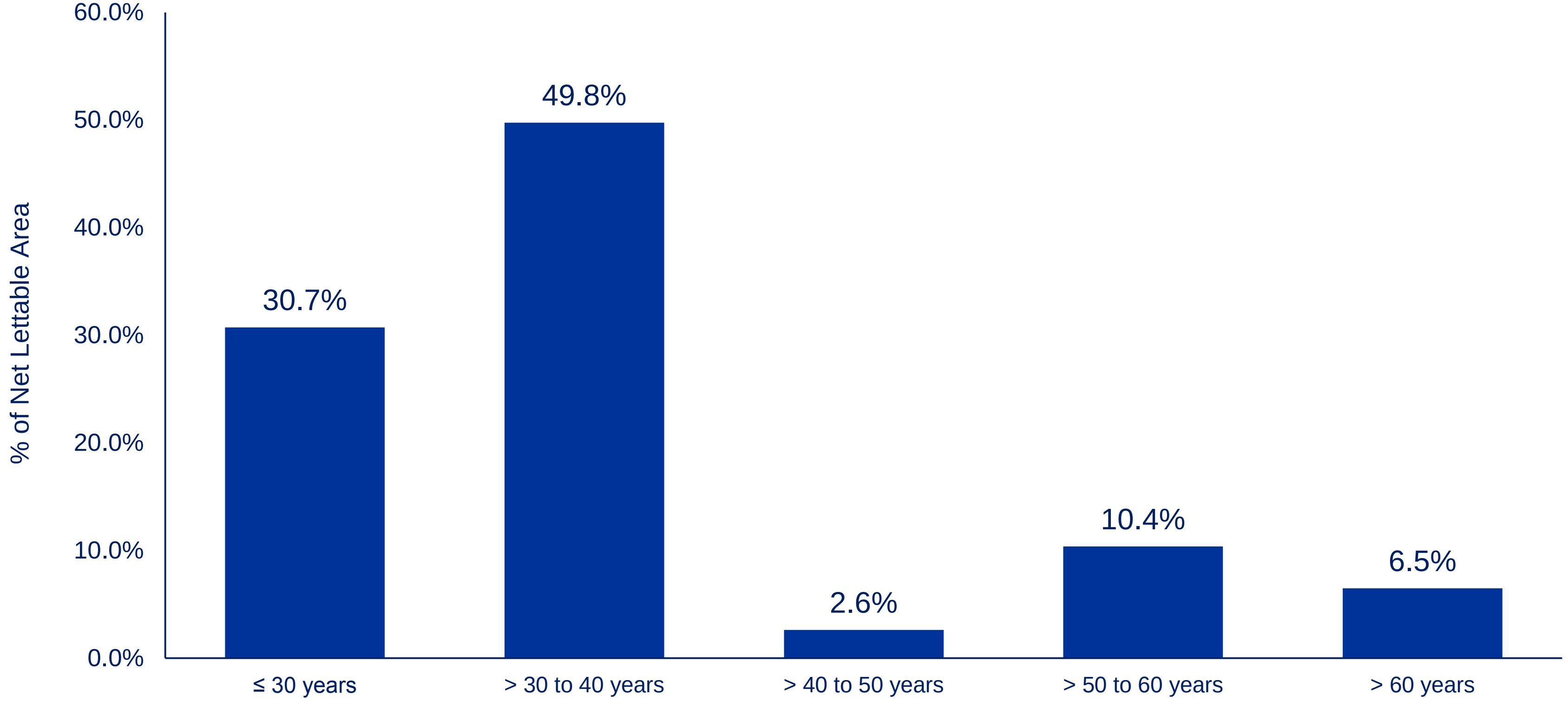
The weighted average unexpired land lease was 37.1 years as at 30 June 2018



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

Comparisons to Singapore's industrial average occupancy levels

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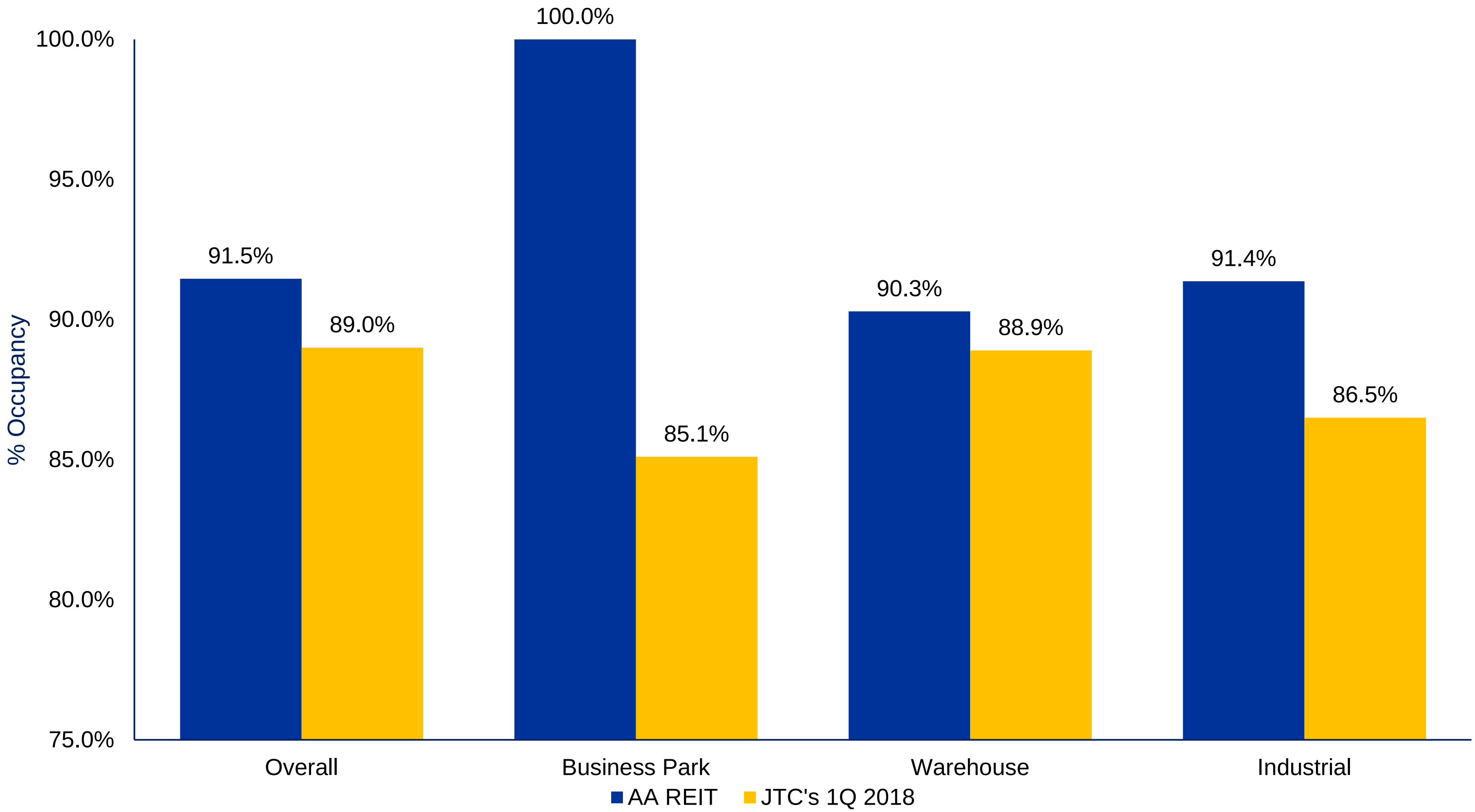

Source: Based on JTC's 1st quarter 2018 statistics.

Portfolio summary

Occupancy of 91.5%[1]

Diversified tenancies and industry base

Built-in rent escalations for Master Leases

Long weighted average land lease expiry of 37.1 years

1. Above Singapore's industrial average of 89%

> 5 MARKET OUTLOOK AND STRATEGY

Market Update and Outlook

> 5

Macro Environment

- Improved growth prospects for the global economy in 2018. However, uncertainties and risks remains, including escalating trade tensions between US and the PRC and expected rising of interest rates.

Singapore Economy

- MTI expects the Singapore economy to grow by 2.5% to 3.5% in 2018, taking into account the improved external demand outlook for Singapore.

Industrial Sector

- Based on JTC 1Q 2018 statistics, occupancy rate of Singapore's overall industrial property market rose marginally by 0.1 percentage point from the preceding quarter to 89.0%.
- Compared to a year ago, the price and rental indices fell by 3.6% and 2.0%, respectively.

Looking Ahead

- AA REIT continues to remain focused on active asset and lease management and to optimize its portfolio through sector and tenant diversification.
- Supported by prudent capital management approach.

Strategy

> 5

Portfolio growth

To pursue accretive investment opportunities in Singapore and Australia.

Pursue development and/or built-to-suit opportunities

Active asset and leasing management

Continual focus on proactive asset and lease management.

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

Prudent capital and risk management

Prudent capital management by substantially hedging interest rate exposure.

Diversified sources of capital and staggered debt maturities.

Potential opportunities within AA REIT's portfolio

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


2 Ang Mo Kio Street 65


8 Senoko South Road


11 Changi South Street 3


10 Changi South Lane


3 Toh Tuck Link


7 Clementi Loop


541 Yishun Industrial Park A

Potential untapped GFA ≈ 502,707 sqft

Awarded Gold Award for Excellence in Governance, CSR, ESG and Investor Relations at The Asset Corporate Awards 2017

Awarded Shareholder Communications Excellence Award at the 18th Investors' Choice Awards 2017

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

Awarded the Honours Award in Traditional Annual Report at the 2017 ARC Awards

Thank you

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