



# AIMS AMP CAPITAL INDUSTRIAL REIT

9<sup>th</sup> Annual General Meeting

26 July 2018



AMPCAPITAL





# Important notice

## Disclaimer

This Presentation is focused on comparing actual results for the financial period from 1 April 2017 to 31 March 2018 (“FY2018”) and 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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# HIGHLIGHTS FOR FY2018

# Highlights for FY2018

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## Focused on asset management to navigate the soft market conditions

- Executed 94 new and renewal leases in FY2018, representing 209,957 sqm (33.0% of total net lettable area).
- Developing a higher quality portfolio
  - ✓ Temporary occupation permit of the fourth redevelopment property at 8 Tuas Ave 20 obtained on 29 August 2017. The property is currently 83.2% occupied.
  - ✓ Temporary occupation permit for AA REIT's first third party greenfield build-to-suit development at 51 Marsiling Road obtained on 27 October 2017. The property is 100% leased to Beyonics International Pte Ltd for a lease term of 10 years with rent escalations.
  - ✓ Completed the sale of AA REIT's smallest asset, 10 Soon Lee Road for S\$8.17 million (approximately 28% premium over latest valuation of S\$6.4 million) as part of AA REIT's capital recycling strategy.
  - ✓ Proposed redevelopment of 3 Tuas Avenue 2 into a contemporary ramp-up industrial facility for general industrial usage. Upon completion, gross floor area will increase by 52% to approximately 24,890 sqm, improving the plot ratio from the current 0.92 to 1.40.

# Highlights for FY2018

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## Strengthened Capital Structure

- Refinanced the S\$120 million revolving credit facility and A\$65 million term loan due in November 2017.
- Successfully raised gross proceeds of approximately S\$55 million through a private placement in December 2017. The proceeds were used to repay AA REIT's existing borrowings to reduce aggregate leverage and create additional debt headroom for future potential acquisitions, asset enhancement initiatives and/or other development opportunities that may be identified by the Manager as well as for the balance payments on AA REIT's recent development projects.
- In April 2018, AA REIT received commitments from a syndicate of financial institutions to refinance its existing secured facilities due in November 2018 and February 2019.

Debt Profile	31 March 2018	31 March 2017
Reduced blended funding cost	3.6%	3.7%
Increased fixed interest rate exposure	88.1%	84.4%
Reduced aggregate leverage	33.5%	36.1%
Improved weighted average debt maturity	3.3 years <sup>1</sup>	2.3 years

<sup>1</sup> Post the April 2018 refinancing, weighted average debt maturity (on a pro forma basis) will increase to 3.3 years with no debt due for refinancing until May 2019 from 2.3 years a year ago.

# 3 Tuas Ave 2 – Redevelopment announced on 25 April 2018

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## 3 Tuas Ave 2 Artist's Impression



## Fact Sheet

	Prior redevelopment	Post redevelopment
Property	Purpose-built production and warehouse facility with an under-utilised plot ratio	Versatile four-storey ramp-up industrial facility suitable for both production and storage use
Valuation	S\$18.6 million <sup>1</sup>	S\$51.0 million <sup>2</sup>
Plot ratio	0.92	1.4
Gross Floor Area	175,822 sqft	267,916 sqft

<sup>1</sup> Based on Jones Lang LaSalle Consultants Pte Ltd's valuation dated 31 March 2018 on a "as-is" basis.

<sup>2</sup> Based on Jones Lang LaSalle Consultants Pte Ltd's valuation dated 31 March 2018 on a "as-completed" basis.

# BTS industrial facility for Beyonics – Achieved TOP on 27 October 2017

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## 51 Marsiling Road



AIMS AMP Capital Industrial REIT

## Fact Sheet

### Post Development

**Property** AA REIT's first third-party greenfield development project outside its existing portfolio

Five-storey purpose-built manufacturing facility with cargo lift access

**Valuation** S\$43.0 million<sup>1</sup>

**Lease term** Fully leased for a term of ten years with rent escalations

**Annual rental income (Year 1)** S\$3.5 million (after fitting out period)

**Plot ratio** 2.5

**Gross floor area** 231,738 sqft

<sup>1</sup> Based on CBRE Pte. Ltd.'s valuation dated 27 October 2017.



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# Summary financials update: 51 Marsiling Road

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	<b>Per 4 Aug 2016 announcement (S\$ million)</b>	<b>Actual Achieved (S\$ million)</b>
Gross development value upon completion	42.9 <sup>1</sup>	43.0 <sup>2</sup>
Project development cost (including land cost)	(39.4)	(34.9)
Profit	3.5	8.1
Net property income yield (based on development cost)	8.9%	10.0%

<sup>1</sup> Based on CBRE Pte. Ltd.'s valuation dated 3 August 2016 on an "as-if-complete" basis.

<sup>2</sup> Based on CBRE Pte. Ltd.'s valuation dated 27 October 2017.

# 8 Tuas Ave 20 – Achieved TOP on 29 August 2017

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## 8 Tuas Ave 20



## Fact Sheet

	Prior redevelopment	Post redevelopment
Property	Customised two adjoining two-storey industrial space with an under-utilised plot ratio	Versatile three-storey industrial facility with ramp and cargo lift access
Valuation	S\$8.7 million <sup>1</sup>	S\$28.0 million <sup>2</sup>
Plot ratio	1.03	1.4
Gross Floor Area	117,521 sqft	158,853 sqft
Occupancy	83.2% (as at 30 June 2018)	

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

<sup>2</sup> Based on Jones Lang LaSalle Consultants Pte Ltd's valuation dated 31 March 2018.

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# 1Q FY2019 FINANCIAL RESULTS

# Highlights for 1Q FY2019

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## **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*

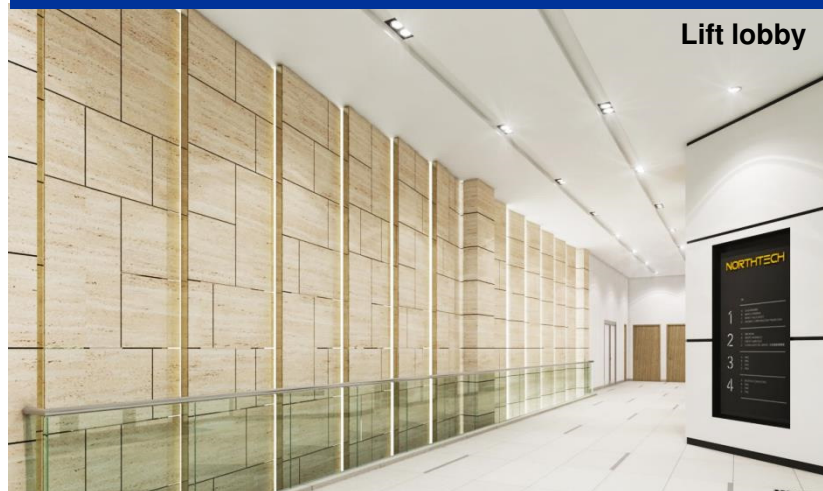
- Maiden contribution from the newly completed property at 51 Marsiling Road from 27 April 2018 which was completed on time and within budget.
- Announced the asset enhancement initiative (“AEI”) for NorthTech to upgrade the common areas and air-conditioning system of the building (including implementation 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)

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## Artist's Impression of AEI



Lift lobby



## 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)

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## 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) of 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.

# Results for 1Q FY2019

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

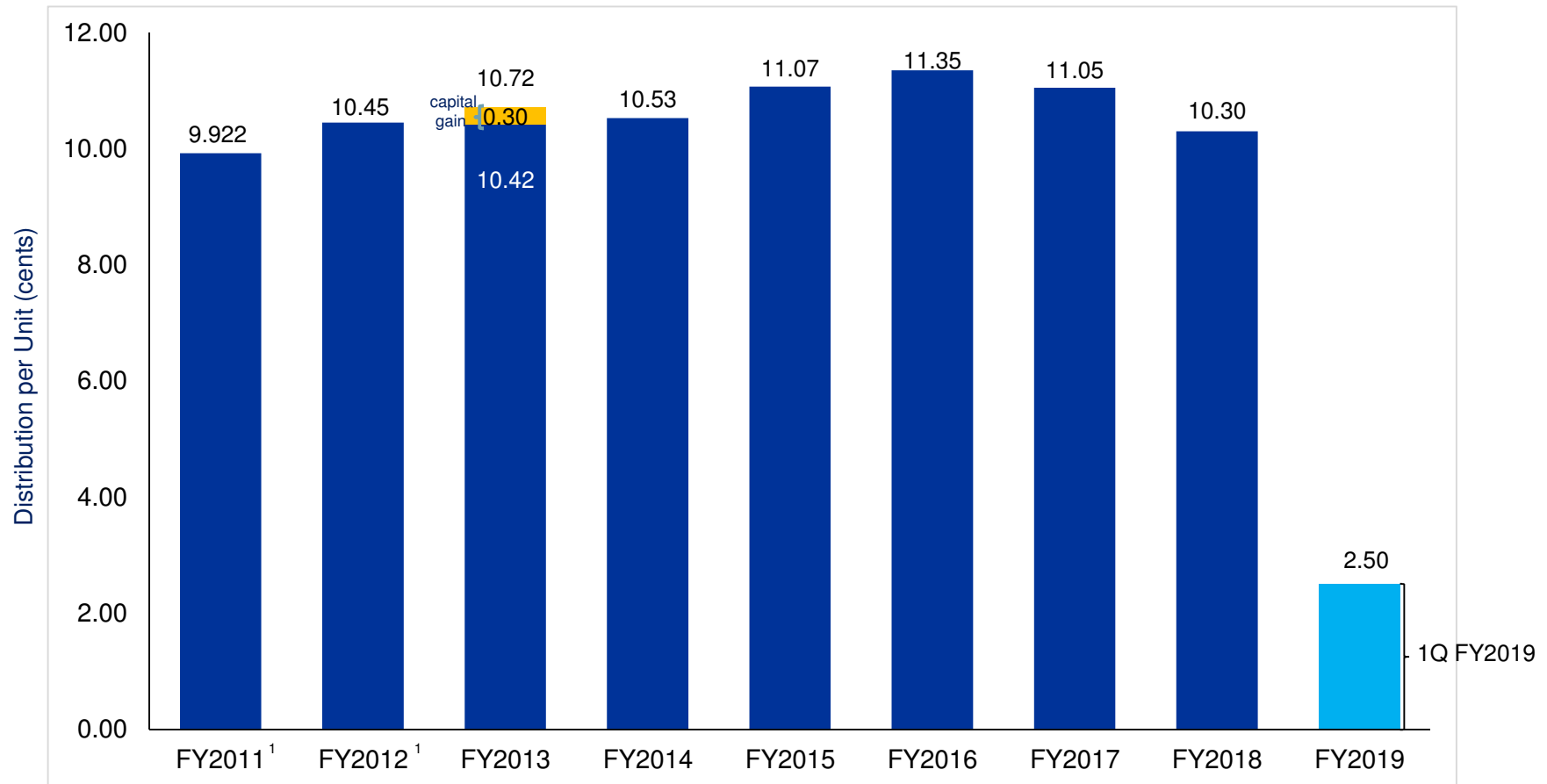
3 The Manager resolved to distribute S\$17.1 million for 1Q FY2019, comprising (i) taxable income of S\$15.7 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.69 million and capital distribution of S\$0.75 million from distributions remitted from the Group's investment 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.

# Stable and sustainable DPU

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<sup>1</sup> 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.



# Key financial metrics

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

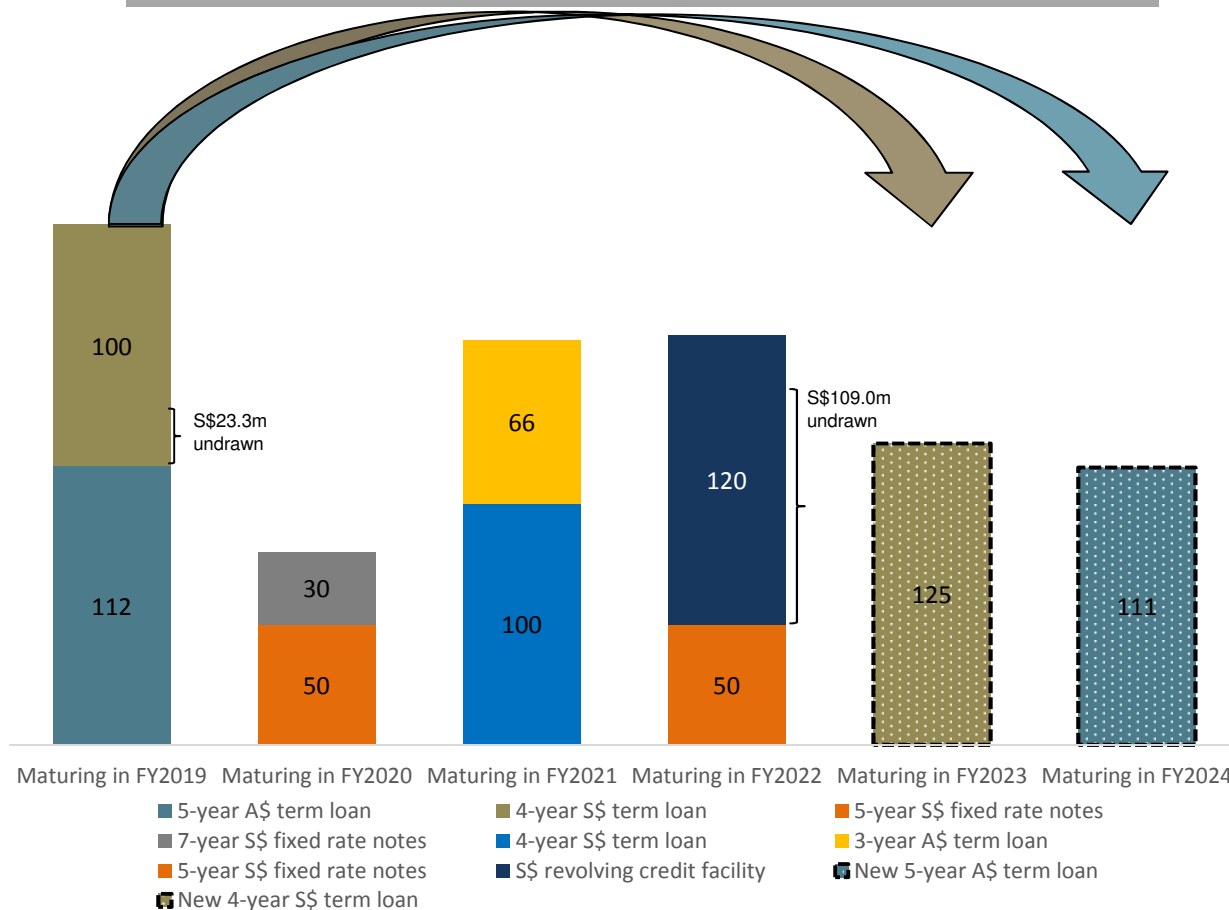
5 Bank covenant of at least 2.0 times.

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.

# 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) <i>Post-refinancing: July 2022 (FY2023)</i>	77.0
Due in February 2019 (FY2019) <i>Post-refinancing: July 2023 (FY2024)</i>	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
<b>Total debt drawn down</b>	<b>495.2</b>

**Undrawn available facilities 132.3**

**Total committed facilities 627.5**

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## PORTFOLIO PERFORMANCE

# Key portfolio statistics

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	As at 30 June 2018	As at 31 March 2018
Number of Properties	26	26
Appraised Value (S\$ million)	1,451.9 <sup>1</sup>	1,450.7 <sup>2</sup>
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) <sup>3</sup>	2.73	2.56
Weighted Average Land Lease Expiry (years) <sup>4</sup>	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.

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

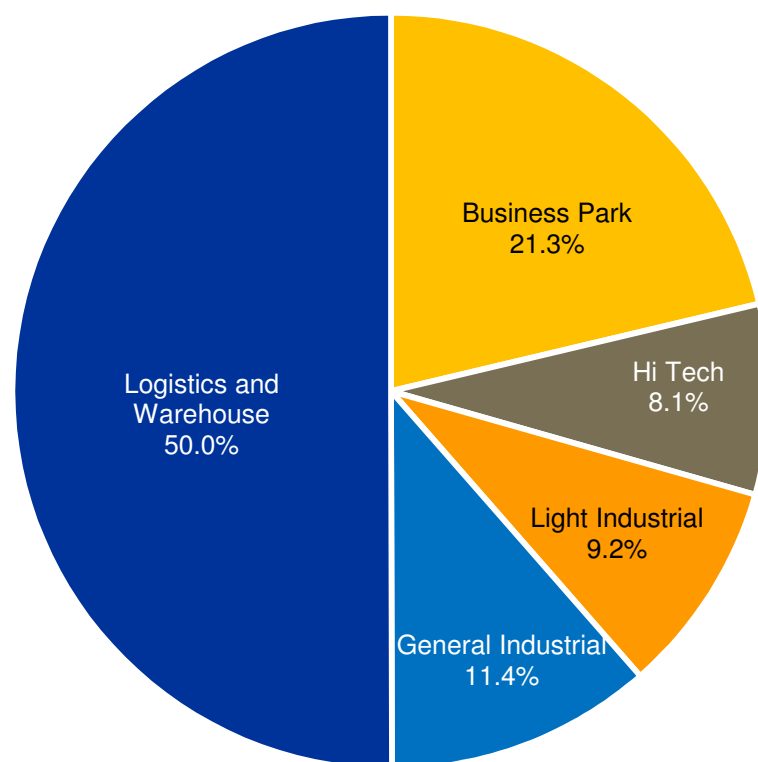
4 For the calculation of the weighted average land lease, AA REIT's interest in the freehold property, Optus Centre has been assumed as a 99-year leasehold interest.



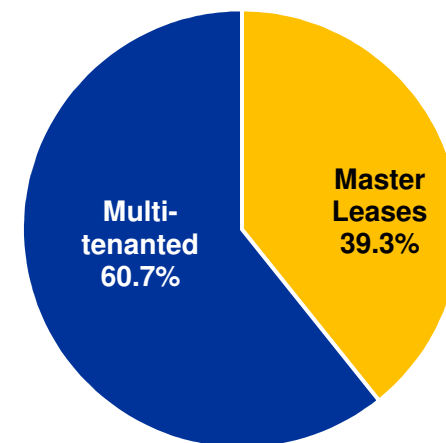
# Portfolio breakdown

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 <sup>1</sup> (25 properties)	91.5
Master Leases <sup>2</sup> (9 properties)	100.0
Multi-tenanted <sup>1,2</sup> (17 properties)	88.5

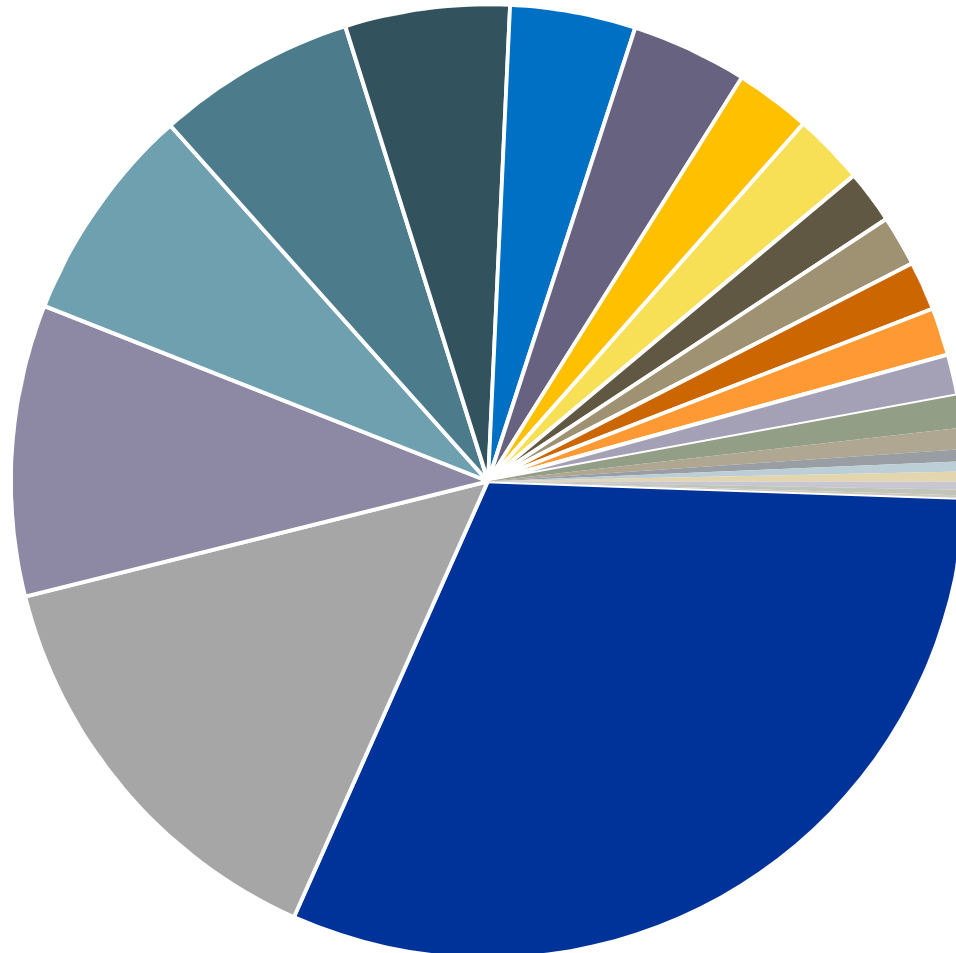
<sup>1</sup> Excludes 3 Tuas Avenue 2 which is undergoing redevelopment.

<sup>2</sup> 20 Gul Way is partially under master lease and partially multi-tenanted.

# Diversified tenant / industry base

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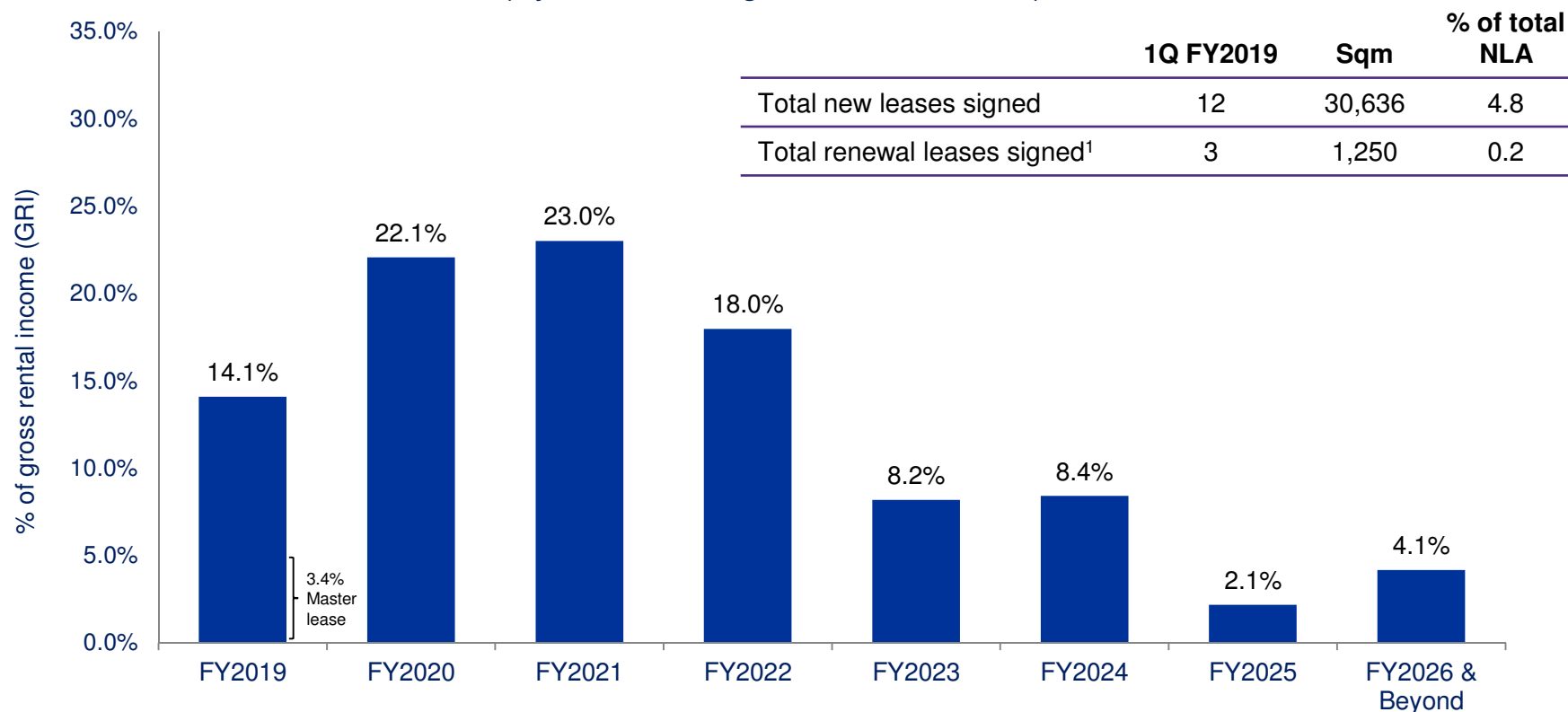
- Logistics, 31.1%
- Telecommunication, 14.4%
- Engineering, 9.9%
- Infrastructure, 7.4%
- Biotech / Life Sciences, 6.8%
- Consumer products, 5.6%
- FMCG, 4.3%
- IT & Electronics, 3.9%
- Pharmaceutical/Healthcare/Cosmetics, 2.6%
- Furniture, 2.4%
- Data Centre, 1.8%
- Self-storage, 1.7%
- Plastic Products 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

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



<sup>1</sup> 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

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Top 10 tenants by 1Q FY2019 by 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%
<b>Top 10 tenants</b>	<b>56.9%</b>

**OPTUS** yes

**CWT**

euroChem  
corporation

illumina®

**DB SCHENKER**

**FNA**  
GROUP INTERNATIONAL

Beyonics  
*Precision. Driven.*

**Cit**



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# Portfolio summary

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1. Above Singapore's industrial average of 89%

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## MARKET OUTLOOK & STRATEGY

# Market Update and Outlook

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## 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

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## 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

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**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  $\approx$  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

For enquiries, kindly contact:

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