



# AIMS AMP CAPITAL INDUSTRIAL REIT

FY2019: Third Quarter Financial Results Ended 31 December 2018  
Results Presentation

1 February 2019



AMPCAPITAL 

# Important notice

## Disclaimer

This Presentation is focused on comparing actual results for the financial period from 1 October 2018 to 31 December 2018 (“3Q 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 3Q FY2019 as per the SGXNet Announcement.

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# HIGHLIGHTS FOR 3Q FY2019

# Highlights for 3Q 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 (unchanged q-o-q).
- Gross revenue increased by 1.4% to S\$29.8 million from the preceding quarter mainly due to the increase in rental contributions from NorthTech and 8 & 10 Pandan Crescent.
- Net property income increased marginally by S\$0.2 million from the preceding quarter to S\$19.4 million.

## Active lease management

- Executed 20 new and renewal leases in 3Q FY2019, representing 39,022 sqm (6.2% of total net lettable area).
- Portfolio occupancy increased slightly to 93.9% from 93.6% in the preceding quarter, above industrial average of 89.3%.
- Successfully reduced lease expiries in FY2019 from 19.6% as at 31 March 2018 to 2.4% as at 31 December 2018 (*based on the respective gross rental incomes for the relevant periods*).

# Highlights for 3Q FY2019 (cont'd)

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## Developing a higher quality portfolio

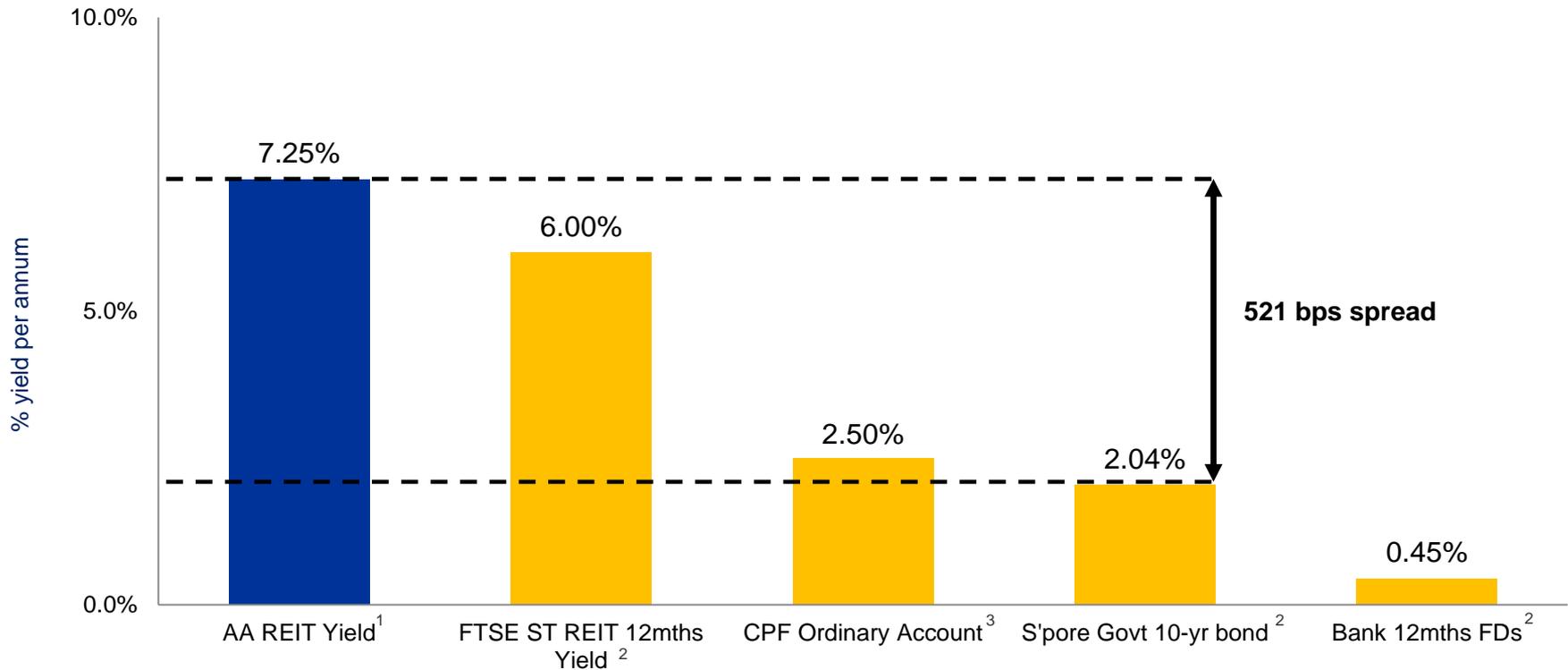
- The team is diligently executing the Asset Enhancement Initiatives (“AEIs”) at NorthTech and 3 Tuas Ave 2, both of which are on track for completion in the second half of 2019. *(Please refer to pages 28 & 29 for photo updates of the AEIs.)*

## Prudent Capital Management

- Establishment of a S\$750 million Multicurrency Debt Issuance Programme in November 2018.
- 86.8% of the portfolio’s interest rate is fixed taking into account interest rate swaps and fixed rate notes.
- Weighted average debt maturity of 2.7 years.
- Aggregate leverage as at 31 December 2018 is at 33.5%.
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.6%.

# Attractive return on investment

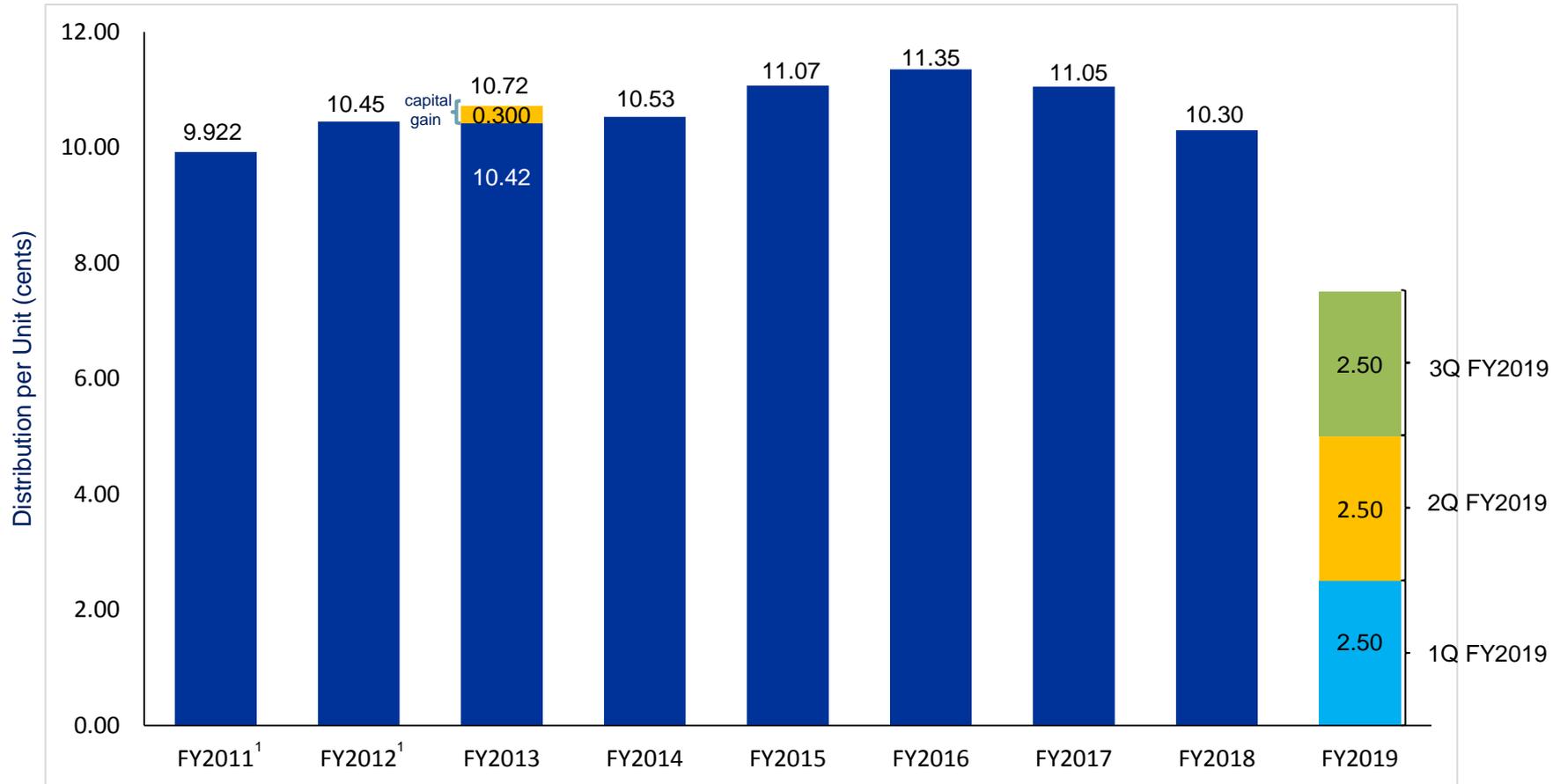
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- 1 Based on closing price of S\$1.38 on 31 January 2019 and annualised DPU of 10.0 cents. Annualised DPU is computed based on actual DPU payout for the first three quarters of FY2019 and annualised to the full year.
- 2 Source: Bloomberg data as at December 2018.
- 3 Prevailing CPF Ordinary Account interest rate.

# 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.

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# 3Q FY2019 FINANCIAL RESULTS

# Distribution details

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<b>Stock counter</b>	<b>Distribution period</b>	<b>DPU (cents)</b>
AIMSAMP Cap Reit Code: O5RU	For 1 October 2018 to 31 December 2018	2.50

<b>Distribution Period</b>	<b>For 1 October 2018 to 31 December 2018</b>
Ex-date	13 February 2019, 9.00am
Books closure date	14 February 2019, 5.00pm
Return of Tax Declaration Forms	6 March 2019, 5.00pm
Return of DRP Notice of Election	6 March 2019, 5.00pm
Distribution payment date	29 March 2019
Listing of DRP Units	On or around 29 March 2019

# Results for 3Q FY2019

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	3Q FY2019 S\$'000	2Q FY2019 S\$'000	Q-o-Q %	3Q FY2018 S\$'000	Y-o-Y %	YTD FY2019 S\$'000	YTD FY2018 S\$'000	Y-o-Y %
<b>Gross Revenue<sup>1</sup></b>	29,819	29,416	1.4	28,867	3.3	88,160	88,884	(0.8)
<b>Net Property Income<sup>1</sup></b>	19,447	19,292	0.8	19,233	1.1	58,170	58,748	(1.0)
<b>Share of results of joint venture (net of tax)<sup>1,2</sup></b>	3,471	3,549	(2.2)	3,654	(5.0)	10,359	11,055	(6.3)
<b>Distributions to Unitholders<sup>3</sup></b>	17,218	17,139	0.5	17,076	0.8	51,496	49,395	4.3
<b>DPU (cents)</b>	2.50	2.50	-	2.62	(4.6)	7.50	7.67	(2.2)
<b>DPU yield<sup>4</sup> (%)</b>	7.25							

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 lower contributions in 3Q FY2019 and YTD FY2019 on a y-o-y basis were mainly due to the strengthening of the Singapore Dollar against the Australian Dollar.

3 The Manager resolved to distribute S\$17.2 million for 3Q FY2019, comprising (i) taxable income of S\$15.8 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.9 million and capital distribution of S\$0.5 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 3Q FY2019, the Manager has resolved to distribute 98.2% of the Singapore taxable income available for distribution to the Unitholders.

4 Based on closing price of S\$1.38 on 31 January 2019 and annualised DPU of 10.00 cents. Annualised DPU is computed based on actual DPU payout for first three quarters of FY2019 and annualised to the full year.

# Balance sheet

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	As at 31 December 2018	As at 30 September 2018
Total Assets (S\$m)	1,470.2	1,474.0
Comprising (S\$m):		
- Investment properties	1,215.4	1,213.4
- Investment property under development	21.4	19.6
- Joint venture	210.0	215.8
- Trade and other receivables	9.7	10.4
- Derivative financial instruments	0.3	0.8
- Cash and cash equivalents	13.4	14.0
Total Liabilities (S\$m)	533.0	535.4
Net Assets (S\$m)	937.2	938.6
NAV per Unit (S\$)	1.36	1.37
Total Debt <sup>1</sup> (S\$m)	492.0	494.8
Aggregate Leverage (%)	33.5	33.6

<sup>1</sup> Excluding unamortised loan transaction costs.

# Key financial metrics

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	3Q FY2019	2Q FY2019
Appraised Value of Property Portfolio	S\$1,448.2 million <sup>1</sup>	S\$1,450.7 million <sup>2</sup>
Market Capitalisation <sup>3</sup>	S\$950.4 million	S\$918.7 million
NAV per Unit	S\$1.36	S\$1.37
Share Price <sup>3</sup>	S\$1.38	S\$1.34
Premium over / (Discount) to NAV <sup>3</sup>	1.5%	(2.2)%
Aggregate Leverage <sup>4</sup>	33.5%	33.6%
Interest Cover Ratio <sup>5</sup>	5.0 times	5.2 times
Weighted Average Debt Maturity	2.7 years	2.9 years

- 1 Singapore portfolio included (i) investment properties based on valuation as at 30 September 2018 appraised by Jones Lang LaSalle Property Consultants Pte Ltd or Colliers International Consultancy & Valuation (Singapore) Pte Ltd and capitalised capital expenditure; and (ii) investment property under development at 3 Tuas Avenue 2 based on 31 March 2018 valuation appraised by Jones Lang LaSalle Property Consultants Pte Ltd and capitalised capital expenditure. 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 and capitalised capital expenditure. The decrease in the aggregate appraised value in 3Q FY2019 was mainly due to a decrease in the interest of Optus Centre as a result of the strengthening of the Singapore Dollar against the Australian Dollar.
- 2 Singapore portfolio included (i) investment properties based on valuation as at 30 September 2018 appraised by Jones Lang LaSalle Property Consultants Pte Ltd or Colliers International Consultancy & Valuation (Singapore) Pte Ltd; and (ii) investment property under development at 3 Tuas Avenue 2 based on 31 March 2018 valuation appraised by Jones Lang LaSalle Property Consultants Pte Ltd and capitalised capital expenditure. 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 and capitalised capital expenditure.
- 3 Based on the units outstanding and closing price of S\$1.38 on 31 January 2019 and S\$1.34 on 24 October 2018.
- 4 Total debt as a % of total assets.
- 5 Bank covenant of at least 2.0 times.

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# PRUDENT CAPITAL MANAGEMENT

# Debt facilities as at 31 December 2018

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## Secured SGD borrowings

- Total secured facility of **S\$345.0 million** comprising:
  - 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
  - 4-year term loan facility of S\$125.0 million, maturing in July 2022

## Secured AUD borrowings

- Secured AUD borrowings as natural hedge for the investment in Optus Centre, Australia
- Total secured facility of **A\$175.0 million** comprising:
  - 3-year offshore term loan facility of A\$65.0 million, maturing in November 2020
  - 5-year onshore term loan facility of A\$110.0 million, maturing in July 2023

# Debt facilities as at 31 December 2018 (cont'd)

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## Unsecured borrowings

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

## Multicurrency Debt Issuance Programme

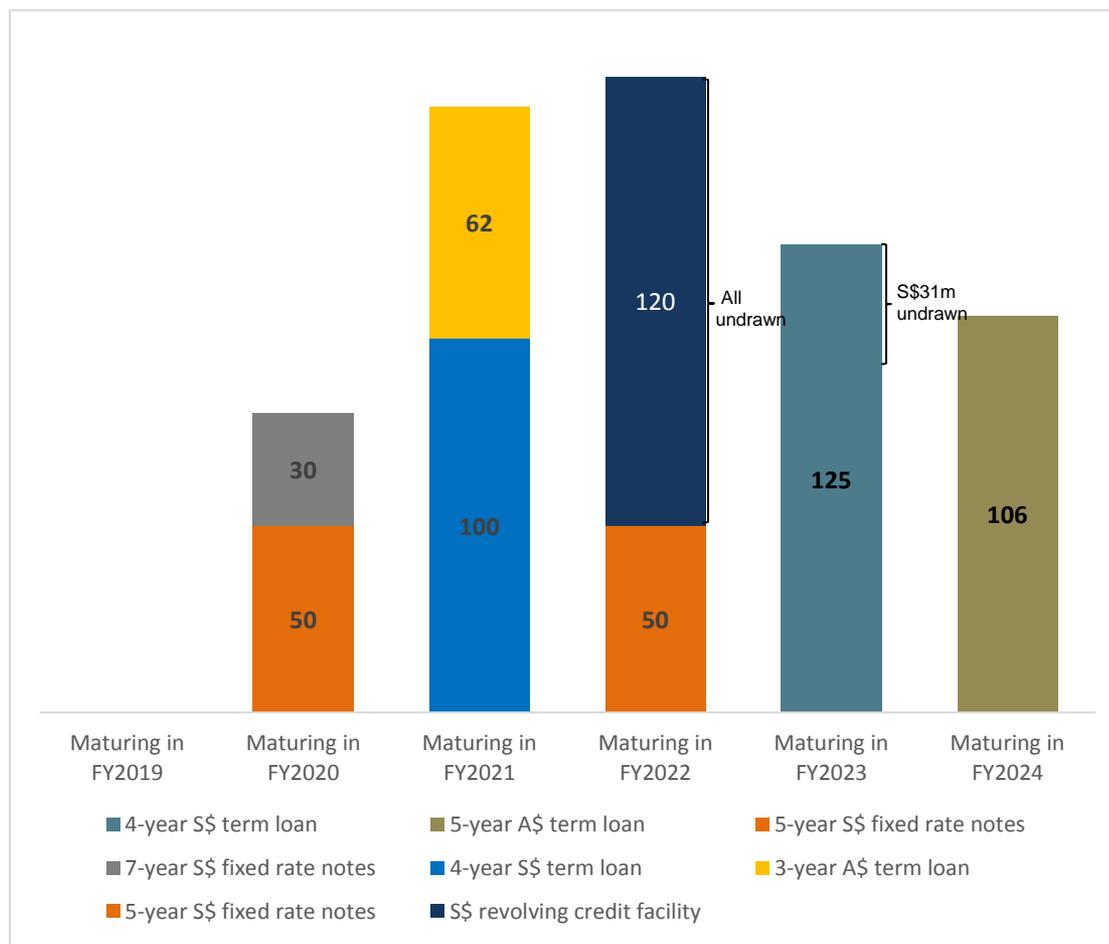
- Established a S\$750 million Programme in November 2018.

## Summary

- Weighted average debt maturity of 2.7 years.
- 86.8% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes.
- Overall blended funding cost of 3.6%.

# Debt facilities as at 31 December 2018 (cont'd)

> 3



Maturity date	S\$'m
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)	62.4
Due in March 2022 (FY2022)	50.0
Due in July 2022 (FY2023)	94.0
Due in July 2023 (FY2024)	105.6
<b>Total debt drawn down</b>	<b>492.0</b>
<b>Undrawn available facilities</b>	<b>151.0</b>
<b>Total committed facilities</b>	<b>643.0</b>

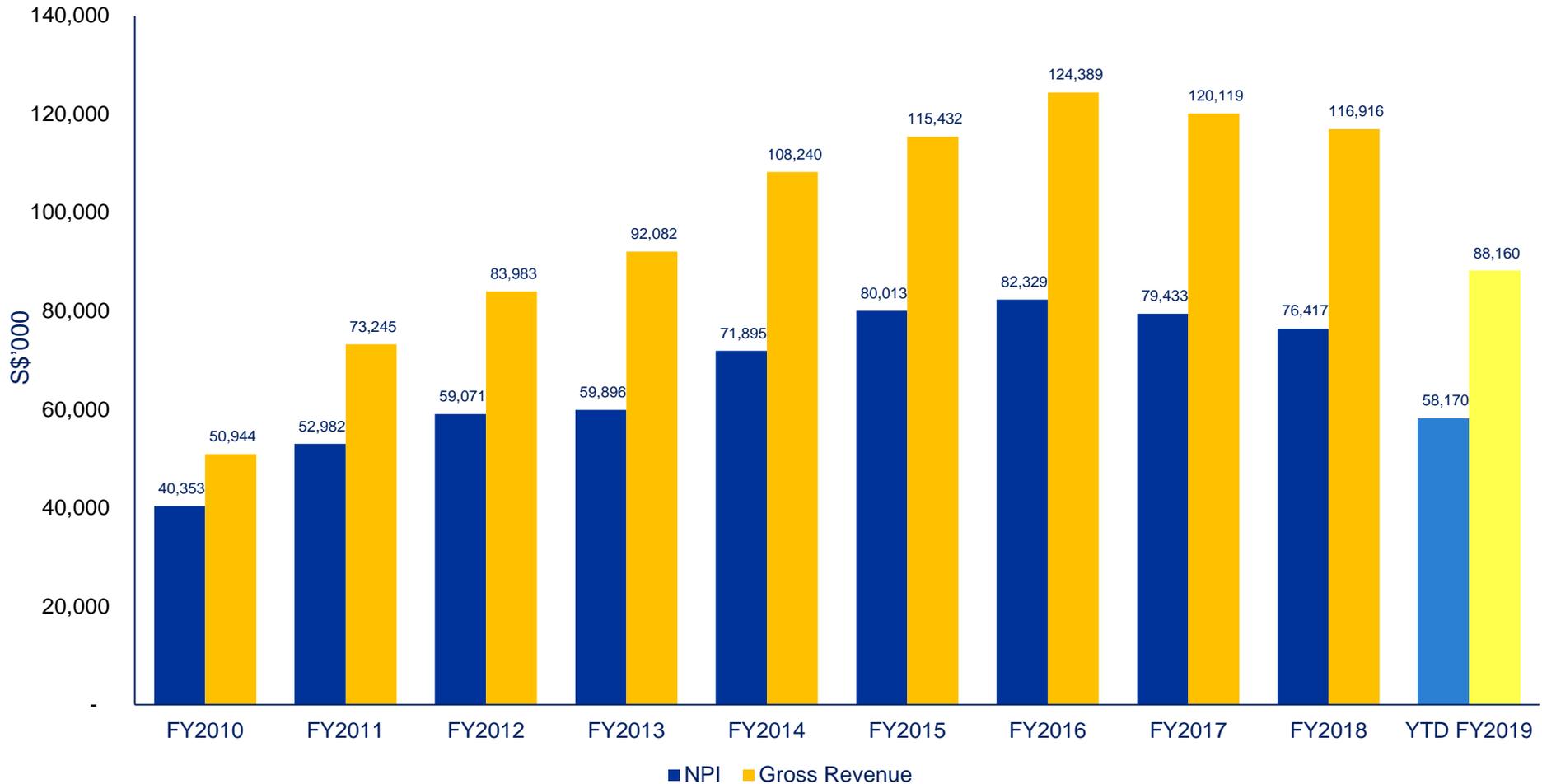
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# PORTFOLIO PERFORMANCE

# Revenue performance since FY2010

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# Key portfolio statistics

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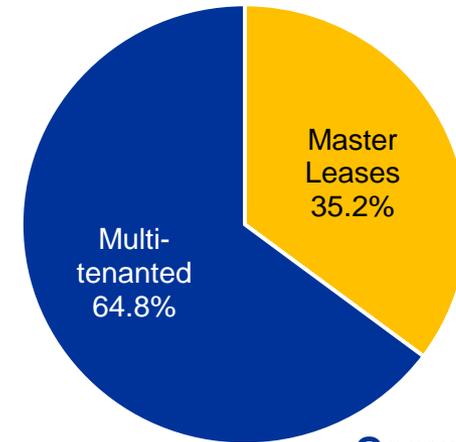
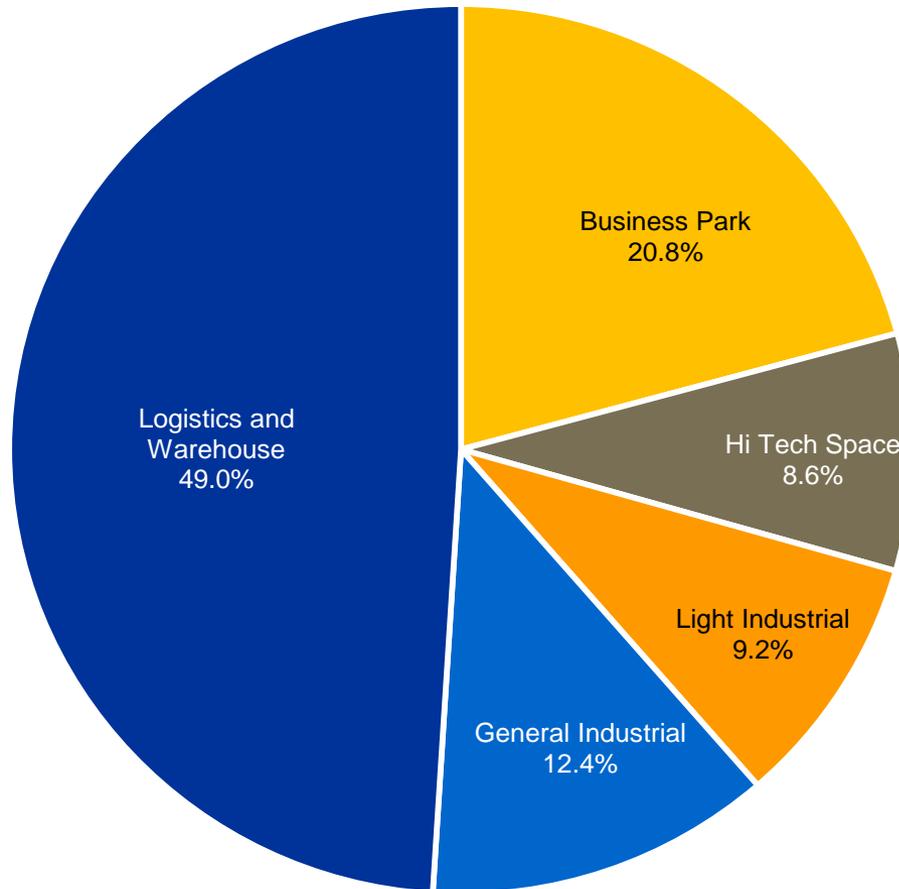
	As at 31 December 2018	As at 30 September 2018
Number of Properties	26	26
Appraised Value (S\$ million)	1,448.2 <sup>1</sup>	1,450.7 <sup>2</sup>
Net Lettable Area (sq m)	634,443	634,144
Number of Tenants	168	163
Portfolio Occupancy (%)	93.9	93.6
Weighted Average Lease Expiry (WALE) (years) <sup>3</sup>	2.74	2.75
Weighted Average Land Lease Expiry (years) <sup>4</sup>	36.6	36.9
Location of Properties	Singapore, Australia	Singapore, Australia

- 1 Singapore portfolio included (i) investment properties based on valuation as at 30 September 2018 appraised by Jones Lang LaSalle Property Consultants Pte Ltd or Colliers International Consultancy & Valuation (Singapore) Pte Ltd and capitalised capital expenditure; and (ii) investment property under development at 3 Tuas Avenue 2 based on 31 March 2018 valuation appraised by Jones Lang LaSalle Property Consultants Pte Ltd and capitalised capital expenditure. 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. The slight decrease in the aggregate appraised value in 3Q FY2019 was mainly due to a decrease in the interest of Optus Centre as a result of the strengthening of the Singapore Dollar against the Australian Dollar.
- 2 Singapore portfolio included (i) investment properties based on valuation as at 30 September 2018 appraised by Jones Lang LaSalle Property Consultants Pte Ltd or Colliers International Consultancy & Valuation (Singapore) Pte Ltd; and (ii) investment property under development at 3 Tuas Avenue 2 based on 31 March 2018 valuation appraised by Jones Lang LaSalle Property Consultants Pte Ltd and capitalised capital expenditure. 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 and capitalised capital expenditure.
- 3 Computation included forward committed leases. Excluding forward committed leases, the WALE is 2.69 years as at 31 December 2018 and 2.66 years as at 30 September 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 and excludes the redevelopment of 3 Tuas Avenue 2.

# Portfolio breakdown

By 3Q FY2019 gross rental income

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## Occupancy (%)

Total Portfolio <sup>1</sup> (25 properties)	93.9
Master Leases <sup>2</sup> (9 properties)	100.0
Multi-tenanted <sup>1,2</sup> (17 properties)	92.1

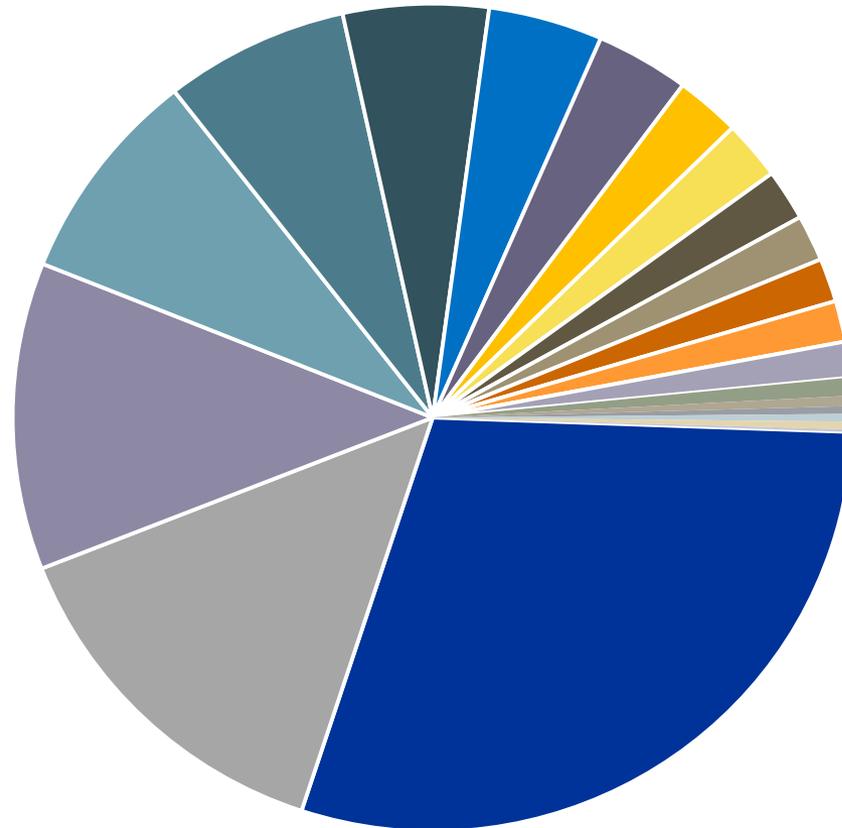
- 1 Excludes 3 Tuas Avenue 2 which is undergoing redevelopment.
- 2 20 Gul Way is partially under master lease and partially multi-tenanted.

# Diversified tenant / industry base<sup>1</sup>

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- Logistics, 29.5%
- Telecommunication, 14.0%
- Engineering, 12.0%
- Biotech / Life Sciences, 8.4%
- Infrastructure, 7.1%
- Consumer products, 5.6%
- FMCG, 4.4%
- IT & Electronics, 3.6%
- Furniture, 2.5%
- Pharmaceutical/Healthcare/Cosmetics, 2.3%
- Self-storage, 2.0%
- Data Centre, 1.8%
- Plastic Products and Distribution, 1.7%
- Fashion and Apparels, 1.6%
- Testing and certification, 1.4%
- F&B, 0.7%
- Paper & Printing, 0.4%
- Metal Recycling, 0.3%
- Others / Services, 0.3%
- Education, 0.3%
- Energy, 0.1%

(By 3Q FY2019 gross rental income)

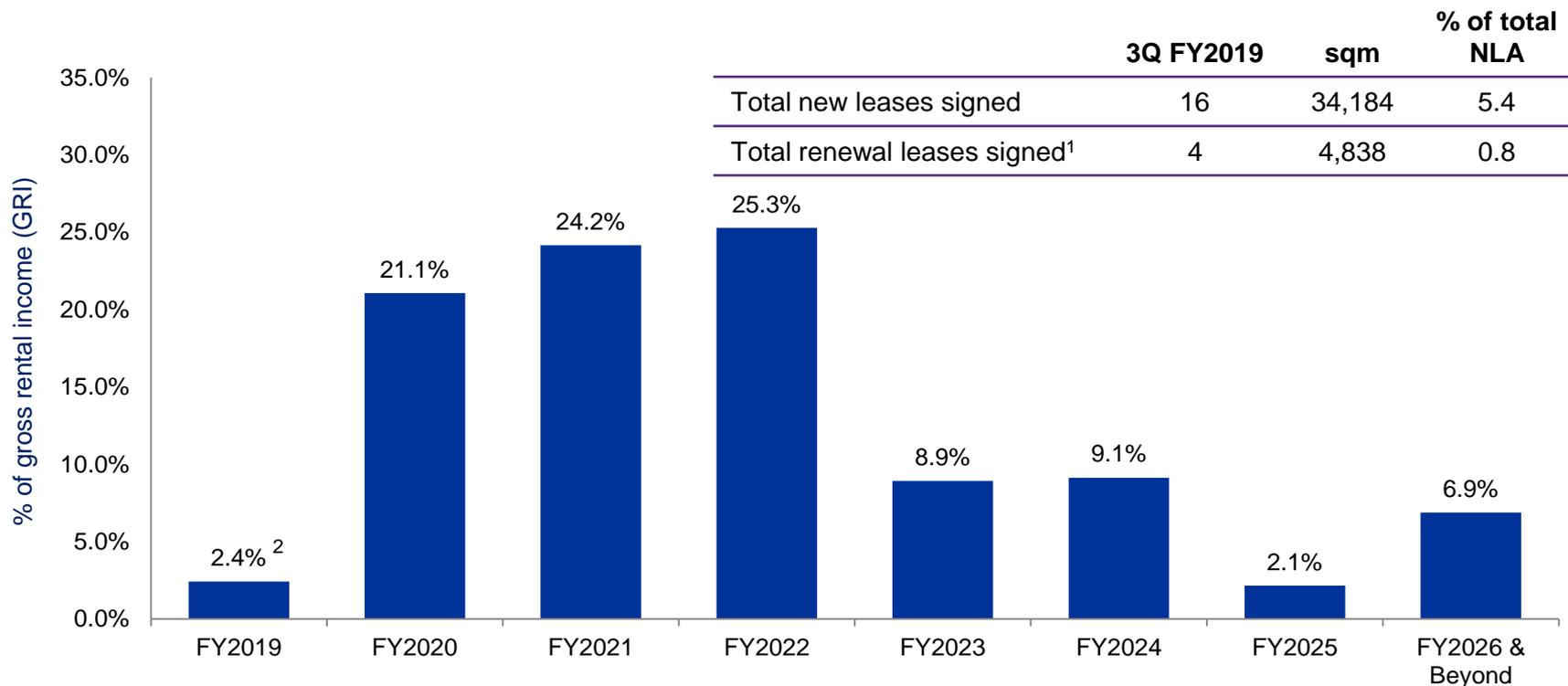


<sup>1</sup> Tenant base expanded by 15% over the last 24 months (168 tenants as at 31 Dec 2018 vs 146 tenants as at 31 Dec 2016).

# Active lease management

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Lease Expiry Profile as at 31 December 2018  
(By 3Q FY2019 gross rental income)



1 Weighted average rental decrease for renewals (taking into account only renewal leases) was 24.6%.

2 Lease expiry profile at the beginning of FY2019 was 19.6%. The Manager is constantly proactive in managing lease expiries.

# Quality tenant base

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Top 10 tenants by 3Q FY2019 gross rental income

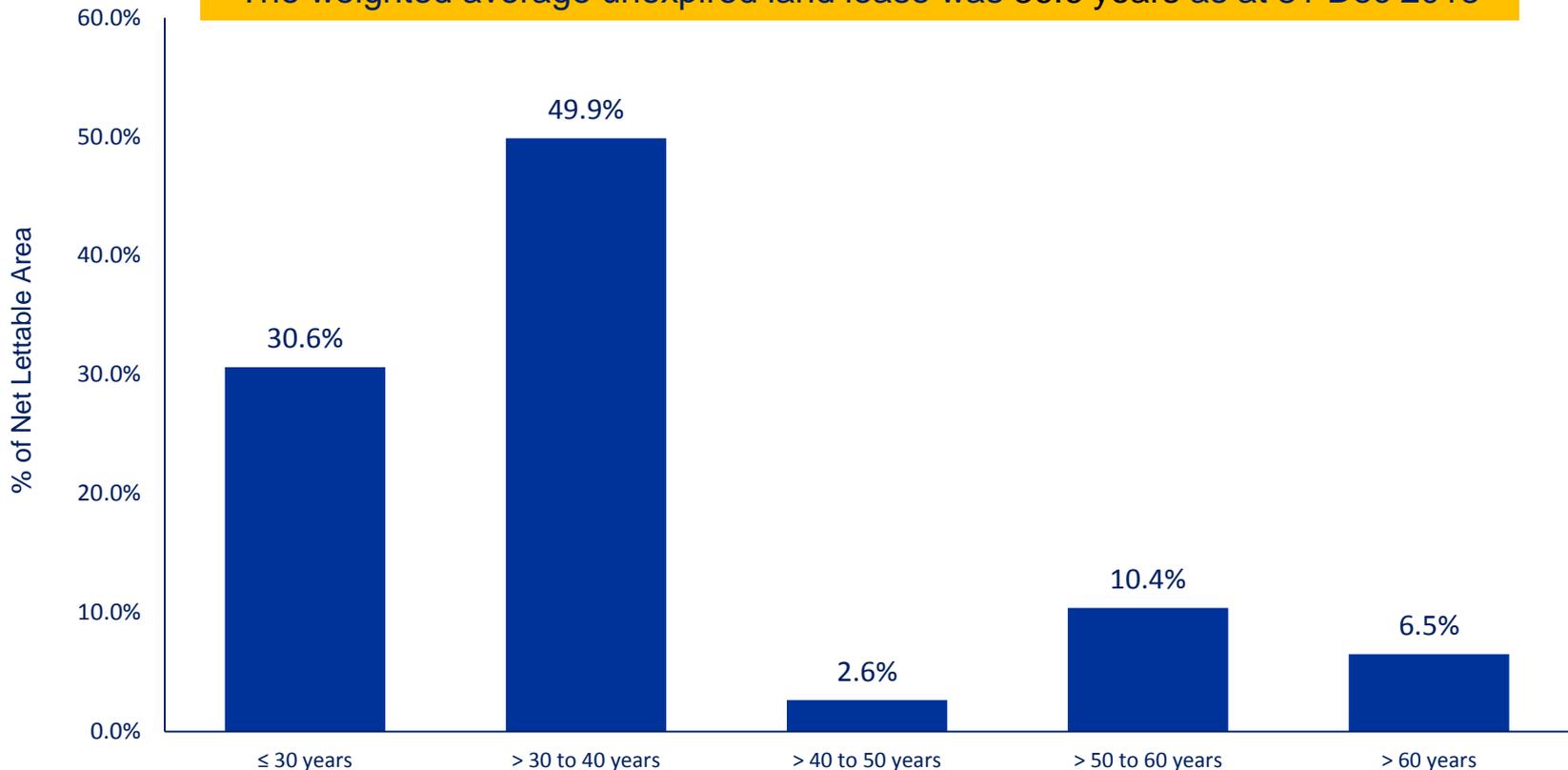
Tenant	%
Optus Administration Pty Limited	13.4%
CWT Pte. Limited	8.4%
Illumina Singapore Pte Ltd	8.3%
Eurochem Corporation Pte Ltd	7.4%
Beyonics International Pte Ltd	3.8%
Schenker Singapore (Pte) Ltd	3.2%
Focus Network Agencies (Singapore) Pte Ltd	2.9%
CIT Cosmeceutical Pte Ltd	2.1%
King Plastic Pte Ltd	1.6%
DHL Supply Chain Singapore Pte Ltd	1.5%
<b>Top 10 tenants</b>	<b>52.6%</b>



# Long land lease expiry – 36.6 years

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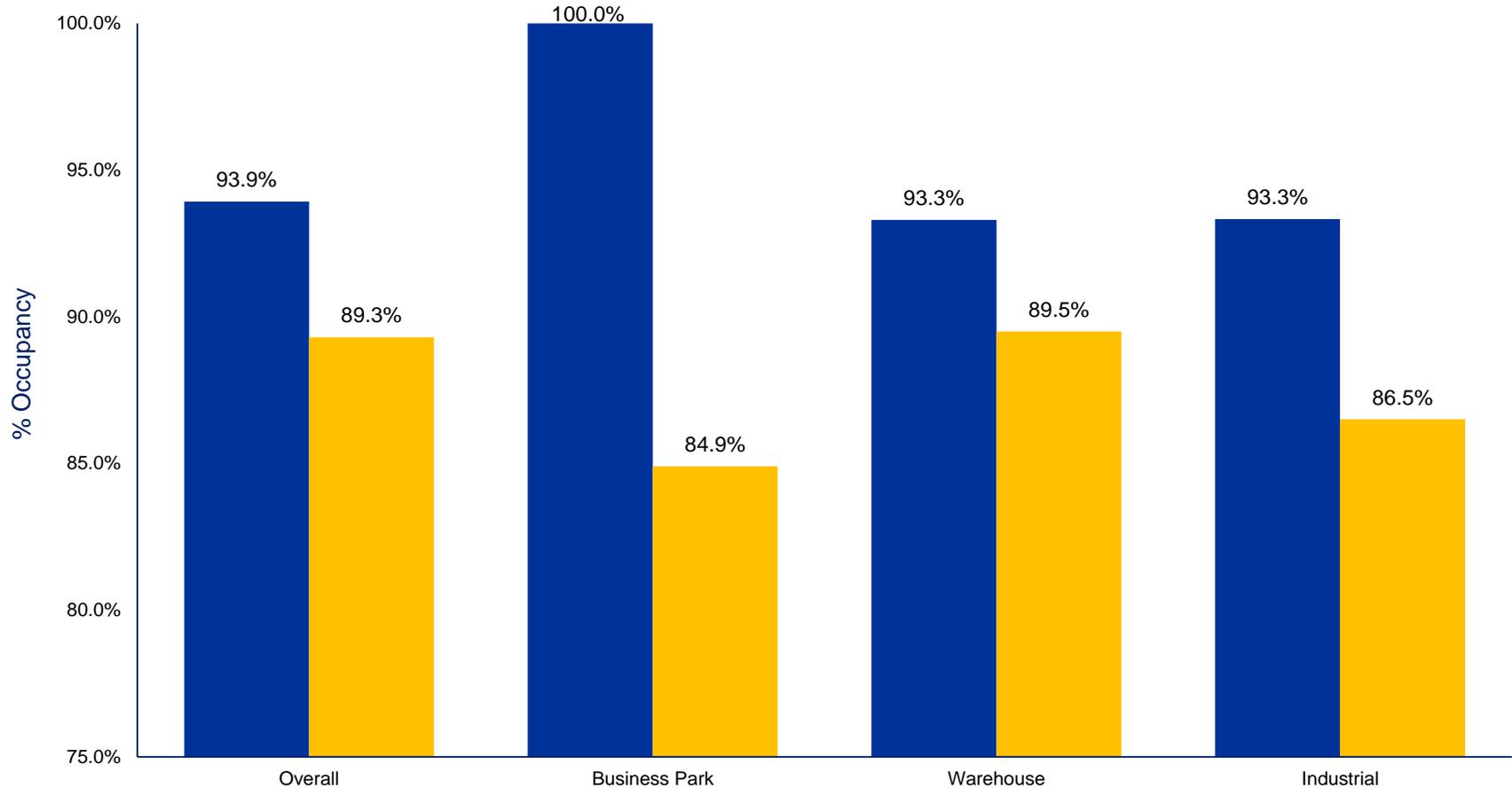
The weighted average unexpired land lease was 36.6 years as at 31 Dec 2018



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 and excludes the redevelopment of 3 Tuas Avenue 2.

# Comparisons to Singapore's industrial average occupancy levels

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Source: Based on JTC's 4<sup>th</sup> quarter 2018 statistics.

■ AA REIT ■ JTC's 4Q 2018

# Portfolio summary

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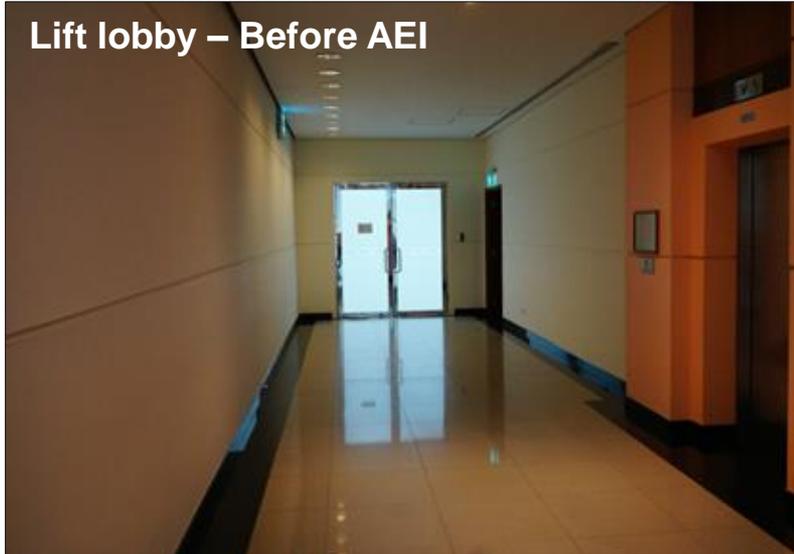


# AEI update on NorthTech

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## NorthTech

Lift lobby – Before AEI



Lift lobby – After AEI



- The AEI involves the refurbishment of the entire premises at NorthTech that will further enhance the property as a modern and energy efficient hi-tech industrial facility.
- Approximately 20% of the AEI at NorthTech has been completed. The entire AEI is expected to complete on time in the second half of 2019.

# Development update on 3 Tuas Ave 2

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## Progress photos



## Artist's Impression of 3 Tuas Ave 2



- Approximately 15% of the development, which includes piling and first storey slabs, have been completed.
- The project is on track for completion in the second half of 2019.

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# MARKET OUTLOOK AND STRATEGY

# Market Update and Outlook

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## Macro Environment

- Global economic growth are projected to moderate in 2019 as compared to 2018. At the same time, uncertainties and downside risks have increased, including elevated trade tensions between US and the PRC and expected rising of interest rates.

## Singapore Economy

- Due to trade tariffs, the Singapore economy will likely be impacted due to its dependence on trade and manufacturing activities. But being a regional hub, Singapore could potentially capitalise from the possibility of businesses reassessing their supply chains and sourcing locations.
- Ministry of Trade and Industry expects the Singapore economy to grow by “1.5% to 3.5%” in 2019, taking into account the outlook of Singapore’s key final demand markets.

## Industrial Sector

- Based on JTC 4Q 2018 statistics, occupancy rate of Singapore’s overall industrial property market rose marginally by 0.2 percentage points from the preceding quarter to 89.3%.
- Prices and rentals of industrial space remained stable. In 4Q 2018, both the price and rental indices remained unchanged as compared to 3Q 2018.
- Compared to a year ago, the price index remained unchanged while the rental index fell by 0.3%.

## Looking Ahead

- The Manager continues to remain focused on active asset and lease management and to optimise AA REIT’s 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 have under-utilised plot ratios;  
with potential organic opportunities.**



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 Awards for Excellence in Governance, Environmental Responsibility and Investor Relations at The Asset Corporate Awards 2018*



*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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**AMPCAPITAL** 