



# AIMS APAC REIT

FY2019: Fourth Quarter Financial Results Ended 31 March 2019  
Results Presentation

24 April 2019

# Important notice

## Disclaimer

This Presentation is focused on comparing actual results for the financial period from 1 April 2018 to 31 March 2019 (“FY2019”) and 1 January 2019 to 31 March 2019 (“4Q 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 APAC REIT’s (“AA REIT” or the “Trust”) results for 4Q FY2019 as per the SGXNet Announcement.

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# HIGHLIGHTS FOR 4Q FY2019

# Highlights for 4Q FY2019

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## Focusing on active asset management

- DPU performance: 2.75 cents per Unit for the quarter.
- Gross revenue increased marginally by S\$0.1 million to S\$29.9 million from the preceding quarter mainly due to higher rental contribution and occupancy rates at 20 Gul Way offset by lower rental and recoveries at 27 Penjuru Lane.
- Net property income increased by S\$0.9 million from the preceding quarter to S\$20.3 million.

## Active lease management

- Executed 11 new and renewal leases in 4Q FY2019, representing 21,388 sqm (or 3.4% of total net lettable area).
- Portfolio occupancy remained stable at 94.0%, as compared to 93.9% in the preceding quarter, above industrial average of 89.3%.

# Highlights for 4Q FY2019 (cont'd)

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## Developing a higher quality portfolio

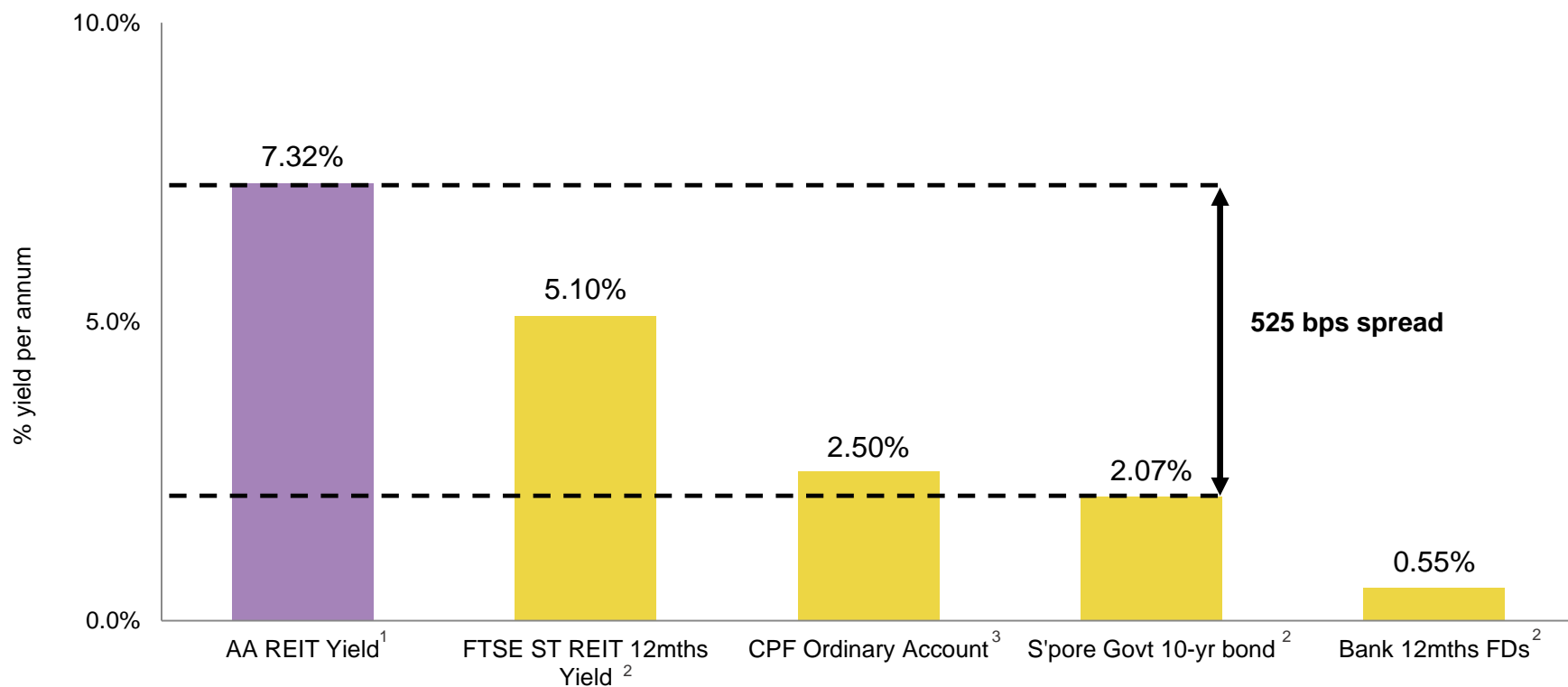
- The team is diligently executing the Asset Enhancement Initiatives (“AEIs”) at NorthTech and 3 Tuas Ave 2, both of which are expected to be completed in the second half of 2019.

## Prudent Capital Management

- Distribution reinvestment plan (“DRP”) take-up rate of 18.1% for 3Q FY2019.
- 85.8% of the portfolio’s interest rate is fixed taking into account interest rate swaps and fixed rate notes.
- Weighted average debt maturity of 2.4 years. AA REIT has undrawn committed facilities to fully repay the fixed rate notes maturing in FY2020. Post-repayment, weighted average debt maturity (on a proforma basis) will increase to 2.8 years.
- Aggregate leverage as at 31 March 2019 is at 33.7%.
- 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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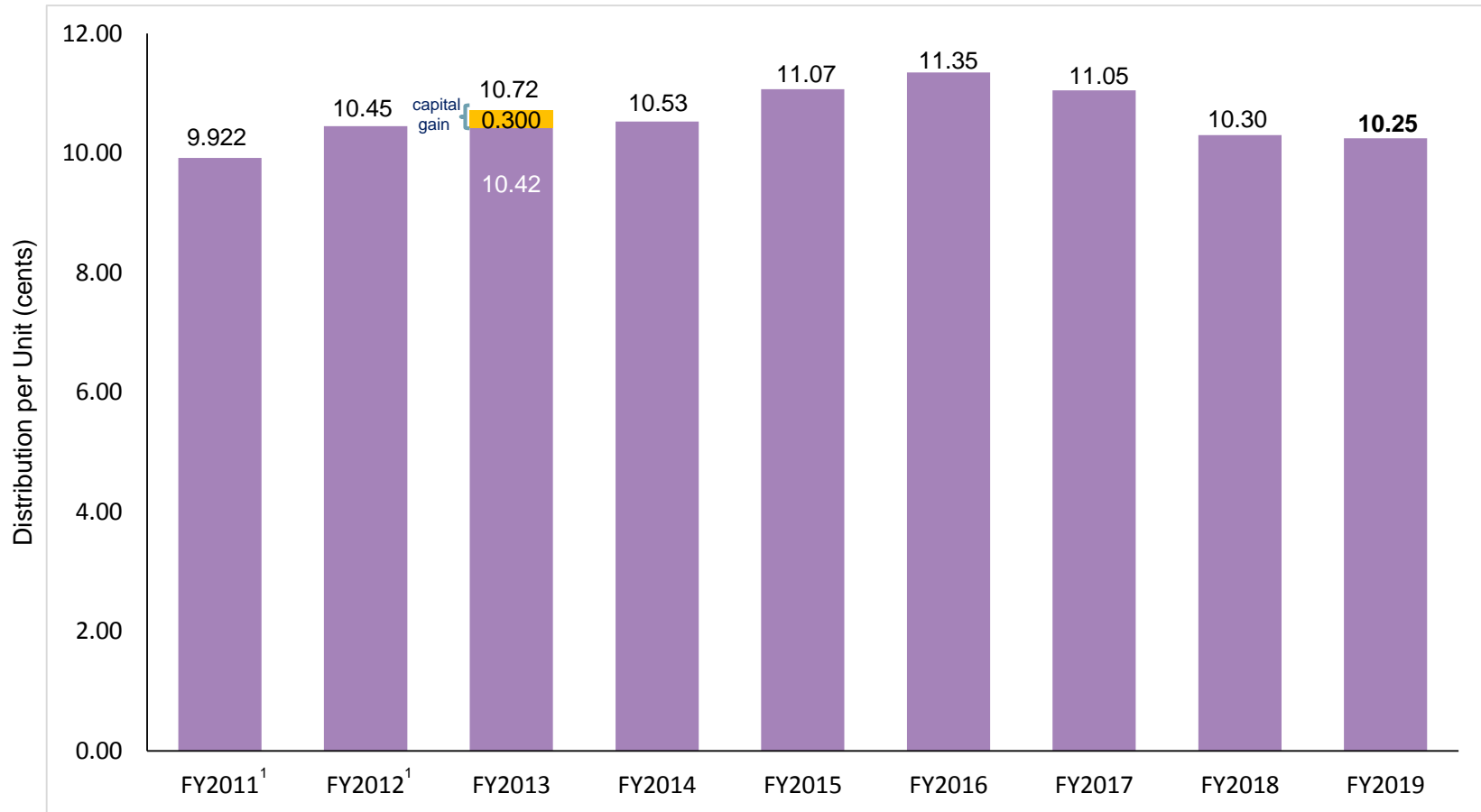


- 1 Based on closing price of S\$1.40 on 23 April 2019 and actual FY2019 DPU of 10.25 cents.
- 2 Source: Bloomberg data as at March 2019.
- 3 Prevailing CPF Ordinary Account interest rate.



# Stable and sustainable DPU

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<sup>1</sup> The number of Units used to calculate the Distribution per Unit has been adjusted for the effect of the Unit Consolidation to allow for comparison.



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# 4Q FY2019 & FULL YEAR FINANCIAL RESULTS

# Distribution details

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<b>Stock counter</b>	<b>Distribution period</b>	<b>DPU (cents)</b>
AIM APAC Reit Code: O5RU	For 1 January 2019 to 31 March 2019	2.75

<b>Distribution Period</b>	<b>For 1 January 2019 to 31 March 2019</b>
Ex-date	3 May 2019, 9.00am
Books closure date	6 May 2019, 5.00pm
Return of Tax Declaration Forms	27 May 2019, 5.00pm
Return of DRP Notice of Election	27 May 2019, 5.00pm
Distribution payment date	20 June 2019
Listing of DRP Units	On or around 20 June 2019

# Results for 4Q FY2019

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	4Q FY2019 S\$'000	3Q FY2019 S\$'000	Q-o-Q %	4Q FY2018 S\$'000	Y-o-Y %	FY2019 S\$'000	FY2018 S\$'000	Y-o-Y %
<b>Gross Revenue<sup>1</sup></b>	29,918	29,819	0.3	28,032	6.7	118,078	116,916	1.0
<b>Net Property Income<sup>1</sup></b>	20,323	19,447	4.5	17,669	15.0	78,493	76,417	2.7
<b>Share of results of joint venture (net of tax)<sup>1,2</sup></b>	13,402	3,471	>100.0	6,363	>100.0	23,761	17,418	36.4
<b>Distributions to Unitholders<sup>3</sup></b>	19,000	17,218	10.3	17,975	5.7	70,496	67,370	4.6
<b>DPU (cents)<sup>4</sup></b>	2.75	2.50	10.0	2.63	4.6	10.25	10.30	(0.5)
<b>DPU yield<sup>5</sup> (%)</b>	7.32							

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 higher contribution in 4Q FY2019 was mainly due to the share of revaluation surplus recognised from the valuation of the underlying property. As at 31 March 2019, the independent valuation of the underlying property was carried out by Jones Lang LaSalle Advisory Services Pty Ltd and valued at A\$470.0 million (equivalent to approximately S\$455.7 million) (31 March 2018: A\$450.0 million (equivalent to approximately S\$453.1 million)).

3 The Manager resolved to distribute S\$19.0 million for 4Q FY2019, comprising (i) taxable income of S\$17.1 million from Singapore operations; and (ii) tax-exempt income distribution of S\$1.2 million and capital distribution of S\$0.7 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 FY2019, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders.

4 DPU decreased marginally by 0.5% in FY2019 as compared to FY2018 due to the enlarged Units base following the private placement in December 2017.

5 Based on closing price of S\$1.40 on 23 April 2019 and actual DPU of 10.25 cents.

# Balance sheet

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	As at 31 March 2019	As at 31 December 2018	As at 31 March 2018
Total Assets (S\$m)	1,484.8	1,470.2	1,477.6
Comprising (S\$m):			
- Investment properties	1,202.3	1,215.4	1,210.1
- Investment property under development	32.7	21.4	18.6
- Joint venture	221.8	210.0	220.8
- Trade and other receivables	9.5	9.7	10.1
- Derivative financial instruments	0.4	0.3	0.5
- Cash and cash equivalents	18.1	13.4	17.5
Total Liabilities (S\$m)	556.3	533.0	538.6
Net Assets (S\$m)	928.5	937.2	939.0
NAV per Unit (S\$)	1.34	1.36	1.37
Total Debt <sup>1</sup> (S\$m)	499.7	492.0	494.9
Aggregate Leverage (%)	33.7	33.5	33.5

1 Excluding unamortised loan transaction costs.

# Key financial metrics

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	4Q FY2019	3Q FY2019
Appraised Value of Property Portfolio	S\$1,458.3 million <sup>1</sup>	S\$1,448.2 million <sup>2</sup>
Market Capitalisation <sup>3</sup>	S\$967.3 million	S\$950.4 million
NAV per Unit	S\$1.34	S\$1.36
Share Price <sup>3</sup>	S\$1.40	S\$1.38
Premium over NAV <sup>3</sup>	4.5%	1.5%
Aggregate Leverage <sup>4</sup>	33.7%	33.5%
Interest Cover Ratio <sup>5</sup>	5.0 times	5.0 times
Weighted Average Debt Maturity	2.4 years	2.7 years

- 1 Singapore portfolio based on valuation as at 31 March 2019 appraised by 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 Jones Lang LaSalle Advisory Services Pty Ltd as at 31 March 2019.
- 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 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.
- 3 Based on the units outstanding and closing price of S\$1.40 on 23 April 2019 and S\$1.38 on 31 January 2019.
- 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 March 2019

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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 March 2019 (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

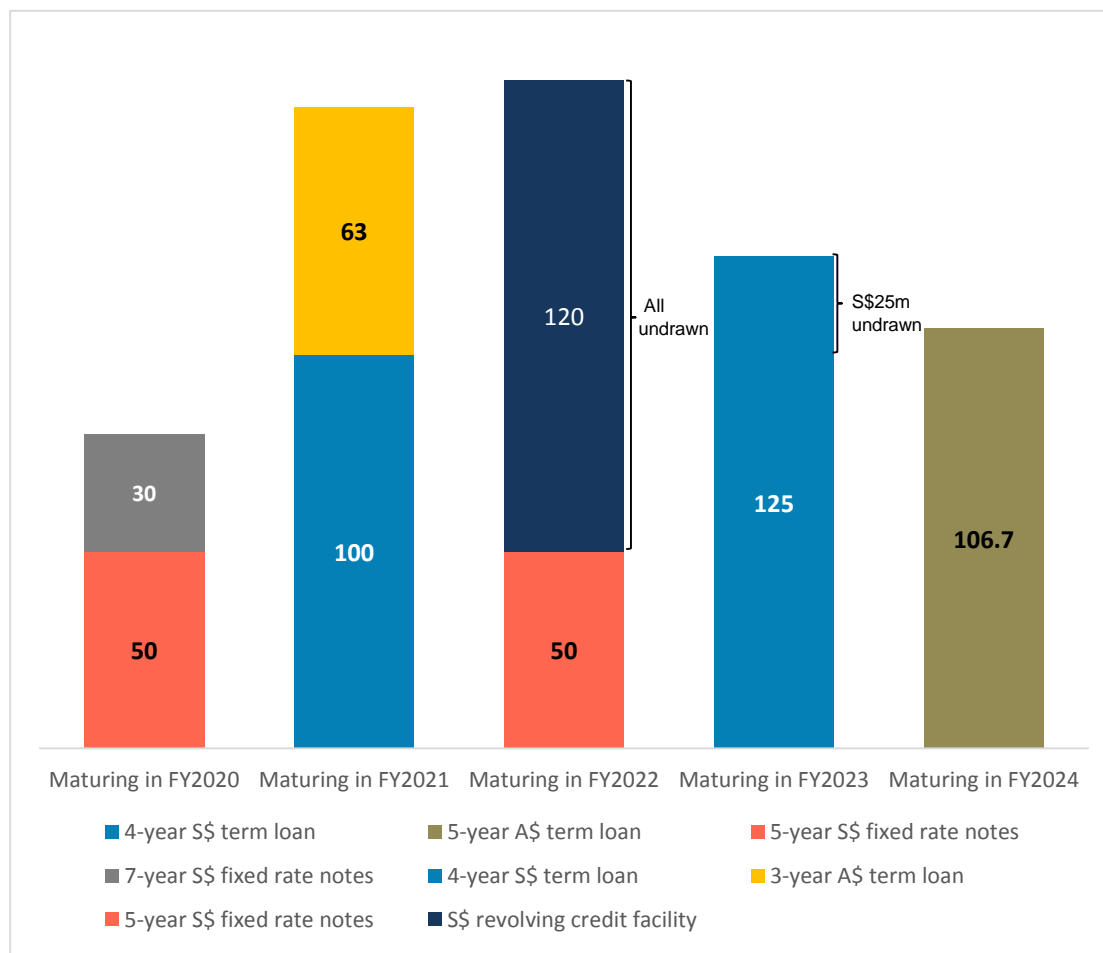
- Established a S\$750 million Programme in November 2018.

## Summary

- Weighted average debt maturity of 2.4 years. AA REIT has undrawn committed facilities to fully repay the fixed rate notes maturing in FY2020. Post-repayment, weighted average debt maturity (on a proforma basis) will increase to 2.8 years.
- 85.8% 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 March 2019 (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) 63.0

Due in March 2022 (FY2022) 50.0

Due in July 2022 (FY2023) 100.0

Due in July 2023 (FY2024) 106.7

**Total debt drawn down 499.7**

**Undrawn available facilities 145.0**

**Total committed facilities 644.7**

\* AA REIT has sufficient undrawn committed facilities to refinance the two MTNs due in FY2020.

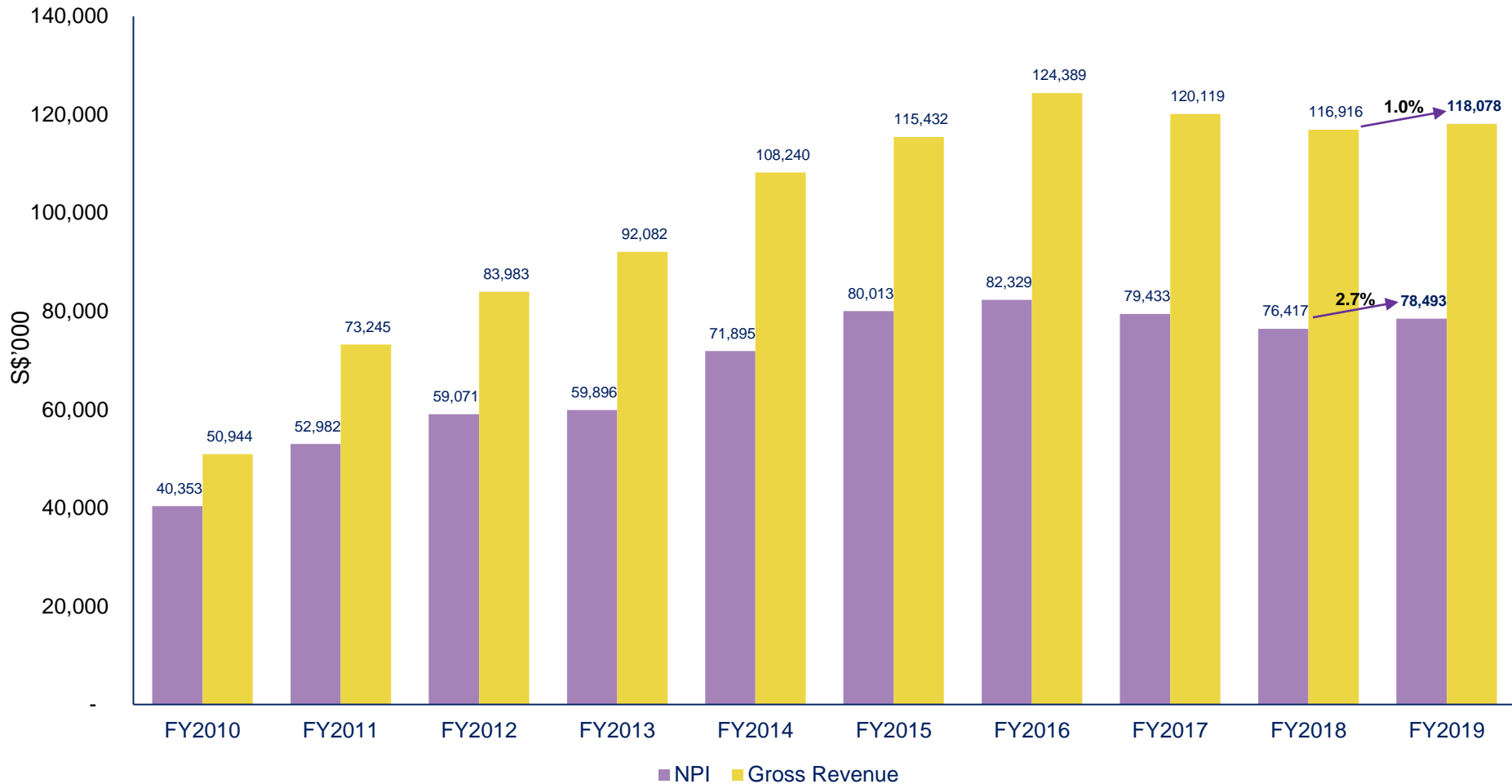
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# PORTFOLIO PERFORMANCE

# Revenue performance since FY2010

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# Key portfolio statistics

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	As at 31 March 2019	As at 31 December 2018
Number of Properties	26	26
Appraised Value (S\$ million)	1,458.3 <sup>1</sup>	1,448.2 <sup>2</sup>
Net Lettable Area (sq m)	633,552	634,443
Number of Tenants	167	168
Portfolio Occupancy (%)	94.0	93.9
Weighted Average Lease Expiry (WALE) (years) <sup>3</sup>	2.59	2.74
Weighted Average Land Lease Expiry (years) <sup>4</sup>	36.4	36.6
Location of Properties	Singapore, Australia	Singapore, Australia

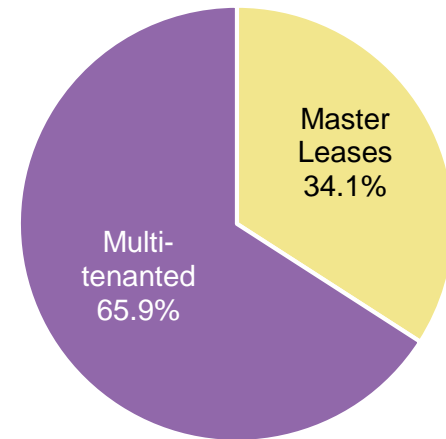
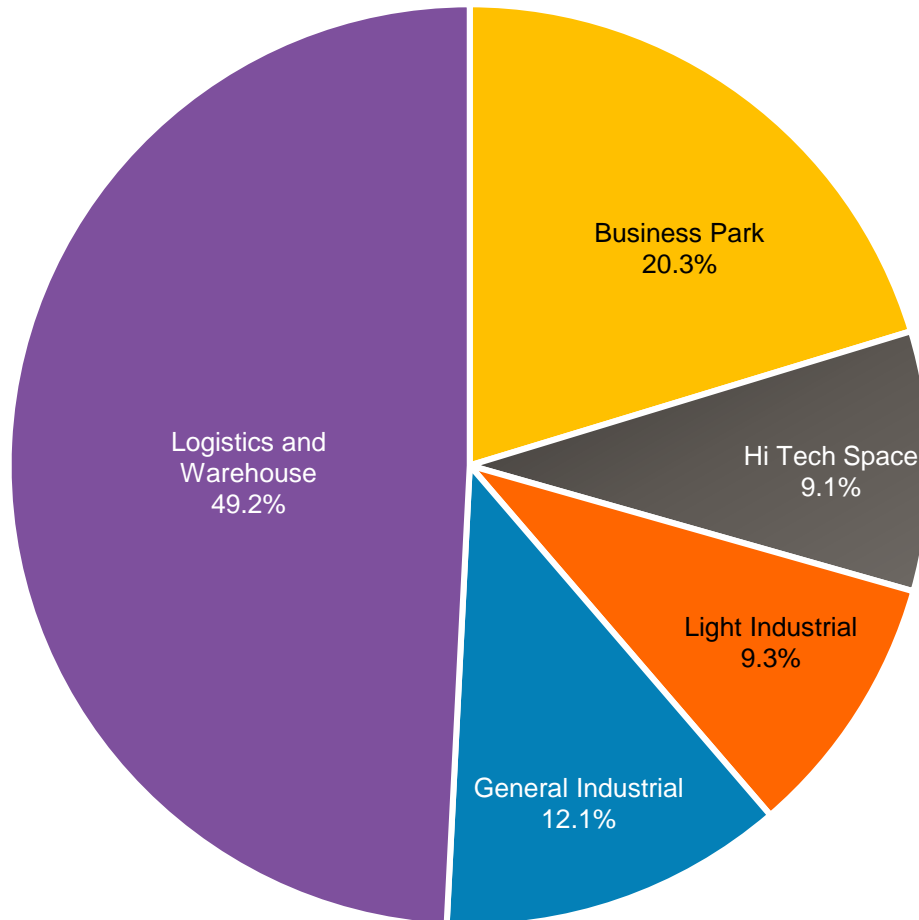
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- 2 Singapore portfolio included (i) investment properties based on valuation as at 30 September 2018 appraised by Jones Lang LaSalle Property Consultants Pte Ltd or Colliers International Consultancy & Valuation (Singapore) Pte Ltd and capitalised 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.
- 3 Computation included forward committed leases. Excluding forward committed leases, the WALE is 2.50 years as at 31 March 2019 and 2.69 years as at 31 December 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 4Q FY2019 gross rental income

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## Occupancy (%)

Total Portfolio <sup>1</sup> (25 properties)	94.0
Master Leases <sup>2</sup> (9 properties)	100.0
Multi-tenanted <sup>1,2</sup> (17 properties)	92.2

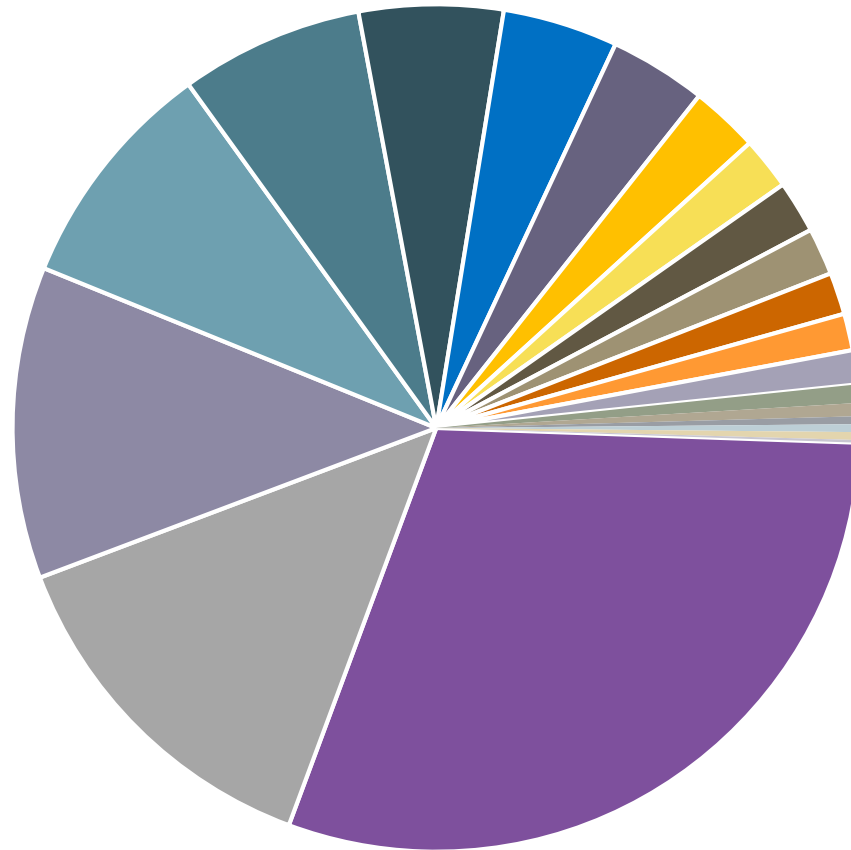
- 1 Excludes 3 Tuas Avenue 2 which is undergoing redevelopment.
- 2 20 Gul Way is partially under master lease and partially multi-tenanted.

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

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(By 4Q FY2019 gross rental income)

- Logistics, 30.1%
- Telecommunication, 13.6%
- Engineering, 11.9%
- Biotech / Life Sciences, 8.9%
- Infrastructure, 7.0%
- Consumer products, 5.5%
- FMCG, 4.4%
- IT & Electronics, 3.7%
- Furniture, 2.6%
- Pharmaceutical/Healthcare/Cosmetics, 2.0%
- Self-storage, 2.0%
- Data Centre, 1.8%
- Plastic Products and Distribution, 1.6%
- Testing and certification, 1.4%
- Fashion and Apparels, 1.3%
- F&B, 0.7%
- Paper & Printing, 0.5%
- Metal Recycling, 0.3%
- Others / Services, 0.3%
- Education, 0.3%
- Energy, 0.1%



<sup>1</sup> Tenant base expanded by 13% over the last 24 months (167 tenants as at 31 March 2019 vs 148 tenants as at 31 March 2017).

# Active lease management

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Lease Expiry Profile as at 31 March 2019  
(By 4Q FY2019 gross rental income)



<sup>1</sup> Weighted average rental decrease for renewal leases was 5.8%.

# Quality tenant base

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## Top 10 tenants by 4Q FY2019 gross rental income

Tenant	%
Optus Administration Pty Limited	13.0%
Illumina Singapore Pte Ltd	8.9%
CWT Pte. Limited*	8.8%
Eurochem Corporation Pte Ltd	7.3%
Schenker Singapore (Pte) Ltd	3.8%
Beyonics International Pte Ltd	3.7%
Focus Network Agencies (Singapore) Pte Ltd	2.9%
CIT Cosmeceutical Pte Ltd	1.8%
King Plastic Pte Ltd	1.5%
DHL Supply Chain Singapore Pte Ltd	1.5%
<b>Top 10 tenants</b>	<b>53.2%</b>

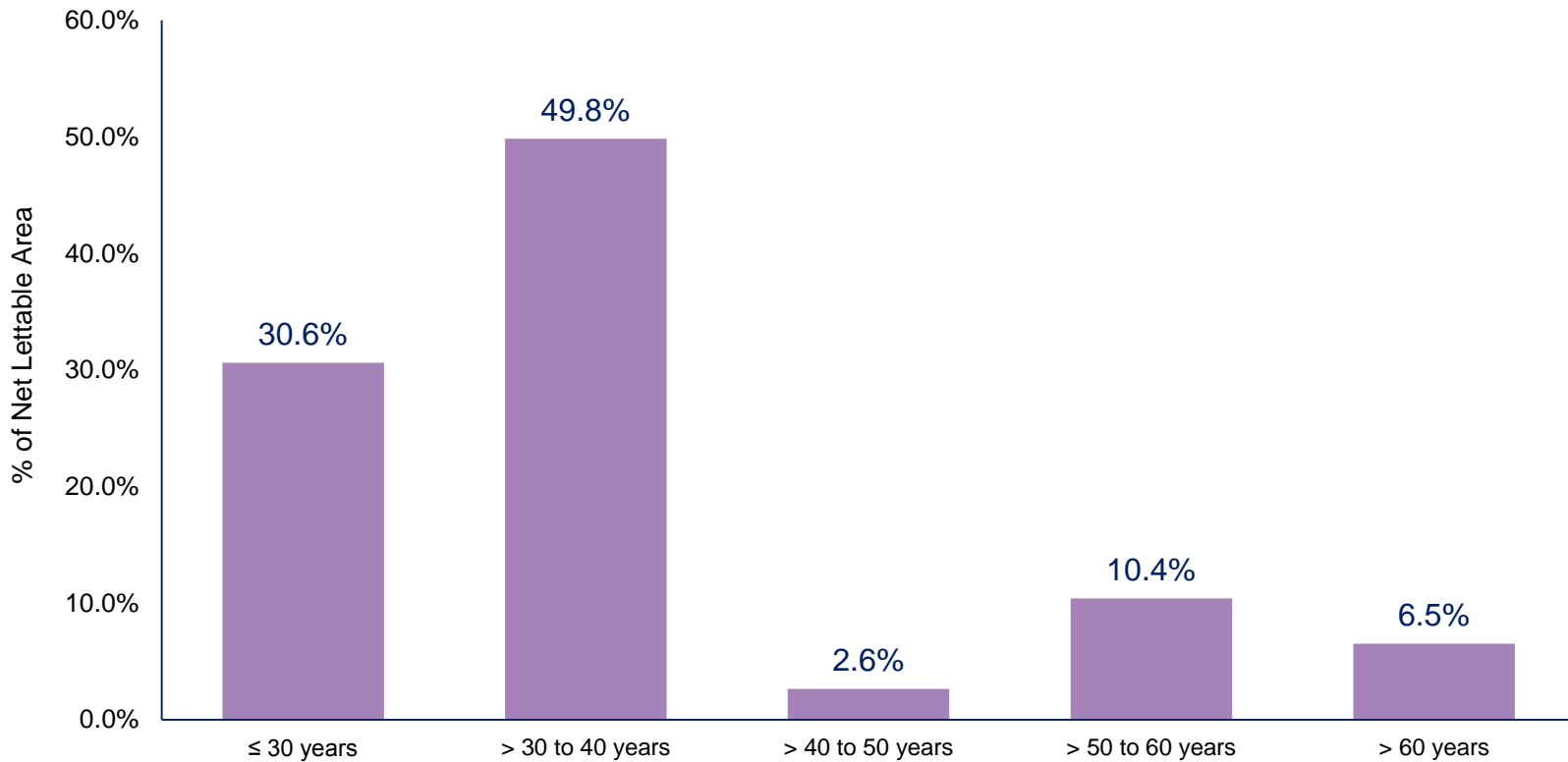


\* Exposure to CWT leases will be further reduced due to the expiries of the CWT lease agreements, with the final CWT lease agreement expiring in July 2021 (FY2022). Approximately 5.2% of AA REIT's 4Q FY2019 gross rental income from CWT will progressively expire in the current financial year FY2020.

# Long land lease expiry – 36.4 years

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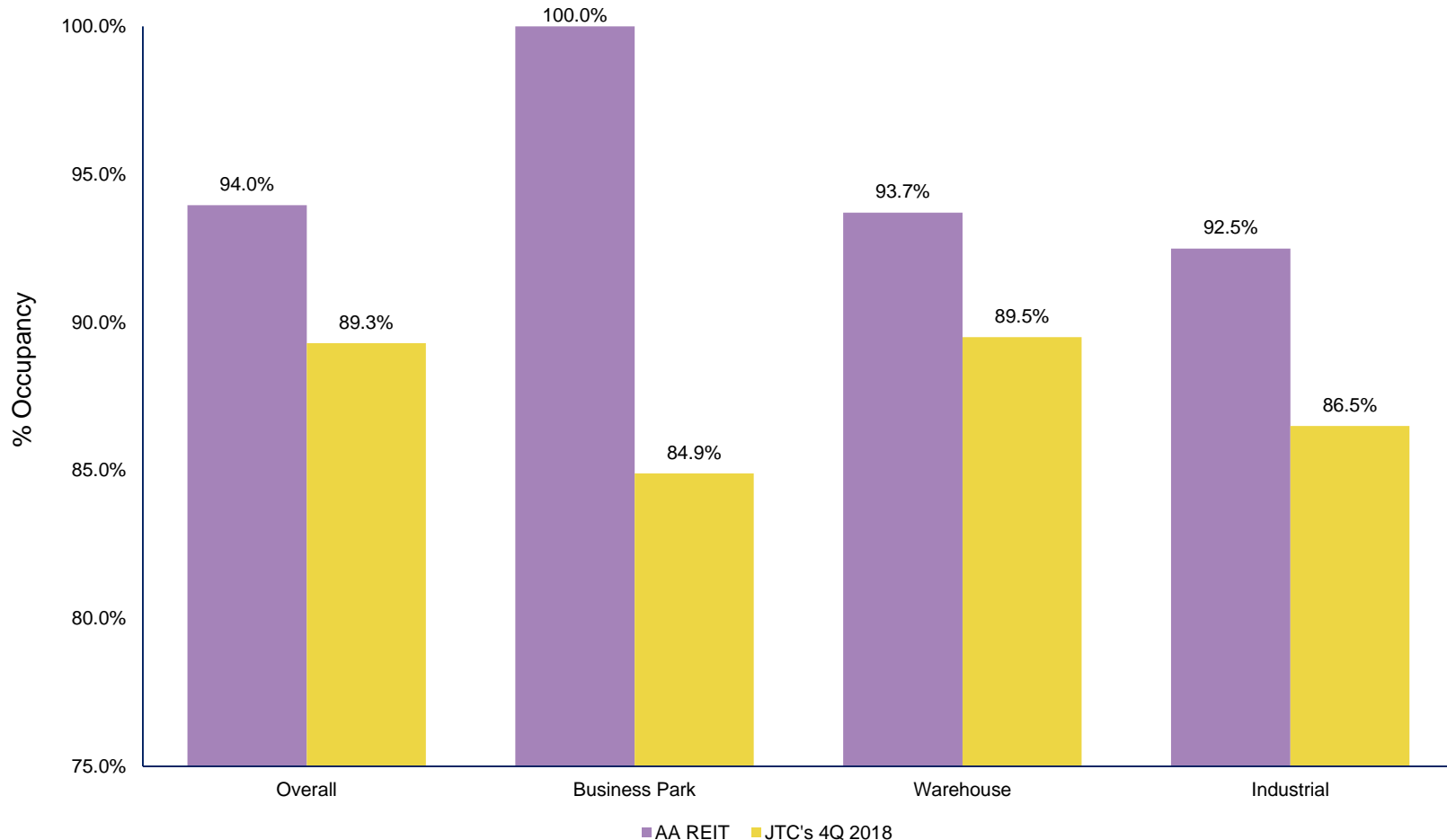
The weighted average unexpired land lease was 36.4 years as at 31 Mar 2019



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.



# Portfolio summary

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# FY2019 MILESTONES & ACHIEVEMENTS

# Significant milestones

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## Prudent capital management

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

## Renamed: AIMS APAC REIT

- Completion of the sale by AMP Capital Investors Limited and its affiliates of its 50% shareholding in the management entities of AA REIT to AIMS Financial Service Group Pty Ltd and its affiliates in March 2019.
  - ✓ Reflects commitment of AIMS by the consolidation of its interests.
  - ✓ Continued strategy to build a high-quality and diversified portfolio located throughout Asia Pacific that will deliver consistent and sustainable returns to Unitholders

# Proactive asset and lease management

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## Continued focus on active asset and lease management

- Developing a higher quality portfolio
  - ✓ Redevelopment of **3 Tuas Ave 2** – The new facility will be a contemporary four-storey ramp-up industrial facility suitable for both production and storage use. Upon completion, gross floor area will increase by 52% to approximately 24,890 sqm, improving the plot ratio to 1.40.
    - Approximately 54% of the development has been completed.
    - The project is expected to be completed in the second half of 2019.
  - ✓ AEI for **NorthTech at Woodlands** – The AEI will further enhance NorthTech as a modern and energy efficient hi-tech industrial facility. The building remains operational and income producing while the AEI is being carried out.
    - Approximately 55% of the AEI at NorthTech has been completed.
    - The AEI is expected to be completed in the second half of 2019.
- Executed a total of 60 new and renewal leases in FY2019, representing 119,381 sqm (18.8% of respective total net lettable area).

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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 trade tensions between US and the PRC, sharper-than-expected slowdown of the PRC economy and uncertainty over UK's Brexit.

## 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 capitalize on the possibility of businesses reassessing their supply chains and sourcing locations.
- Ministry of Trade and Industry expects the Singapore economy to maintain its growth forecast at “1.5% to 3.5%” in 2019, with growth expected to come in slightly below the mid-point of the range.

## 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 remains focused on anticipating and adapting to the evolving markets by building a diversified and resilient portfolio through unlocking organic growth and strategic acquisitions to ensure the creation of sustainable, long-term value for Unitholders.

# 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 2018 ARC Awards*

# Thank you

For enquiries, kindly contact:

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