



# AIMS APAC REIT

FY2020: Second Quarter Financial Results Ended 30 September 2019  
Results Presentation

5 November 2019

# Important notice

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This Presentation is focused on comparing actual results for the financial period from 1 July 2019 to 30 September 2019 (“2Q FY2020”) 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 2Q FY2020 as per the SGXNet Announcement.

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# HIGHLIGHTS FOR 2Q FY2020

# Highlights for 2Q FY2020

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## Focusing on active asset management

- DPU performance: 2.50 cents per Unit for the quarter<sup>1</sup>.
- Gross revenue of S\$30.6 million was comparable to that of preceding quarter mainly due to maiden rental contribution from the recently acquired Boardriders Asia Pacific HQ in Australia, offset by lower rental and recoveries at 20 Gul Way and 27 Penjuru Lane.
- Net property income decreased by S\$0.5 million from the preceding quarter to S\$22.5 million, mainly due to higher property operating expenses.

## Active lease management

- Executed 27 new and renewal leases in 2Q FY2020, representing 65,450 sqm (or 10.1% of total net lettable area).
- Portfolio occupancy decreased to 92.2%<sup>2</sup>, as compared to 94.4% in the preceding quarter, mainly due to the transition of master leases to multi-tenancy leases at some properties.

1 DPU unchanged q-o-q compared to 1Q FY2020

2 Above JTC 3Q2019 industrial average of 89.3%

# Highlights for 2Q FY2020 (cont'd)

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## Developing a higher quality portfolio

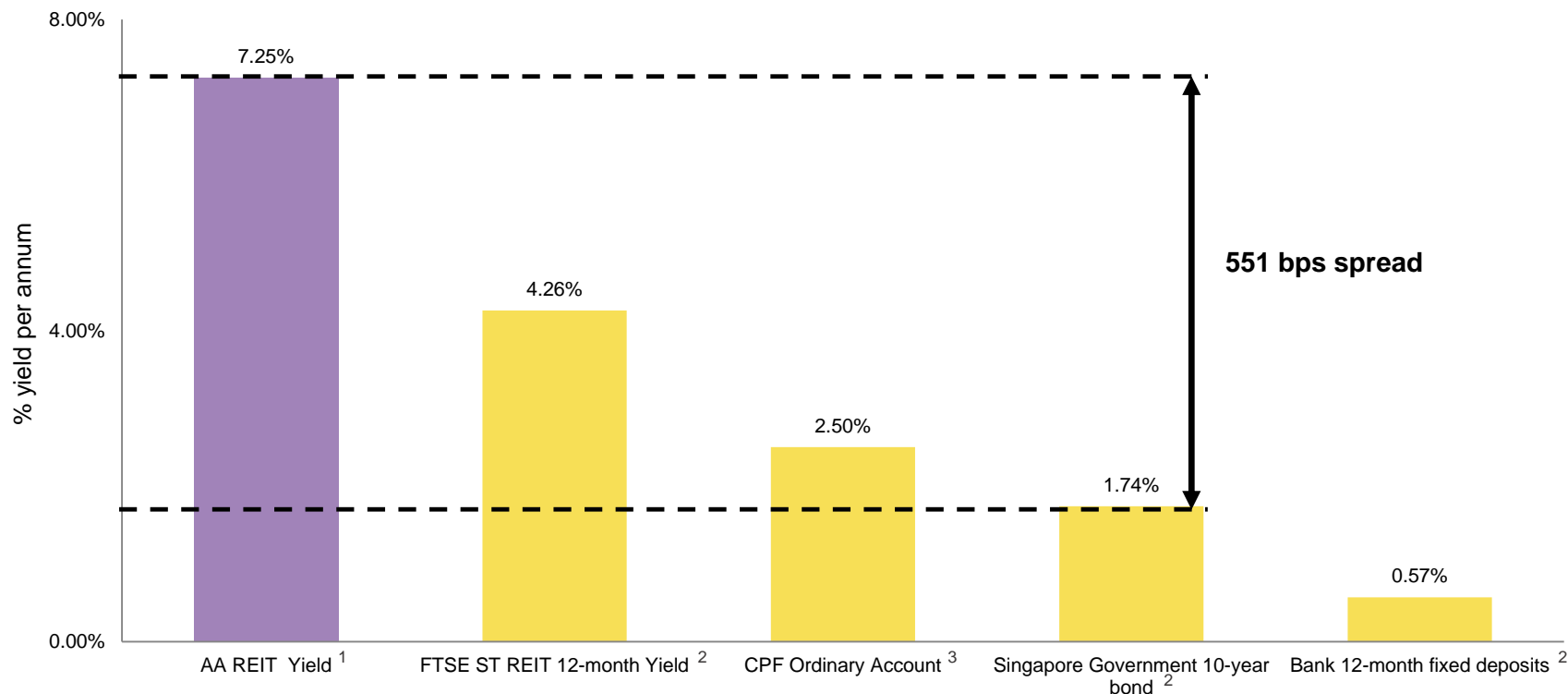
- Approximately 79% of the redevelopment of **3 Tuas Ave 2** has been completed.
- Approximately 82% of the AEI for **NorthTech at Woodlands** has been completed.

## Prudent Capital Management

- Aggregate leverage as at 30 September 2019 is at 35.4% (including AUD debt to fund the Boardriders Asia Pacific HQ acquisition).
- 75.3% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes.
- Weighted average debt maturity of 2.3 years. AA REIT has undrawn committed facilities to fully repay the S\$30.0 million fixed rate notes maturing in December 2019.
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.5%.
- Issued new Units amounting to S\$2.9 million pursuant to the distribution reinvestment plan ("DRP") for 1Q FY2020.

# Attractive return on investment

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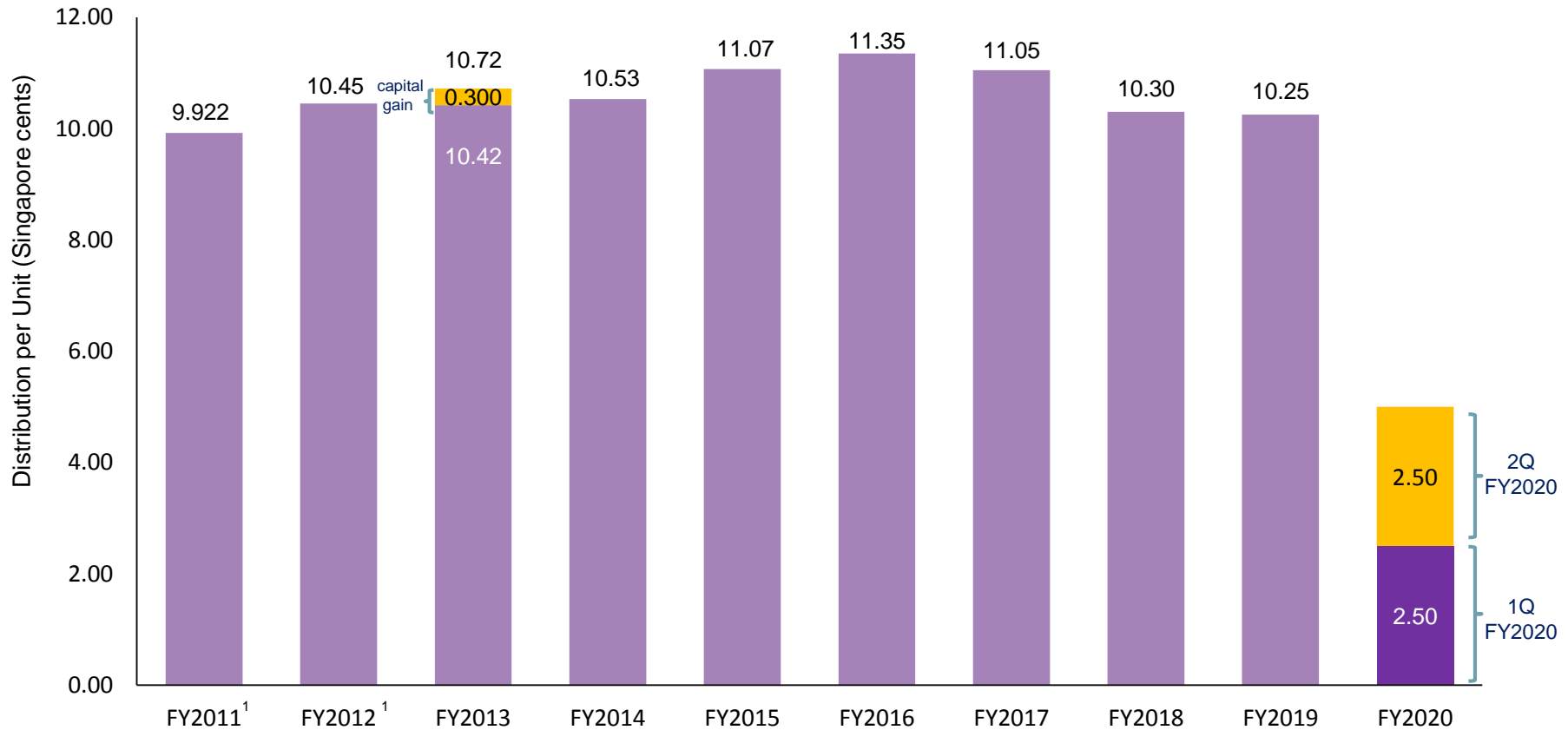


- 1 Based on closing price of S\$1.38 on 4 November 2019 and annualised DPU of 10.00 cents. Annualised DPU is computed based on actual DPU payouts for the first half of FY2020 and annualised to the full year.
- 2 Source: Bloomberg data as at September 2019.
- 3 Prevailing CPF Ordinary Account interest 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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# 2Q FY2020 FINANCIAL RESULTS

# Distribution details

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<b>Stock counter</b>	<b>Distribution period</b>	<b>DPU (cents)</b>
AIMS APAC Reit Code: O5RU	For 1 July 2019 to 30 September 2019	2.50

<b>Distribution Period</b>	<b>For 1 July 2019 to 30 September 2019</b>
Ex-date	12 November 2019, 9.00am
Books closure date	13 November 2019, 5.00pm
Return of Tax Declaration Forms	3 December 2019, 5.00pm
Return of DRP Notice of Election	3 December 2019, 5.00pm
Distribution payment date	20 December 2019
Listing of DRP Units	On or around 20 December 2019

# Results for 2Q FY2020

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	2Q FY2020 S\$'000	1Q FY2020 S\$'000	Q-o-Q %	2Q FY2019 S\$'000	Y-o-Y %	1H FY2020 S\$'000	1H FY2019 S\$'000	Y-o-Y %
<b>Gross Revenue<sup>1</sup></b>	30,595	30,589	<0.1	29,416	4.0	61,184	58,341	4.9
<b>Net Property Income<sup>1,2</sup></b>	22,490	22,941	(2.0)	19,292	16.6	45,431	38,723	17.3
<b>Share of results of joint venture (net of tax)<sup>1,3</sup></b>	6,035	3,374	78.9	3,549	70.0	9,409	6,888	36.6
<b>Distributions to Unitholders<sup>4</sup></b>	17,422	17,371	0.3	17,139	1.7	34,793	34,278	1.5
<b>DPU (cents)</b>	2.50	2.50	-	2.50	-	5.00	5.00	-
<b>DPU yield<sup>5</sup> (%)</b>	7.25							

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

2 Pursuant to the adoption of FRS 116 on 1 April 2019, land rent payments to JTC Corporation and CapitaLand Singapore (BP&C) Pte. Ltd. (formerly known as Ascendas Land (Singapore) Ltd) for certain properties in AA REIT's portfolio were excluded from property operating expenses in 1H FY2020. Accordingly, NPI on a y-o-y basis increased in line with the lower property operating expenses.

3 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 2Q FY2020 was mainly due to the share of revaluation surplus recognised from the valuation of the underlying property. As at 30 September 2019, the independent valuation of the underlying property was carried out by Knight Frank NSW Valuations & Advisory Pty Ltd and valued at A\$475.0 million (equivalent to approximately S\$443.2 million).

4 The Manager resolved to distribute S\$17.4 million for 2Q FY2020, comprising (i) taxable income of S\$16.0 million from Singapore operations; and (ii) tax-exempt income distribution of S\$1.0 million and capital distribution of S\$0.4 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia and Boardriders Asia Pacific HQ in Gold Coast, Queensland, 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 2Q FY2020, the Manager has resolved to distribute 97.9% of the Singapore taxable income available for distribution to the Unitholders.

5 Based on closing price of S\$1.38 on 4 November 2019 and annualised DPU of 10.00 cents. Annualised DPU is computed based on actual DPU payout for the first half of FY2020 and annualised to the full year.

# Balance sheet

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	As at 30 September 2019	As at 30 June 2019
Total Assets (S\$m)	1,601.3 <sup>1</sup>	1,575.3 <sup>1</sup>
Comprising (S\$m):		
- Investment properties	1,318.5 <sup>1</sup>	1,290.9 <sup>1</sup>
- Investment property under development	46.4 <sup>1</sup>	41.0 <sup>1</sup>
- Joint venture	216.7	218.2
- Trade and other receivables	8.8	13.4
- Derivative financial instruments	-	0.1
- Cash and cash equivalents	10.9	11.7
Total Liabilities (S\$m)	683.1 <sup>1</sup>	647.6 <sup>1</sup>
Net Assets (S\$m)	918.2	927.7
NAV per Unit (S\$)	1.32	1.34
Total Debt <sup>2</sup> (S\$m)	534.1	501.3
Aggregate Leverage (%) <sup>3</sup>	35.4	33.8

1 Pursuant to the adoption of FRS 116 on 1 April 2019, AA REIT recognised right-of-use assets representing AA REIT's right to use the underlying properties within "investment properties" and "investment property under development" and lease liabilities representing AA REIT's obligation to make lease payments. As at 30 September 2019, AA REIT recognised such assets of S\$92.5 million (30 June 2019: S\$93.5 million) and the corresponding lease liabilities of the same amount for its leases previously classified as operating leases.

2 Excluding unamortised loan transaction costs.

3 Total debt as a % of total assets. In line with the circular issued by the Monetary Authority of Singapore, the calculation of Aggregate Leverage excluded AA REIT's right-of-use assets and lease liabilities for operating leases entered into before 1 January 2019 pursuant to FRS 116.

# Key financial metrics

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	2Q FY2020	1Q FY2020
Portfolio Value <sup>1</sup>	S\$1,489.5 million	S\$1,457.1 million
Market Capitalisation <sup>2</sup>	S\$961.7 million	S\$1,021.4 million
NAV per Unit	S\$1.32	S\$1.34
Share Price <sup>2</sup>	S\$1.38	S\$1.47
Premium over NAV <sup>2</sup>	4.5%	9.7%
Aggregate Leverage <sup>3</sup>	35.4%	33.8%
Interest Cover Ratio <sup>4</sup>	5.4 times	5.7 times
Weighted Average Debt Maturity	2.3 years	2.4 years

- 1 Based on the book value of investment properties and investment property under development as well as the 49.0% interest in the book value of Optus Centre, Macquarie Park, NSW, Australia and excluding right-of-use assets.
- 2 Based on the units outstanding and closing price of S\$1.38 on 4 November 2019 and S\$1.47 on 24 July 2019.
- 3 Total debt as a % of total assets. In line with the circular issued by the Monetary Authority of Singapore, the calculation of Aggregate Leverage excluded AA REIT's right-of-use assets and lease liabilities for operating leases entered into before 1 January 2019 pursuant to FRS 116.
- 4 Calculated based on secured bank loan financial covenants which require an interest coverage ratio of at least 2.0 times.

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# PRUDENT CAPITAL MANAGEMENT

# Debt facilities as at 30 September 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 investments in Australia.
- Total secured facility of **A\$261.2 million** comprising:
  - 3-year offshore term loan facility of A\$65.0 million, maturing in November 2020
  - 3-year revolving credit facility of A\$65.0 million maturing in June 2022
  - 5-year onshore term loan facility of A\$110.0 million, maturing in July 2023
  - 5-year term loan facility of A\$21.153 million maturing in July 2024

# Debt facilities as at 30 September 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 3.60% maturing in March 2022 (4<sup>th</sup> issuance)

## Multicurrency Debt Issuance Programme

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

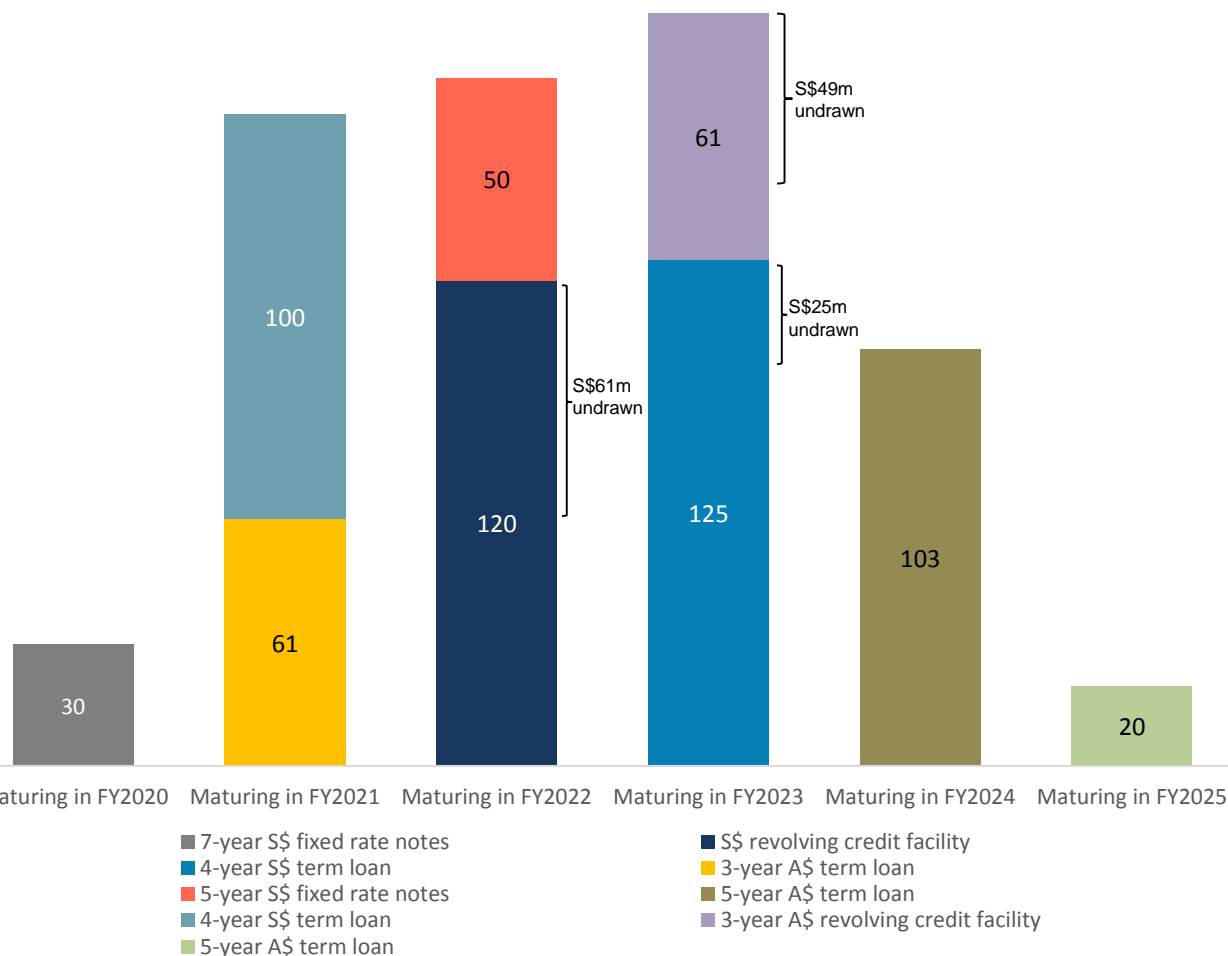
## Summary

- Weighted average debt maturity of 2.3 years. AA REIT has undrawn committed facilities to fully repay the S\$30.0 million fixed rate notes maturing in December 2019.
- 75.3% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes.
- Overall blended funding cost of 3.5%.



# Debt facilities as at 30 September 2019 (cont'd)

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Maturity date	S\$m
Due in December 2019 (FY2020)*	30.0
Due in August 2020 (FY2021)	100.0
Due in November 2020 (FY2021)	60.7
Due in November 2021 (FY2022)	59.0
Due in March 2022 (FY2022)	50.0
Due in June 2022 (FY2023)	12.1
Due in July 2022 (FY2023)	100.0
Due in July 2023 (FY2024)	102.6
Due in July 2024 (FY2025)	19.7
<b>Total debt drawn down</b>	<b>534.1</b>
<b>Undrawn available facilities</b>	<b>134.6</b>
<b>Total committed facilities</b>	<b>668.7</b>

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



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# PORTFOLIO PERFORMANCE

# Revenue performance since FY2011

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# Key portfolio statistics

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	As at 30 September 2019	As at 30 June 2019
Number of Properties	27	26
Portfolio Value (S\$ million) <sup>1</sup>	1,489.5	1,457.1
Net Lettable Area (sqm)	648,086	633,301
Number of Tenants	179	169
Portfolio Occupancy (%)	92.2	94.4
Weighted Average Lease Expiry (WALE) (years) <sup>2</sup>	2.45	2.38
Weighted Average Land Lease Expiry (years) <sup>3</sup>	37.4	36.2
Location of Properties	Singapore, Australia	Singapore, Australia

1 Based on the book value of investment properties and investment property under development as well as the 49.0% interest in the book value of Optus Centre, Macquarie Park, NSW, Australia and excluding right-of-use assets.

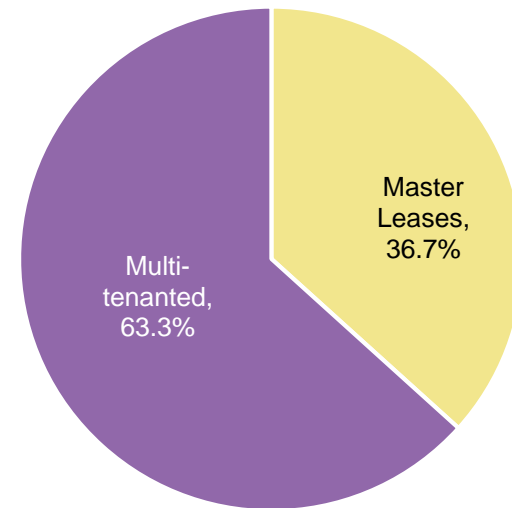
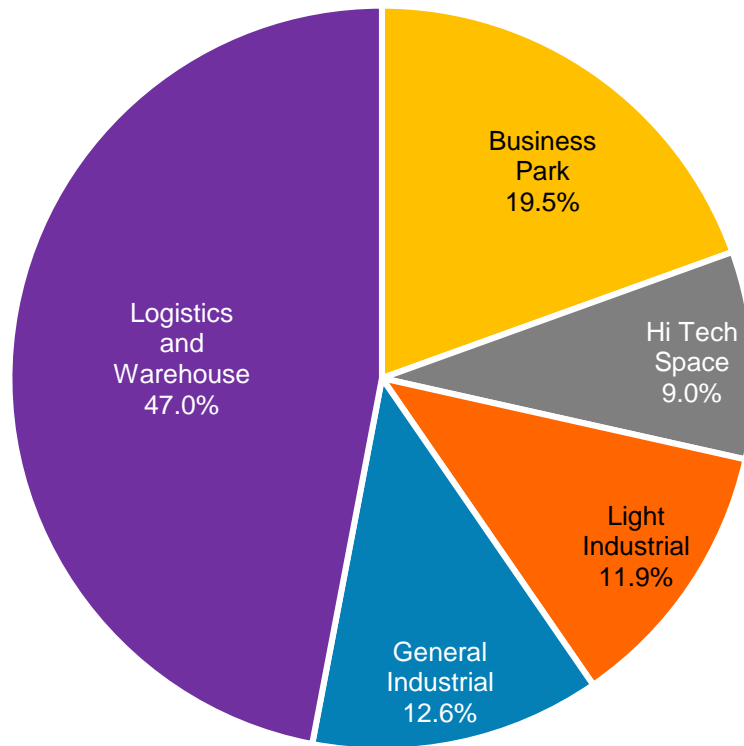
2 Computation included forward committed leases. Excluding forward committed leases, the WALE is 2.39 years as at 30 September 2019 and 2.28 years as at 30 June 2019.

3 For the calculation of the weighted average land lease, AA REIT's interest in the freehold properties, Optus Centre and Boardriders Asia Pacific HQ, have been assumed as 99-year leasehold interests and the calculation excludes 3 Tuas Avenue 2, which is under redevelopment.

# Portfolio breakdown

By 2Q FY2020 gross rental income

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## Occupancy (%)

Total Portfolio <sup>1</sup> (26 properties)	92.2
Master Leases <sup>1,2</sup> (10 properties)	100.0
Multi-tenanted <sup>2</sup> (18 properties)	90.2

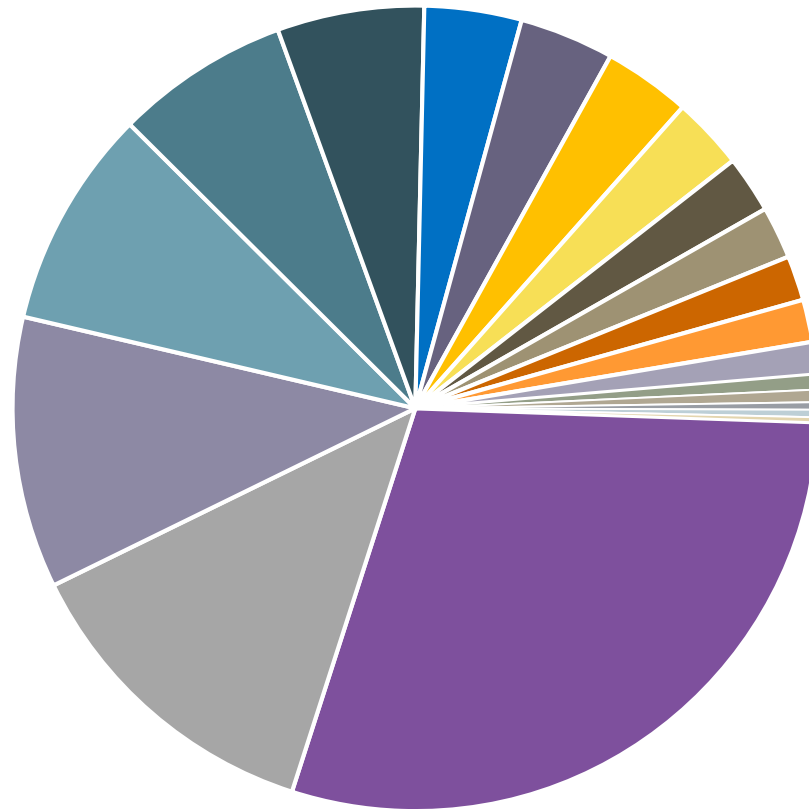
- 1 Excludes 3 Tuas Avenue 2 (a master lease) which is undergoing redevelopment.
- 2 20 Gul Way and 30 Tuas West Road are each partially under master lease and multi-tenanted.

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

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(By 2Q FY2020 Gross Rental Income)

- Logistics, 29.4%
- Telecommunication, 12.8%
- Engineering, 10.9%
- Biotech / Life Sciences, 8.8%
- Infrastructure, 7%
- Consumer products, 5.9%
- IT & Electronics, 3.9%
- Fashion and Apparels, 3.8%
- FMCG, 3.5%
- Furniture, 2.9%
- Pharmaceutical/Healthcare/Cosmetics, 2.3%
- Self-storage, 2.1%
- Data Centre, 1.8%
- Plastic Products and Distribution, 1.7%
- Testing and certification, 1.3%
- F&B, 0.6%
- Paper & Printing, 0.5%
- Metal Recycling, 0.3%
- Others / Services, 0.3%
- Education, 0.2%



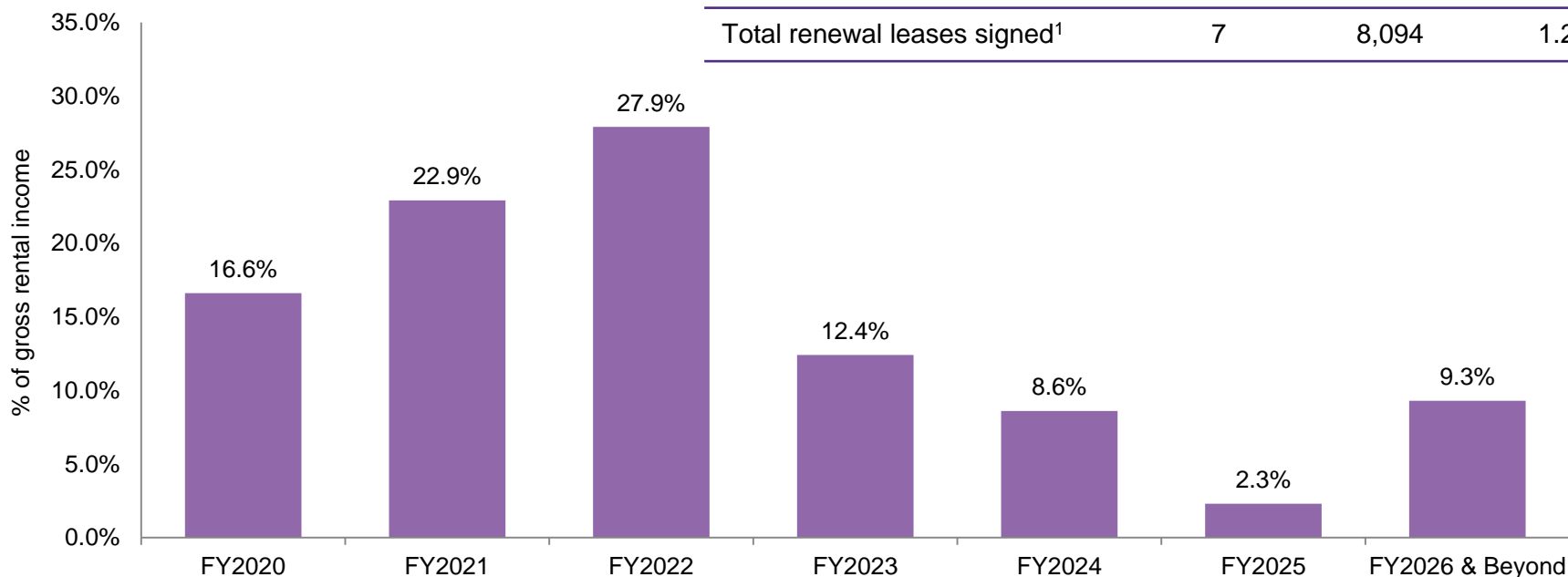
<sup>1</sup> Tenant base expanded by 13% over the last 24 months (179 tenants as at 30 September 2019 vs 159 tenants as at 30 September 2017).

# Active lease management

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Lease Expiry Profile as at 30 September 2019  
(By 2Q FY2020 Gross Rental Income)

	2Q FY2020	sqm	% of total NLA
Total new leases signed	20	57,356	8.9
Total renewal leases signed <sup>1</sup>	7	8,094	1.2



<sup>1</sup> Weighted average rental increase for renewal leases was 1.2%.

# Quality tenant base

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## Top 10 tenants by 2Q FY2020 Gross Rental Income

Tenant	%
Optus Administration Pty Limited	12.3
Illumina Singapore Pte Ltd	8.8
CWT Pte. Limited*	7.9
Eurochem Corporation Pte Ltd	7.2
Schenker Singapore (Pte) Ltd	4.0
Beyonics International Pte Ltd	3.7
Focus Network Agencies (Singapore) Pte Ltd	2.9
GSM (Operations) Pty Ltd (Boardriders)	2.3
CIT Cosmeceutical Pte Ltd	2.1
King Plastic Pte Ltd	1.6
<b>Top 10 tenants</b>	<b>52.8</b>



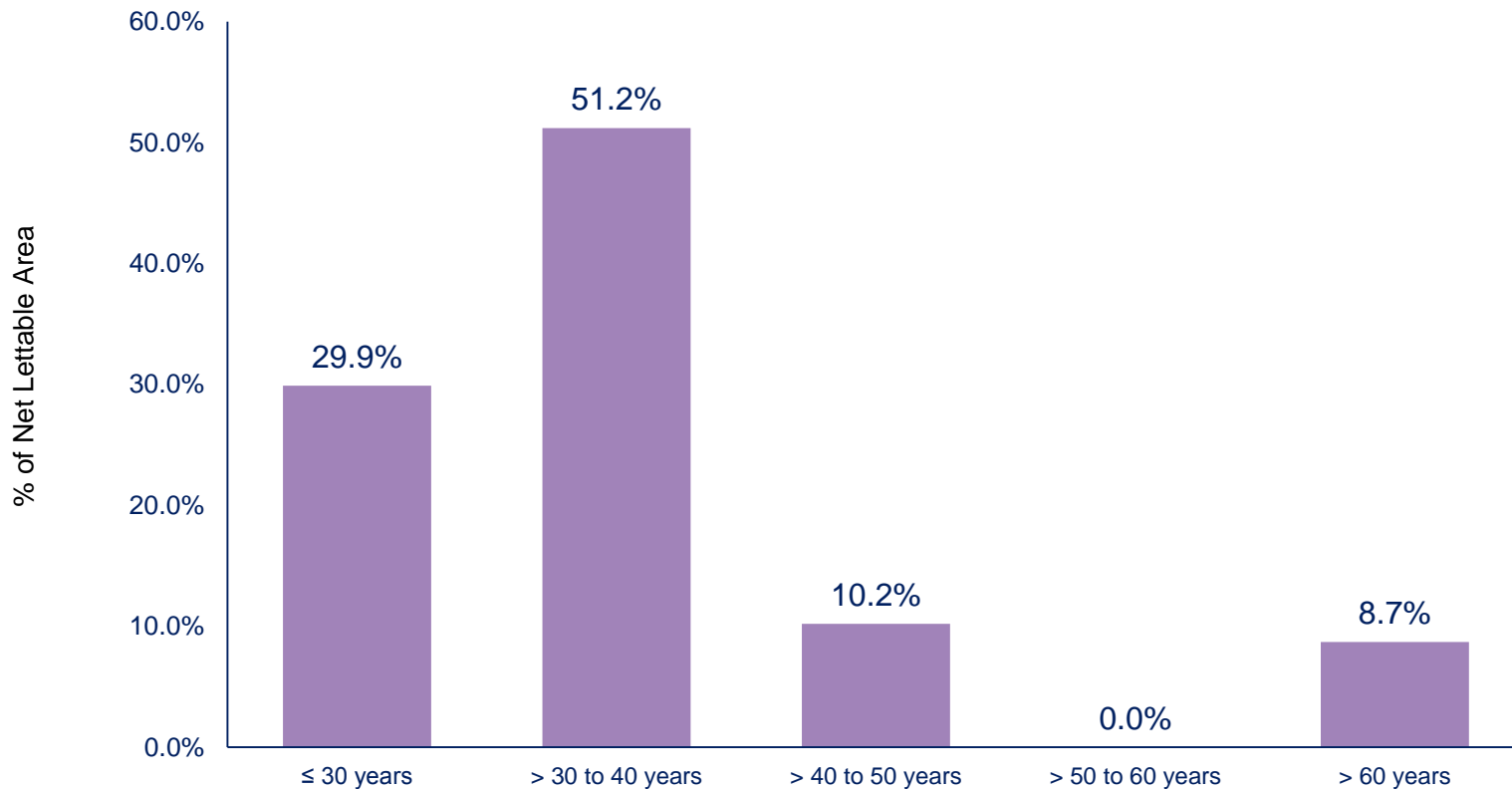
\* Exposure to CWT leases will be further reduced due to the expiries of the CWT lease agreements. Approximately 4.9% of AA REIT's 2Q FY2020 gross rental income from CWT will progressively expire in the current financial year FY2020. The final CWT lease agreement expires in July 2021 (FY2022).



# Long land lease expiry – 37.4 years

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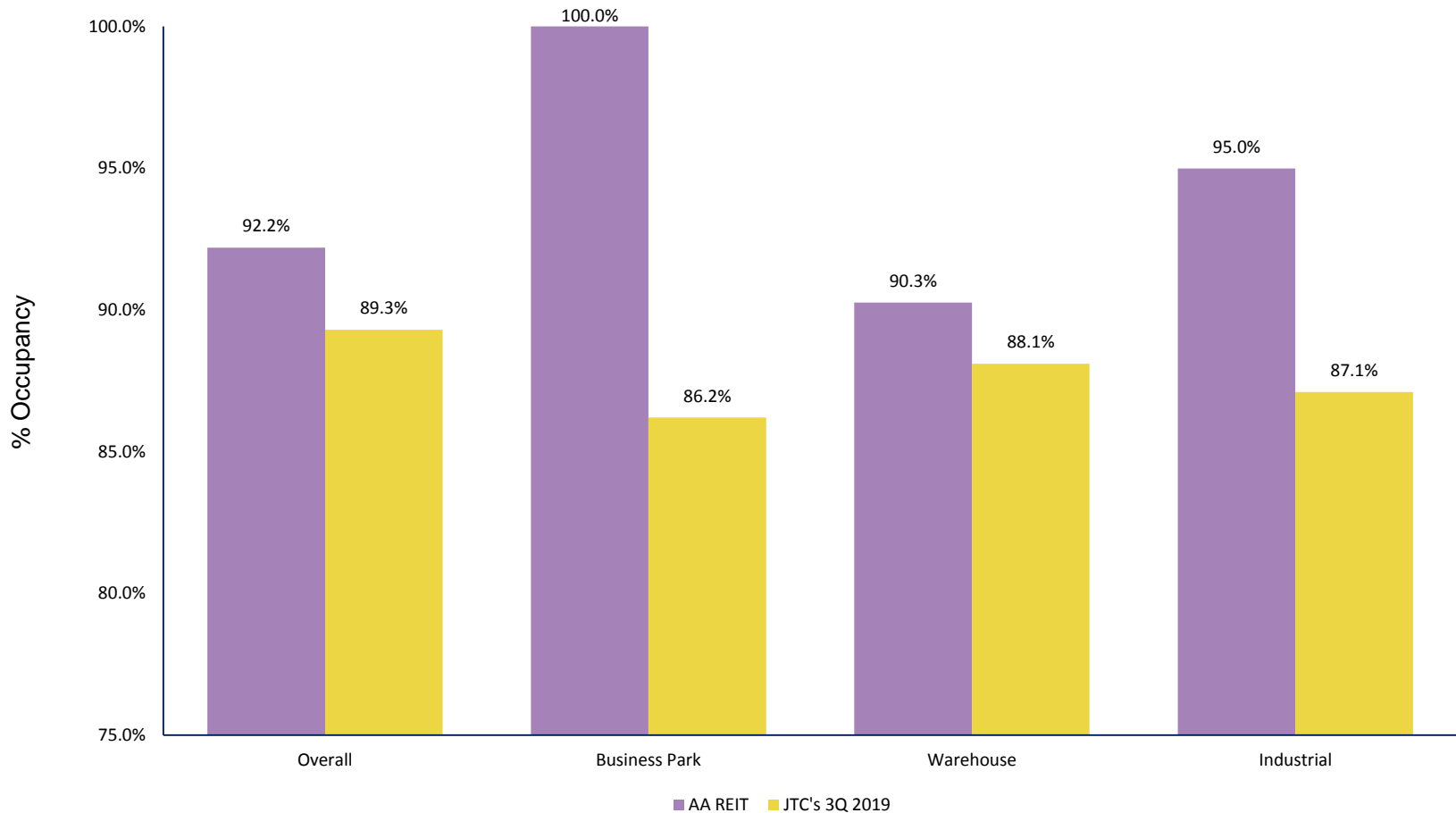
The weighted average unexpired land lease\* was 37.4 years as at 30 September 2019



\* For the calculation of the weighted average land lease of AA REIT, AA REIT's interest in the freehold properties, Optus Centre and Boardriders Asia Pacific HQ, have been assumed as 99-year leasehold interests and the calculation excludes 3 Tuas Avenue 2, which is under redevelopment.

# Comparisons to Singapore's industrial average occupancy levels

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Source: Based on JTC's 3<sup>rd</sup> Quarter 2019 statistics.

# Portfolio summary

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# 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** – Secured a master tenant, a global medical device company with headquarters in USA, on 18 July 2019 for the entire premises of 268,000 sq ft. The master tenant committed to a 10-year master lease on a triple net lease basis, with rental escalations every two years during the initial term, and options to renew the lease for up to a further 20 years after the expiry of the initial ten-year term.
    - Approximately 79% of the development has been completed.
    - Expected to be completed in the first half of 2020, including the redesigning of the property's base-build to cater for the master tenant's operational requirements.
  - ✓ 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 82% of the AEI at NorthTech has been completed.
    - The AEI is on track to be completed by the end of 2019.
- Executed a total of 27 new and renewal leases in 2Q FY2020, representing 65,450 sqm (10.1% of total net lettable area).

# Portfolio growth

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## Pursue accretive opportunities for portfolio growth

- Completed acquisition of **Boardriders Asia Pacific HQ** on 15 July 2019
  - ✓ Maiden contribution in 2Q FY2020
  - ✓ With headline yield of 7.8%
  - ✓ Attractive investment in Australian industrial market
    - The Australian and Gold Coast economies are expected to continue to sustain positive growth, supported by rising business investment, infrastructure spending and increased employment.
    - Strategic addition of a Queensland asset to the portfolio.
  - ✓ Freehold industrial facility with quality tenant and long lease
    - Fully leased to Boardriders for a 12-year lease with option by tenant to renew for five years.
    - Built-in annual rental escalation of 3% pa.
  - ✓ Maintained prudent capital management
    - Acquisition predominantly funded with AUD debt

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# MARKET OUTLOOK AND STRATEGY

# Market Update and Outlook

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## Macro Environment

- Global economic growth momentum remain soft, despite the expectations of broad-based easing in monetary policy by central banks.
- Uncertainties and downside risks continue to cloud the global economy, such as the unresolved US-China trade tensions, and continuing UK Brexit uncertainties which could pose risks to growth in EU.

## Singapore Economy

- Due to the subdued outlook of Singapore's key final demand markets, the Singapore economy is likely to continue to face strong headwinds for the rest of the year. But being a regional hub, Singapore could potentially benefit from businesses reassessing their supply chains and sourcing locations.

## Industrial Sector

- Based on JTC 3Q 2019 statistics, occupancy rate of Singapore's overall industrial property market remained stable from the preceding quarter at 89.3%.
- Prices and rentals of industrial space remained stable. In 3Q 2019, the price index increased marginally by 0.1% while the rental index remained unchanged as compared to 2Q 2019.
- Compared to a year ago, the price index fell by 0.1% while the rental index rose by 0.1%.

## Looking Ahead

- The Manager remains focused on anticipating and adapting in such an environment 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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