



# AIMS AMP CAPITAL INDUSTRIAL REIT

FY2014: Third Quarter ended 31 December 2013  
Results Presentation

29 January 2014



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# Important notice

## Disclaimer

This Presentation is focused on comparing actual results for the financial period from 1 October 2013 to 31 December 2013 (“3Q FY2014”) 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 (“AACI REIT” or the “Trust”) results for 3Q FY2014 as per the SGXNet Announcement.

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# HIGHLIGHTS FOR 3Q FY2014

# Highlights for 3Q FY2014

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## **Active portfolio management driving higher distributions**

- Stable & Growing DPU performance: 2.77 cents per Unit for the quarter (7.4% increase on 3Q FY2013)
- Distribution to Unitholders increased by 26.3% y-o-y to S\$14.6 million

## *Leasing renewals*

- 12 new and renewal leases in 3Q FY2014, representing 9,749.3 sqm (1.9% of portfolio) at a weighted average rental increase of 27.2% on the renewals
- High portfolio occupancy 98.2%

## *Developing a higher value portfolio*

- Redevelopment at 103 Defu Lane 10 is 75% complete with Temporary Occupation Permit expected by end May 2014
- Further development at 20 Gul Way Phase 2E and Three is progressing well with Phase 2E 45% completed
- Acquisition of 49% interest in Optus Centre, Sydney, Australia approved by Unitholders on 16 January 2014
- Expected completion of acquisition of Optus Centre by February with income contribution expected in coming March quarter

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# Highlights for 3Q FY2014

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## **Prudent capital management**

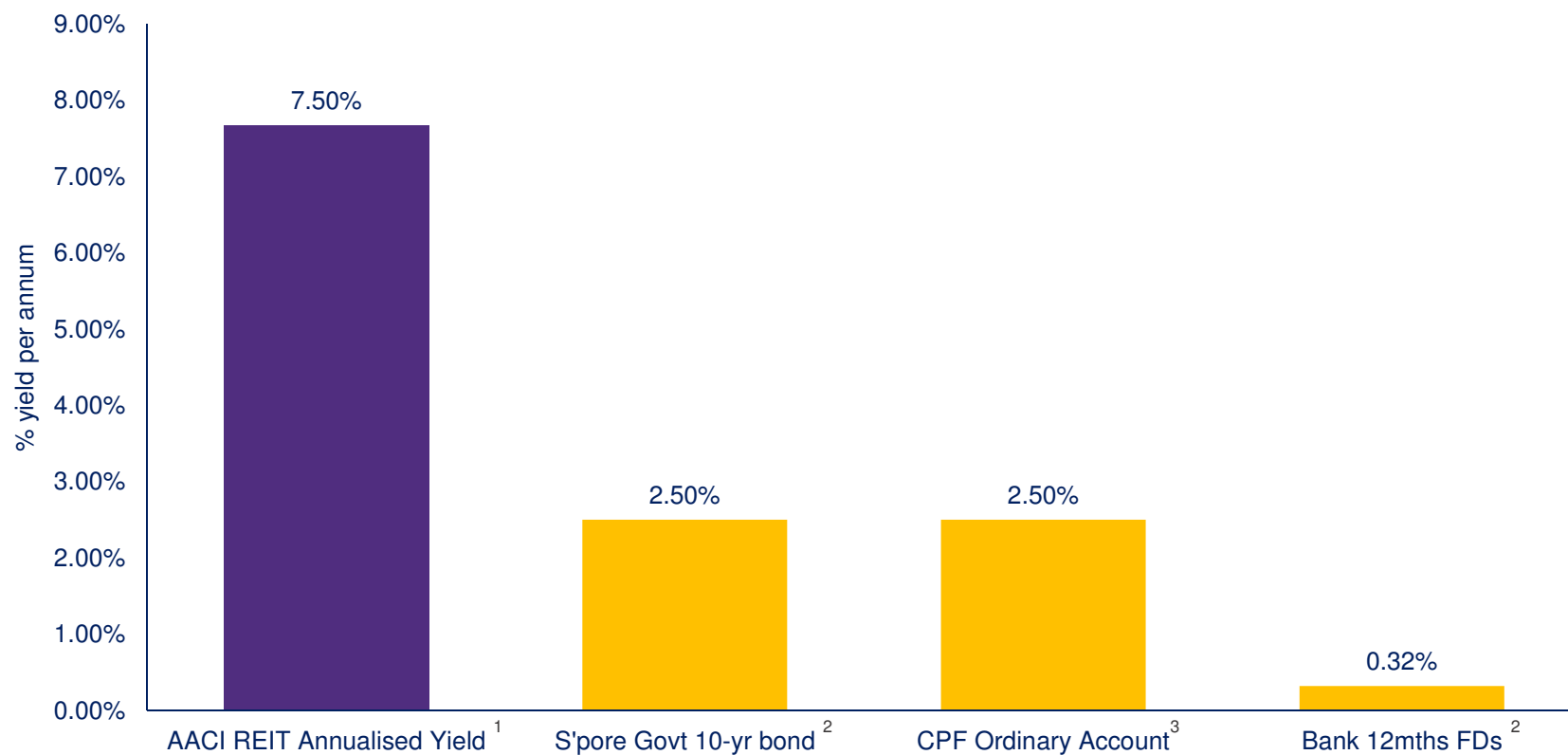
- Aggregate leverage of 26.5% (average of 30% for 17 consecutive quarters)

## **Management recognition**

- AIMS AMP Capital Industrial REIT recognised as one of the Most Transparent Companies by Securities Investors Association (Singapore) in November 2013

# Stable and attractive yield

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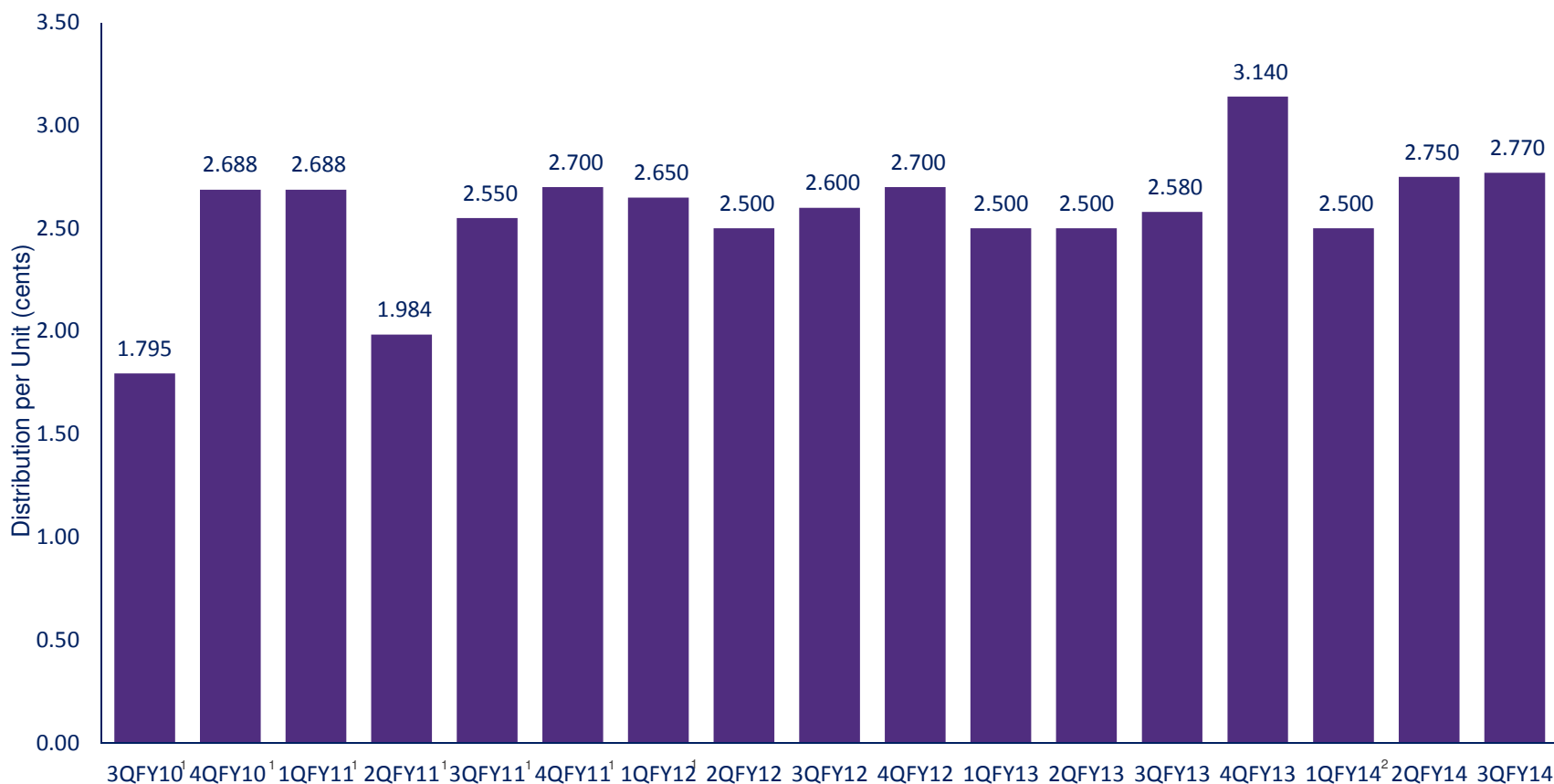
<sup>1</sup> Based on closing price of S\$1.425 on 28 January 2014 and annualised DPU of 10.69 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2014 to 3Q FY2014 and annualised to full year.

<sup>2</sup> Source: Bloomberg data as at December 2013.

<sup>3</sup> Prevailing CPF Ordinary Account interest rate.

# Stable and growing 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.

<sup>2</sup> 1Q FY2014 DPU comprised (i) advanced distribution of 0.85 cents for the period from 1 April to 1 May 2013 which was paid on 18 June 2013 and (ii) DPU of 1.65 cents for the period from 2 May to 30 June 2013 which was paid on 20 September 2013.

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# 3Q FY2014 FINANCIAL RESULTS

# Distribution details

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Stock counter	Distribution period	DPU (cents)
AACI REIT Code: O5RU	1 October 2013 to 31 December 2013	2.770

## Distribution timetable

Ex-date	6 February 2014, 9.00am
Books closure date	10 February 2014, 5.00pm
Tax Declaration Forms	28 February 2014, 5.00pm
Distribution payment date	27 March 2014

# Results for 3Q FY2014

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	3Q FY2014 S\$'000	2Q FY2014 S\$'000	Q-o-Q %	3Q FY2013 S\$'000	Y-o-Y %	YTD FY2014 S\$'000	YTD FY2013 S\$'000	%
<b>Gross Revenue</b>	27,317	26,926	1.5	25,741	6.1	78,767	68,272	15.4
<b>Net Property Income</b>	18,677	18,224	2.5	14,754	26.6	52,635	44,380	18.6
<b>Distribution to Unitholders<sup>1</sup></b>	14,643	14,481	1.1	11,595	26.3	41,612	33,951	22.6
<b>DPU (cents)</b>	2.770	2.750	0.7	2.580	7.4	8.020	7.580	5.8
<b>DPU yield<sup>2</sup> (%)</b>	7.50							

<sup>1</sup> The Trust achieved an amount available for distribution of S\$15.0 million for 3Q FY2014. AACI REIT's distribution policy is to distribute at least 90% of the Trust's taxable income for the full financial year. For 3Q FY2014, the Manager has resolved to distribute 97.4% of the taxable income available for distribution to the Unitholders.

<sup>2</sup> Based on closing price of S\$1.425 on 28 January 2014 and annualised DPU of 10.69 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2014 to 3Q FY2014 and annualised to full year.

# Balance Sheet

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	31 December 2013	30 September 2013	31 March 2013
Total Assets (S\$'M)	1,159.2	1,109.2	1,056.2
Comprising (S\$'M):			
- Investment properties	1,071.9	1,071.8	971.0
- Investment properties under development	56.6	18.6	73.9
- Plant and equipment	-	0.1	0.1
- Cash at banks and in hand	9.0	8.6	3.0
- Trade and other receivables	21.4	10.1	8.2
- Others	0.3	-	-
Total Liabilities (S\$'M)	356.5	308.2	390.9
Net Assets (S\$'M)	802.7	801.0	665.3
NAV per Unit (S\$)	1.52	1.52	1.48
Total Debt <sup>1</sup> (S\$'M)	307.4	279.0	359.3
Aggregate Leverage (%)	26.5	25.2	34.0

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

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# Key financial metrics

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	3Q FY2014	2Q FY2014
Appraised Value of Property Portfolio	S\$1,128.5 <sup>1</sup> million	S\$1,090.4 <sup>1</sup> million
Market Capitalisation <sup>2</sup>	S\$752.2 million	S\$782.0 million
NAV per Unit	S\$1.52	S\$1.52
Premium / (Discount) to NAV <sup>2</sup>	(6.3)%	(2.3)%
Aggregate Leverage <sup>3</sup>	26.5%	25.2%
Interest Cover Ratio <sup>4</sup>	6.3 times	6.3 times
Weighted Average Debt Maturity	2.5 years	2.8 years

<sup>1</sup> Includes (i) investment properties appraised by CBRE Pte Ltd as at 30 September 2013 and (ii) investment properties under development at 103 Defu Lane 10 and 20 Gul Way Phase 2E and Phase 3 and (iii) capitalised capital expenditure.

<sup>2</sup> Based on the closing price per unit of S\$1.425 on 28 January 2013 and S\$1.485 on 22 October 2013.

<sup>3</sup> Total debt as a % of total assets.

<sup>4</sup> Bank covenant: minimum of 2.5 times.

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# PRUDENT CAPITAL MANAGEMENT

# Debt facilities as at 31 December 2013

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## Secured borrowings

- Bank syndicate comprising UOB, SCB, CBA, ING and Maybank
- All in pricing (margin + upfront fee) of 2.12%
- 71.5% of interest rate fixed for weighted average period of 2.9 years at 1.34% (Fixed Base Rate)
- Total funding cost of **3.40%**
- Total secured facility of **S\$370.0 million** debt
  - Term loan of S\$100.0 million, maturing in October 2015
  - Term loan of S\$150.0 million to part finance the redevelopment of Phase One and Phase Two of 20 Gul Way, maturing in October 2015
  - Dual Currency (SGD or AUD) Revolving credit facility of S\$120.0 million, maturing in October 2016

## Unsecured borrowings

- S\$100.0 million 4 year Fixed Rate Notes at 4.90% maturing in August 2016
- 15 • S\$30.0 million 7 year Fixed Rate Notes at 4.35% maturing in December 2019

# Debt facilities as at 31 December 2013

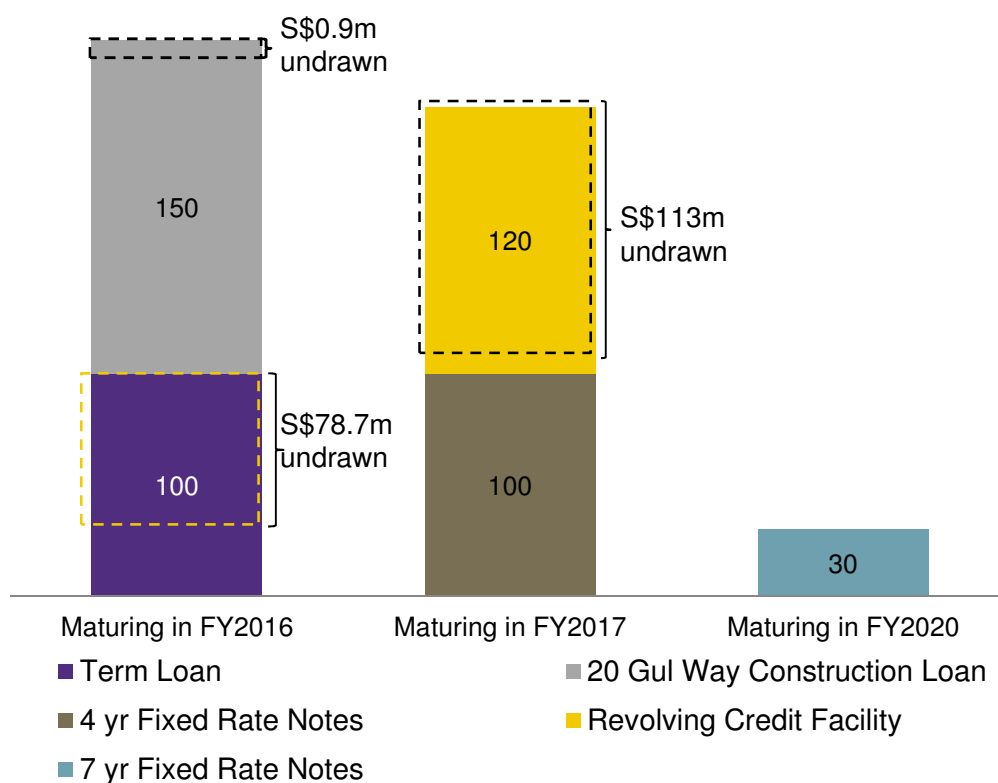
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## Summary

- Overall blended funding cost of **4.13%**
- 83.5% of the portfolio's interest rate is fixed taking into account interest rate swaps and Medium Term Notes
- Average debt maturity of 2.5 years

# Debt facilities as at 31 December 2013

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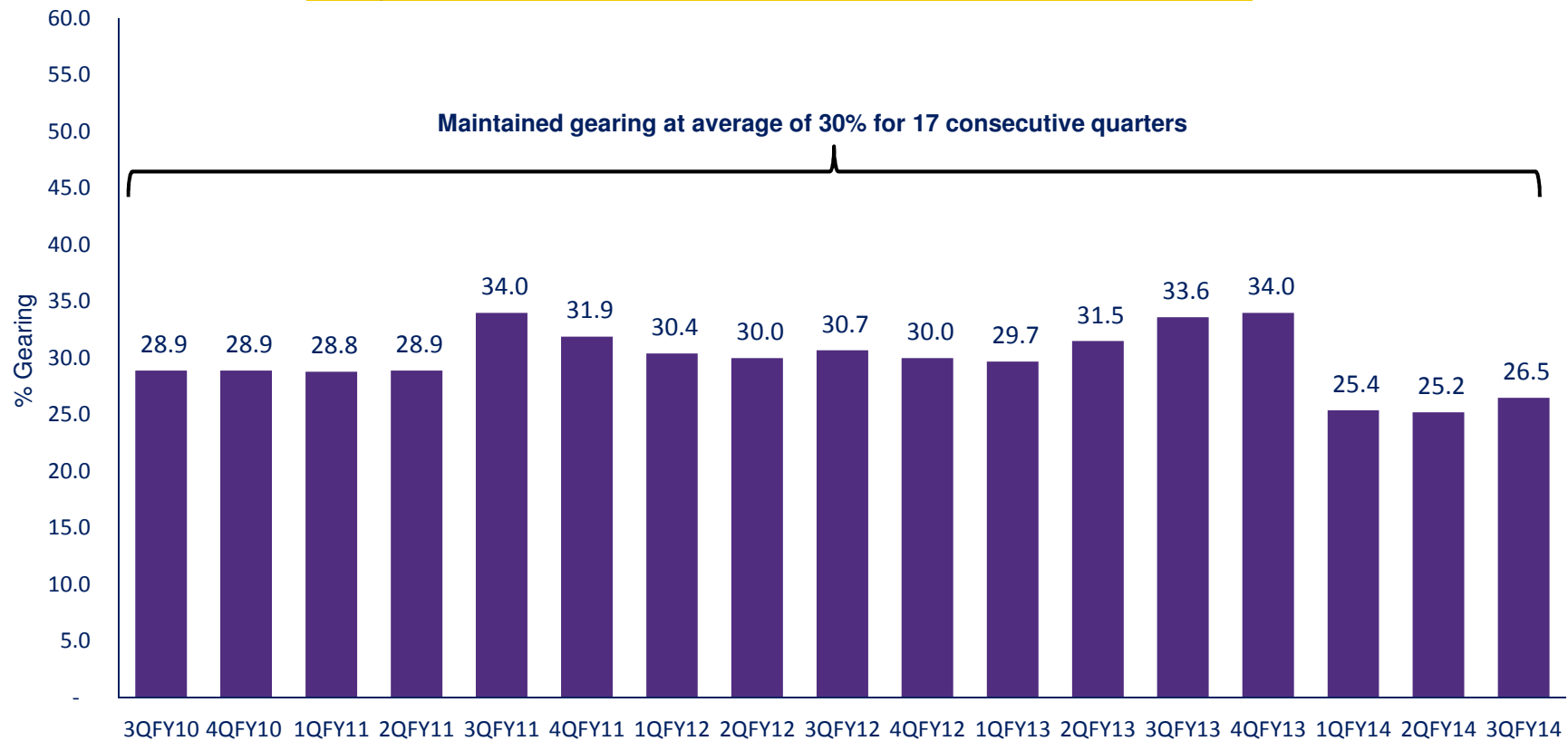


Maturity date	S\$ 'million
Due in October 2015	170.4
Due in August 2016	100.0
Due in October 2016	7.0
Due to December 2019	30.0
<b>Total debt drawdown</b>	<b>307.4</b>
<b>Undrawn available facilities</b>	<b>192.6</b>
<b>Total committed facilities</b>	<b>500.0</b>

# Gearing level since 2009

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**Target LVR between 30 – 40%, max 50% (bank covenant)**



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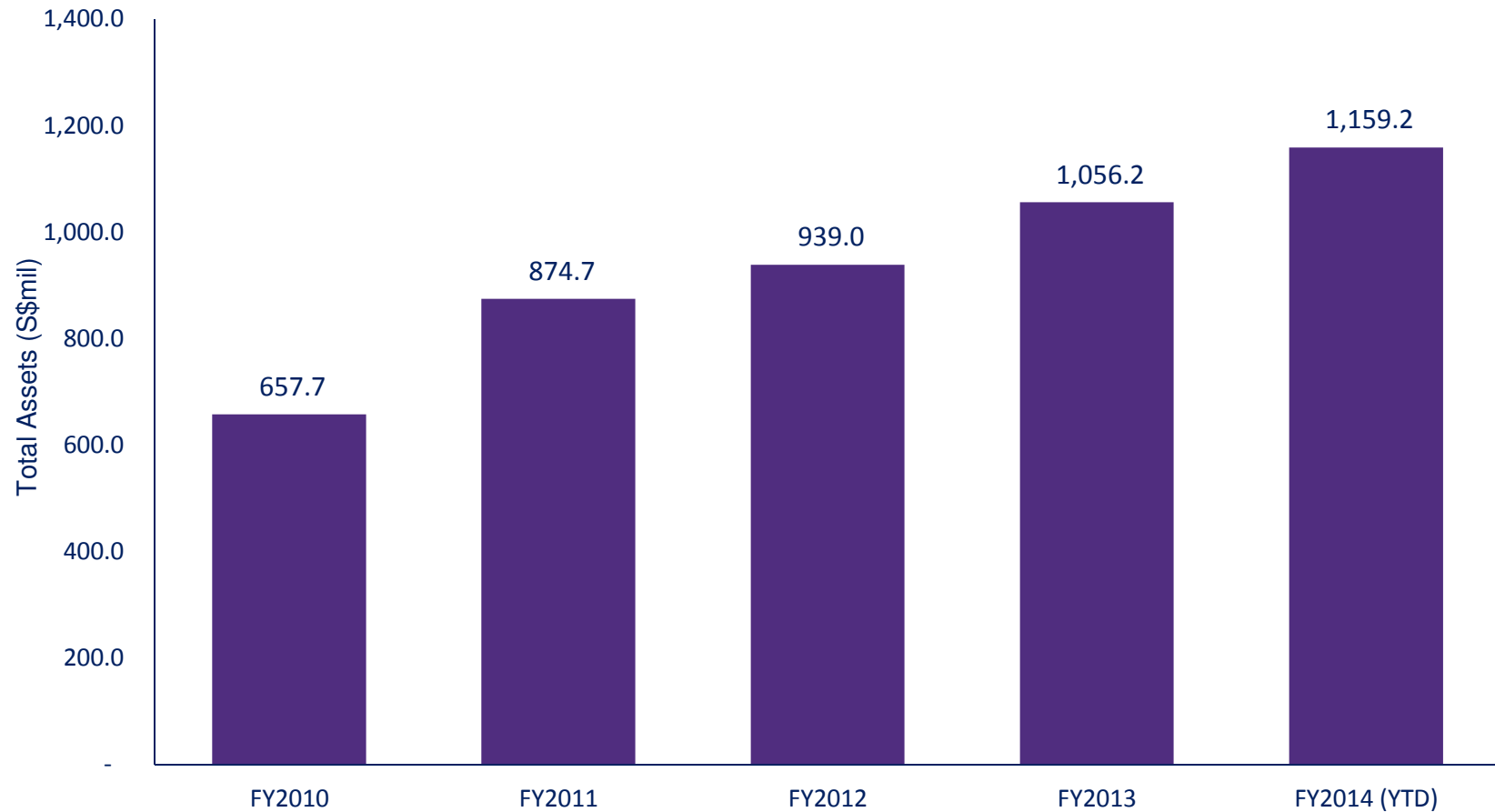
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# PORTFOLIO PERFORMANCE

# Total assets since 2009

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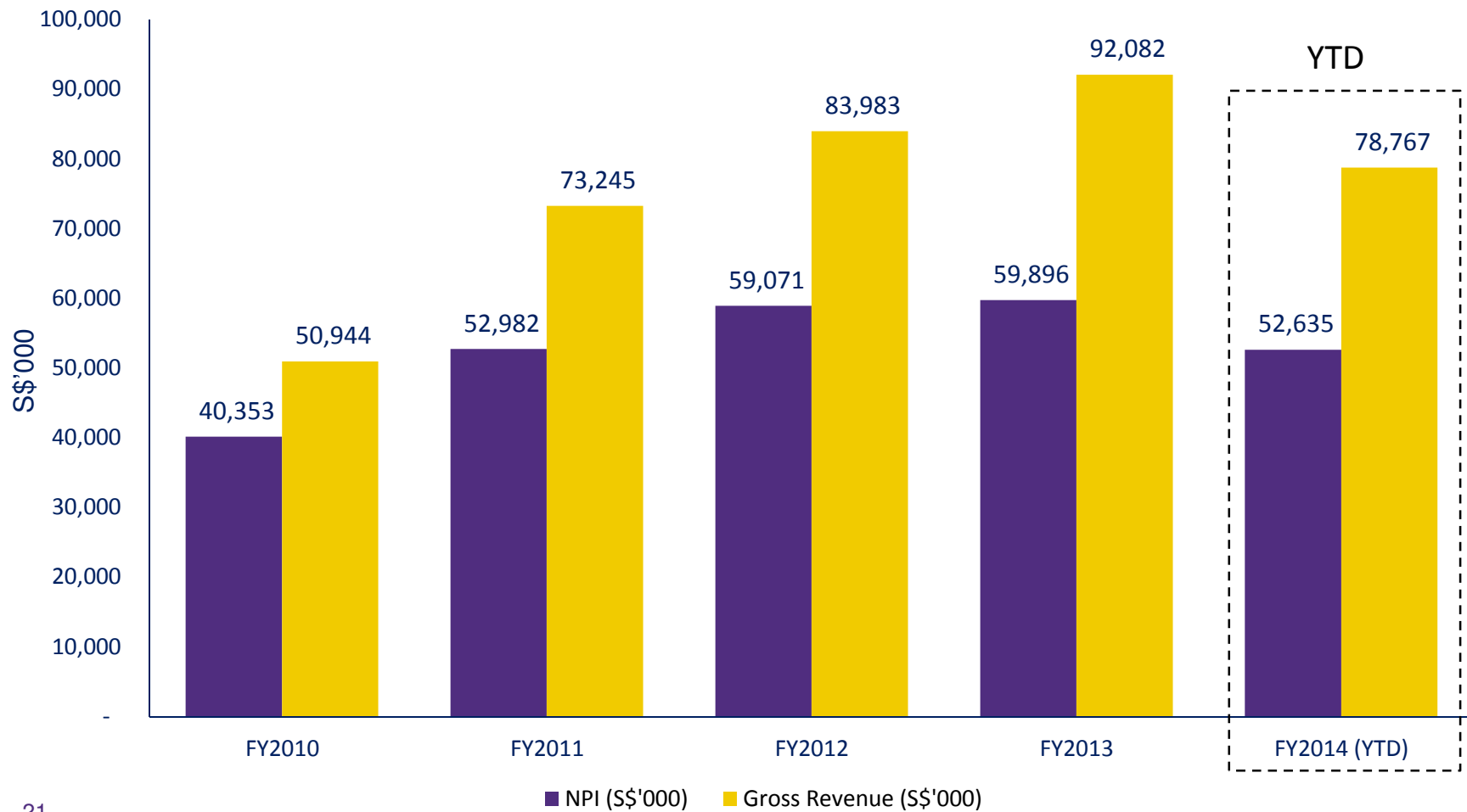
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# Revenue performance since 2009

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# Key portfolio statistics

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	As at 31 December 2013	As at 30 September 2013	As at 19 April 2007 (Listing)
Number of Properties	25	25	12
Appraised Value (S\$ million)	1,128.5 <sup>1</sup>	1,090.4 <sup>1</sup>	316.5
Net Lettable Area (sq m)	516,253.6 <sup>2</sup>	516,634.6 <sup>2</sup>	194,980.7
Number of Tenants	140	143	12
Portfolio Occupancy (%)	98.2	98.0	100.0
Weighted Average Lease Expiry (WALE) (years)	2.89	3.12	6.7
Weighted Average Land Lease Expiry (years)	38.4	38.6	47.8
Location of Properties	Singapore	Singapore	Singapore

<sup>1</sup> Includes (i) investment properties appraised by CBRE Pte Ltd as at 30 September 2013, (ii) investment property under development at 103 Defu Lane 10 and 20 Gul Way Phase 2E and Phase 3 and (iii) capitalised capital expenditure.

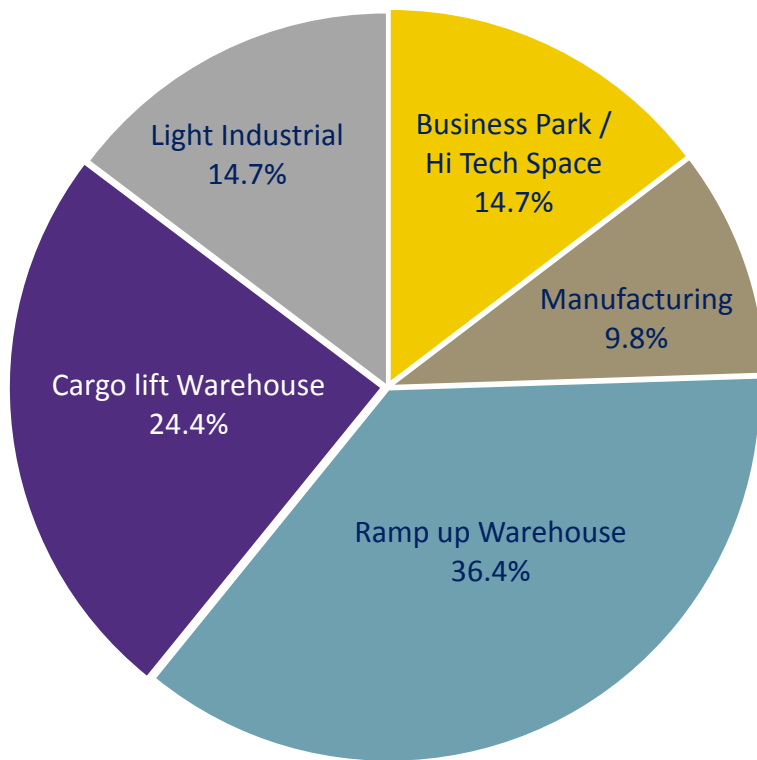
<sup>2</sup> Excludes investment properties under development.

# Portfolio breakdown

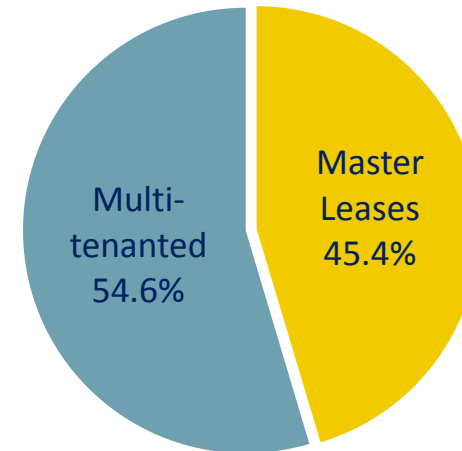
By 3Q FY2014 rental income

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## Breakdown by Property Sector



## Master Leases vs Multi-tenanted



## Occupancy Average security deposit

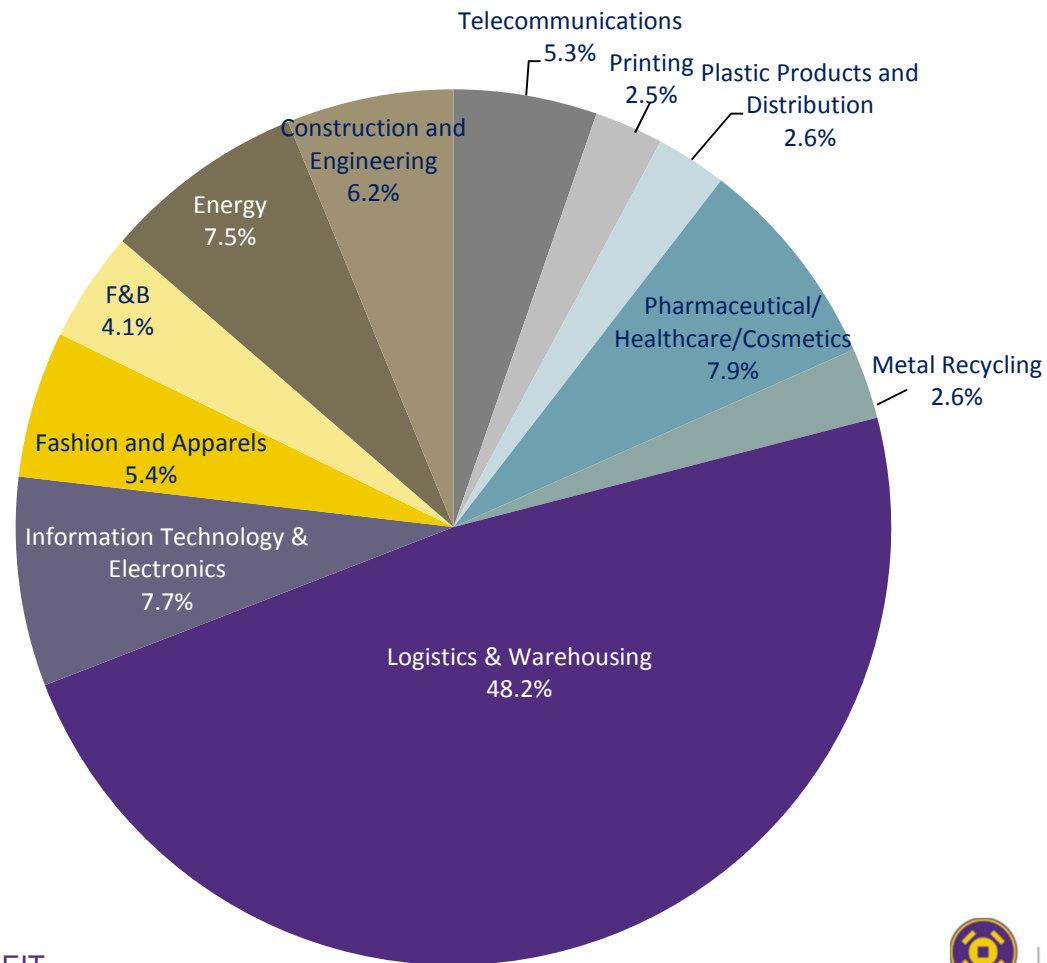
Total Portfolio <sup>1</sup> (24 properties)	98.2	5.9 months
Master Leases (13 properties)	100.0	8.0 months
Multi-tenanted (11 properties)	96.8	3.5 months

<sup>1</sup> Excluding 103 Defu Lane 10 which is currently under development.

# Diversification reduces risk

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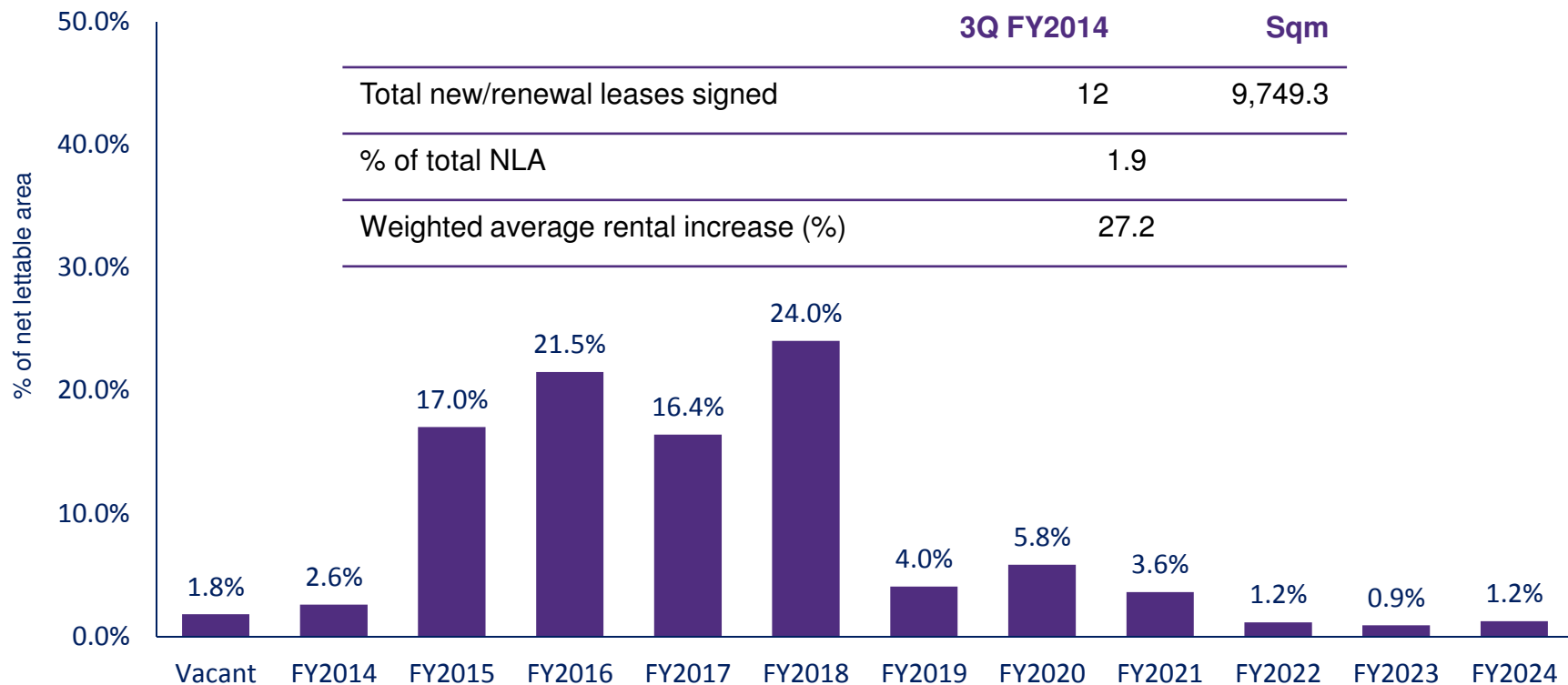
Tenant Base by Industry (By 3Q FY2014 Rental Income)



# Intensive lease management

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Lease Expiry Profile as at 31 December 2013  
(By 3Q FY2014 Net Lettable Area)



Note: The lease expiry profile takes into account (i) the 20 Gul Way redevelopment (Phase 2E&3) and the master leases to CWT Limited upon completion and (ii) the 103 Defu Lane 10 development and lease to Focus Network Agencies (including the remaining space to be leased) upon completion.

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# Quality tenant base

Top 10 tenants by 3Q FY2014 by rental income

Tenant	%
CWT Limited*	19.1%
Eurochem Corporation Pte Ltd	7.5%
Schenker Singapore (Pte) Ltd*	4.7%
Ossia International Limited*	3.0%
LTH Logistics (Singapore) Pte Ltd* (Freight Links Group)	2.9%
Broadcom Singapore Pte Ltd*	2.7%
Lorenzo International Limited*	2.7%
Enviro-Hub Group*	2.2%
Kuehne + Nagel Pte Ltd*	2.0%
Koyo Singapore Bearing (Pte) Ltd*	1.9%
<b>Top 10 tenants</b>	<b>48.7%</b>

\* Listed Groups



# Strong and stable cashflows

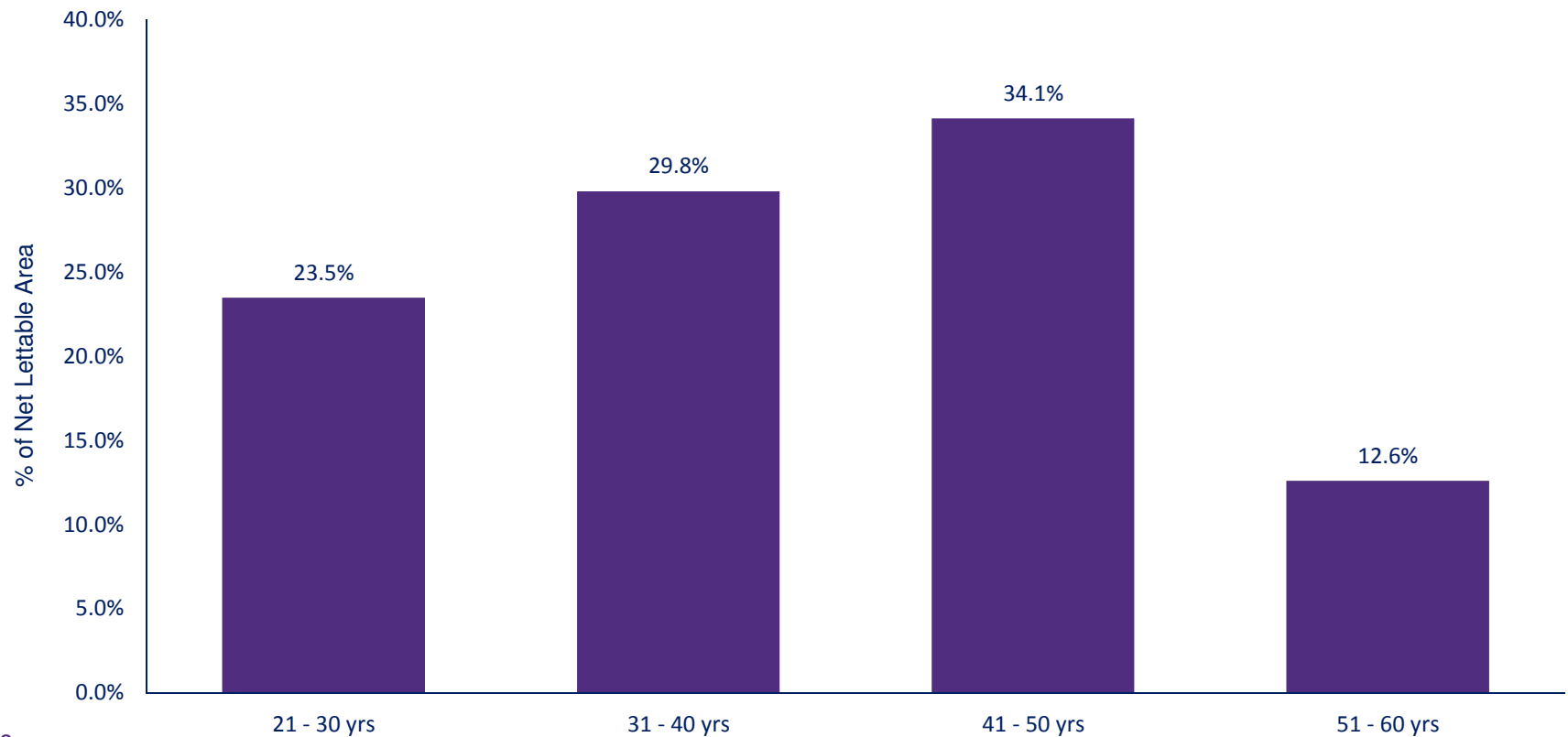
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# Long land lease expiry – 38.4 years

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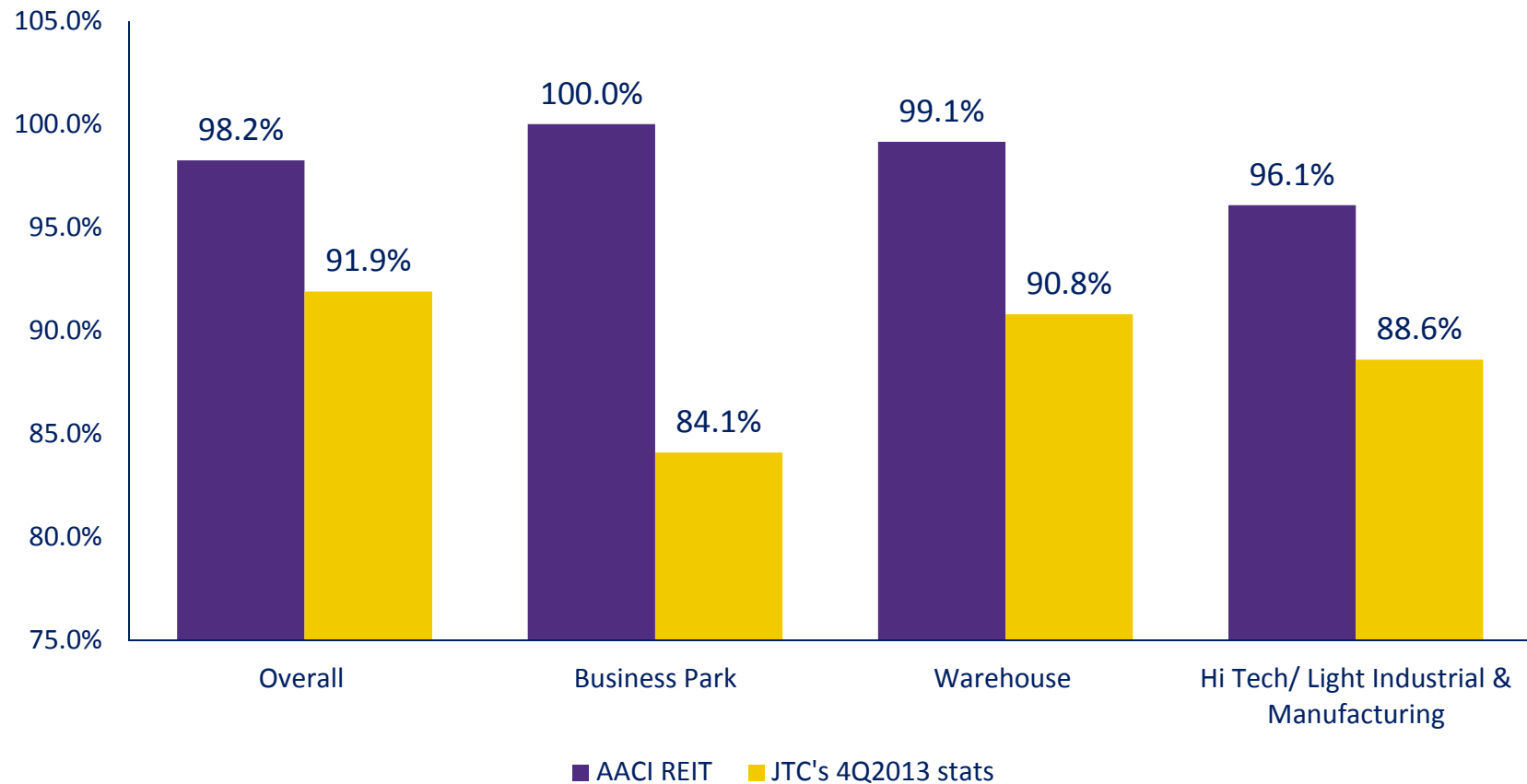
The weighted average unexpired land lease was 38.4 years as at 31 December 2013  
% of Net Lettable Area



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# Comparisons to Singapore industrial average occupancy levels

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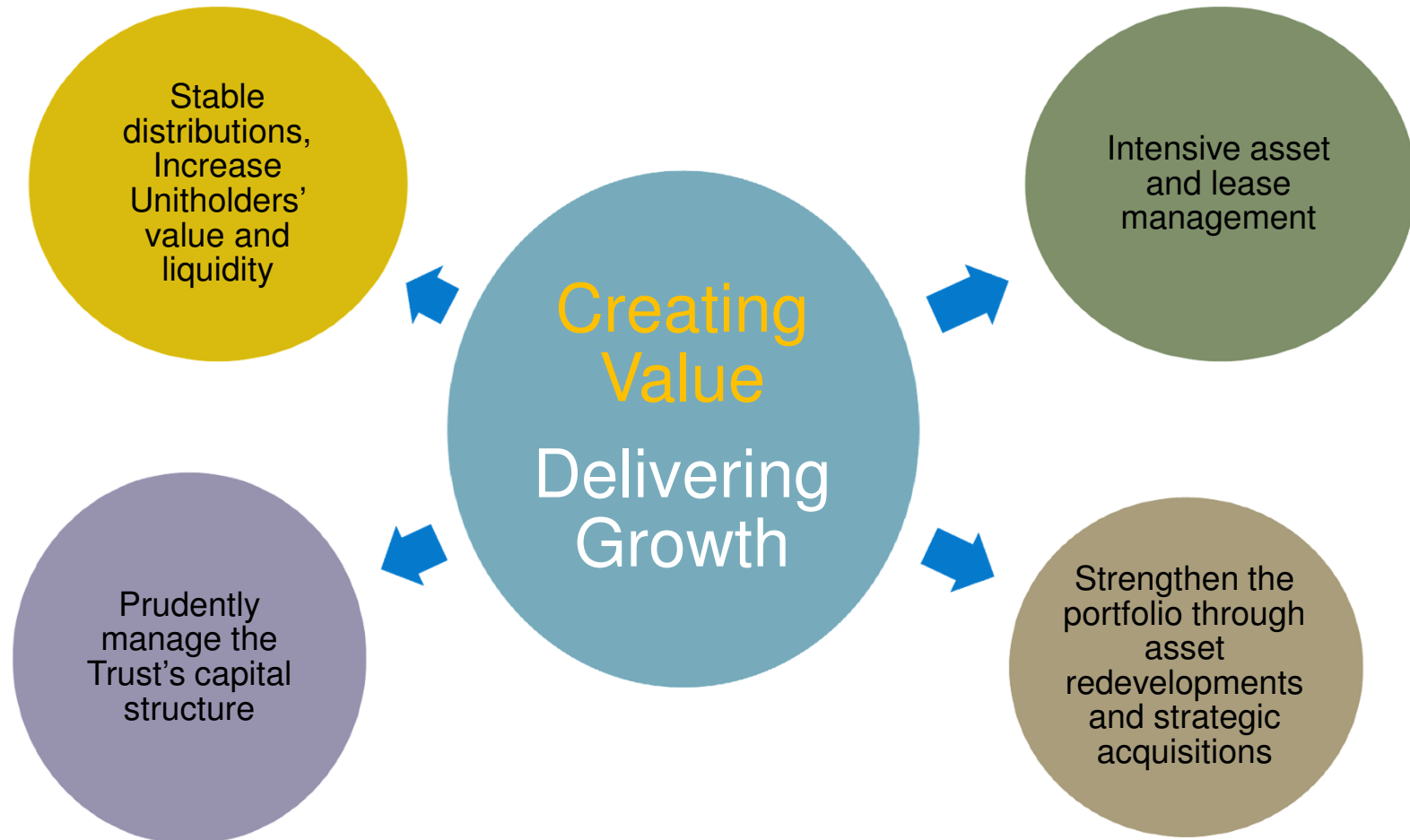
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# STRATEGY AHEAD

# Objectives

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# Strategy Ahead

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## Yield accretive investments in Singapore

Focus on successful delivery of current developments on time and within budget.

Evaluation of further redevelopment opportunities in Singapore.

Continued evaluation of yield accretive investment opportunities in Singapore.

## Intensive asset and leasing management

Continual prudent management of lease expiry profile and using this as an opportunity to achieve positive rental reversions.

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

To ensure high occupancy is maintained.

## Prudent capital and risk management

Prudent capital management by splitting of debt maturities. Target leverage between 30% - 40%.

Focus on maintaining stable DPU.

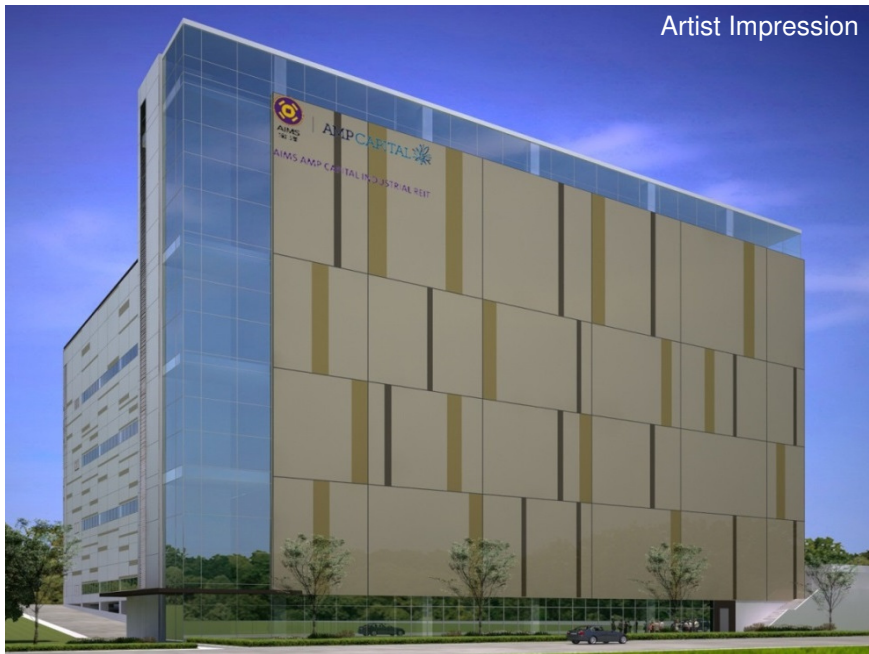
Maintenance of investment grade rating.

# Execution on development pipeline

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## Redevelopment of 103 Defu Lane 10, Singapore

- Expect TOP May 2014
- Expect income contribution in September 2014 quarter
- Construction is 75% complete and progressing according to schedule and within budget



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# 103 Defu Lane 10

## – Summary Estimate Financials

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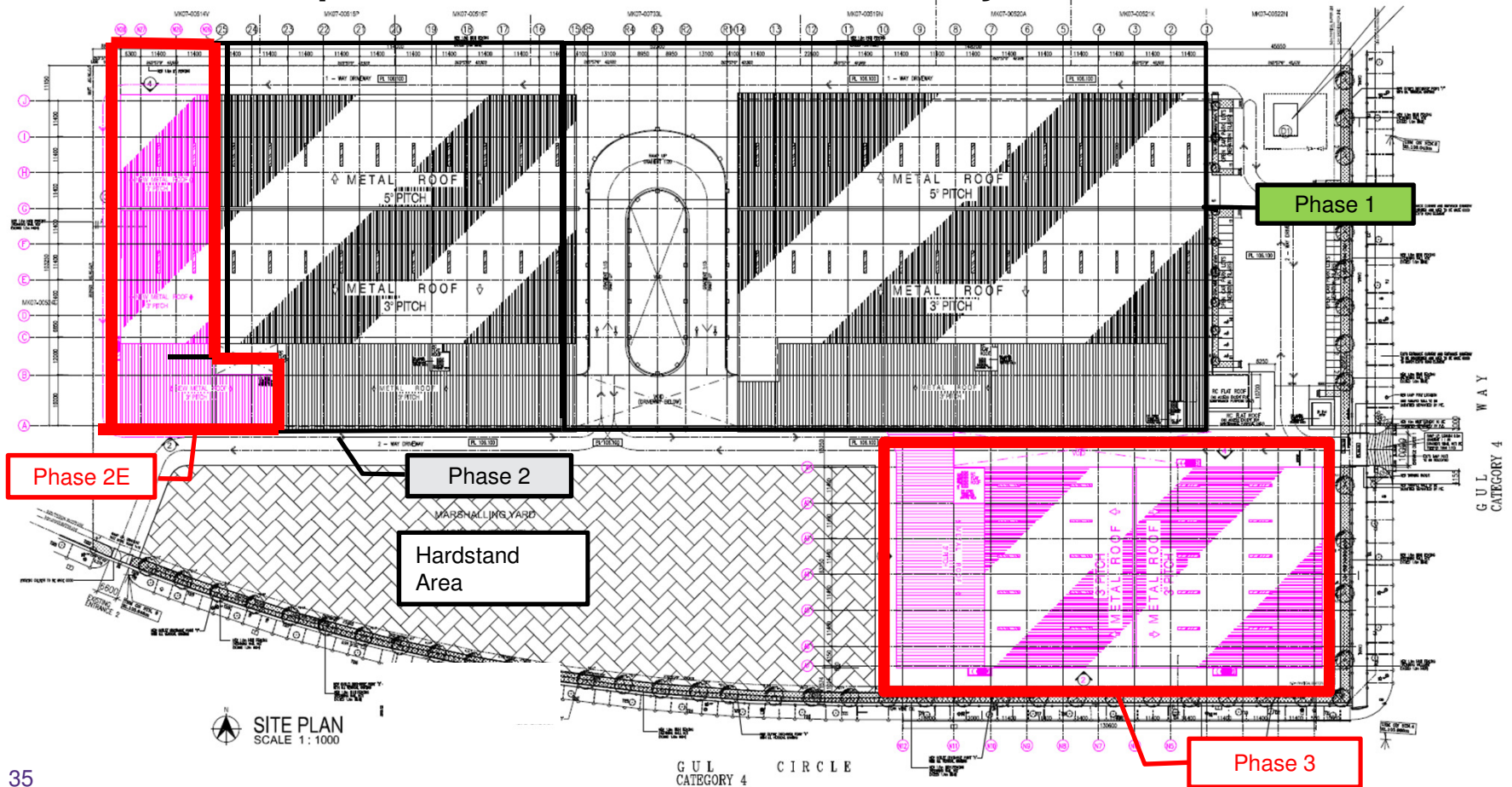
	S\$ million
1. Gross development value upon completion <sup>1</sup>	42.6
2. Project redevelopment cost	(25.4)
3. Land cost	(12.0)
4. Profit	5.2
5. Profit margin	14.0%

<sup>1</sup> Based on Colliers International Consultancy and Valuation (Singapore) Pte Ltd's valuation dated 25 January 2013.

# Execution on development pipeline

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## Further development of Phase 2E & 3, 20 Gul Way



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# 20 Gul Way, Phase 2E & 3

## – Summary Estimate Financials

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	S\$ million
1. Gross development value upon completion	89.40 <sup>1</sup>
2. Project development cost <sup>2</sup>	(77.15)
3. Profit	12.25
4. Profit margin	15.88%
5. Net property income yield	8.17% (based on development cost <sup>2</sup> ) 8.29% (based on development cost, excluding non cash cost)
6. Valuation cap rate	6.50%
7. DPU impact per annum	+0.70 cents <sup>3</sup>

<sup>1</sup> CBRE Pte. Ltd.'s valuation dated 15 April 2013 on an "as-if-complete" basis.

<sup>2</sup> Development cost includes construction cost, professional fees, capitalised land rent, capitalised interest cost, capitalised lease incentives and contingency.

<sup>3</sup> Please note that the DPU impact shown in this announcement is for illustration purposes only and purely on a pro forma basis based on the assumption that AACI REIT had completed, held and operated the proposed further development for the whole of the financial year ended 31 March 2013 and the proposed development was funded using 100% debt based on units in issue as at 31 March 2013 of 449,399,302 units.

# 20 Gul Way Fact Sheet

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	Prior to redevelopment	Redevelopment Phase 1 & 2	Development Phase 2E & 3
Property	10 single storey buildings	Five storey ramp up warehouse (completed in two Phases)	Extension to Phase 2 (Phase 2E) and new warehouse connected to the existing ramp (Phase 3)
Valuation	S\$41.8 m <sup>1</sup>	S\$217.0 m <sup>2</sup>	Additional S\$89.4 m <sup>3</sup>
Annual Rental Income	S\$3.6 m <sup>1</sup>	S\$16.3 m	Additional S\$6.3 m <sup>4</sup>
Plot Ratio	0.46	1.4	2.0 <sup>5,6</sup>
Maximum Plot Ratio	1.4	1.4	2.0
Land Area	828,248 sqft	828,248 sqft	828,248 sqft
Gross Floor Area (GFA)	378,064 sqft	Approx. 1,159,536 sqft	Additional approx. 496,949 sqft
Land Tenure	35-year lease wef 16 Jan 06	35-year lease wef 16 Jan 06	35-year lease wef 16 Jan 06
Lease Term	Master Lease - Enviro-Metals for 10 years commencing April 07	Master Lease – CWT Limited for 4 years and 2 months on middle floors & 5 years and 2 months on ground floor and 5 <sup>th</sup> floor	Master Lease – CWT Limited for 5 years and 2 months on ground floor and 32 months for 2 <sup>nd</sup> to 5 <sup>th</sup> floors across both new Phases

1. As at 31 March 2011.

2. CBRE Pte. Ltd.'s valuation dated 30 September 2013.

3. CBRE Pte. Ltd.'s valuation dated 15 April 2013 on an "as-if-complete" basis.

4. Rental income net of additional unrecovered Land Rent at the property.

5. In principle approval received from URA to rezone the plot ratio at 20 Gul Way from the existing 1.4 to 2.0. Please refer to the announcement dated 16 April 2013.

6. Land rent revised to prevailing market land rent payable at plot ratio 2.0 under area West of Sungei Lanchar.

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# Thank you

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