



# AIMS AMP CAPITAL INDUSTRIAL REIT

FY2017: First Quarter Financial Results Ended 30 June 2016  
Results Presentation

26 July 2016



AMPCAPITAL 

# Important notice

## Disclaimer

This Presentation is focused on comparing actual results for the financial period from 1 April 2016 to 30 June 2016 ("1Q FY2017") 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 FY2017 as per the SGXNet Announcement.

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# HIGHLIGHTS FOR 1Q FY2017

# Highlights for 1Q FY2017

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## Active portfolio management and stable distributions despite challenging conditions

- DPU performance: 2.75 cents per Unit for the quarter (stable y-o-y)
- Gross revenue<sup>1</sup>, net property income and Distribution to Unitholders for 1Q FY2017 remained stable compared to a year ago.

### *Leasing renewals*

- Executed 18 new and renewal leases in 1Q FY2017, representing 28,661.1 sqm (4.8% of net lettable area).
- Portfolio occupancy remained healthy at 92.7%, which is above the industrial average of 90.1%.

### *Developing a higher value portfolio (progress update)*

- The redevelopment of 30 & 32 Tuas West Road is on track. As at 30 June 2016, approximately 67% of the development has been completed.
- The redevelopment of 8 & 10 Tuas Ave 20 is targeted to complete in 2H of 2017. Demolition work will be completed by end of July.

<sup>1</sup> For 1Q FY2017, the gross revenue of S\$29.2 million included a property tax refund of S\$1.1 million for 23 Tai Seng Drive for the period from 1 January 2012 to 31 March 2016. The property tax refund was due to the change in annual value of property assessed by Inland Revenue Authority of Singapore which was refunded to two tenants of the property. Excluding this additional property tax refund, the gross revenue would have been S\$30.3 million.

# Highlights for 1Q FY2017

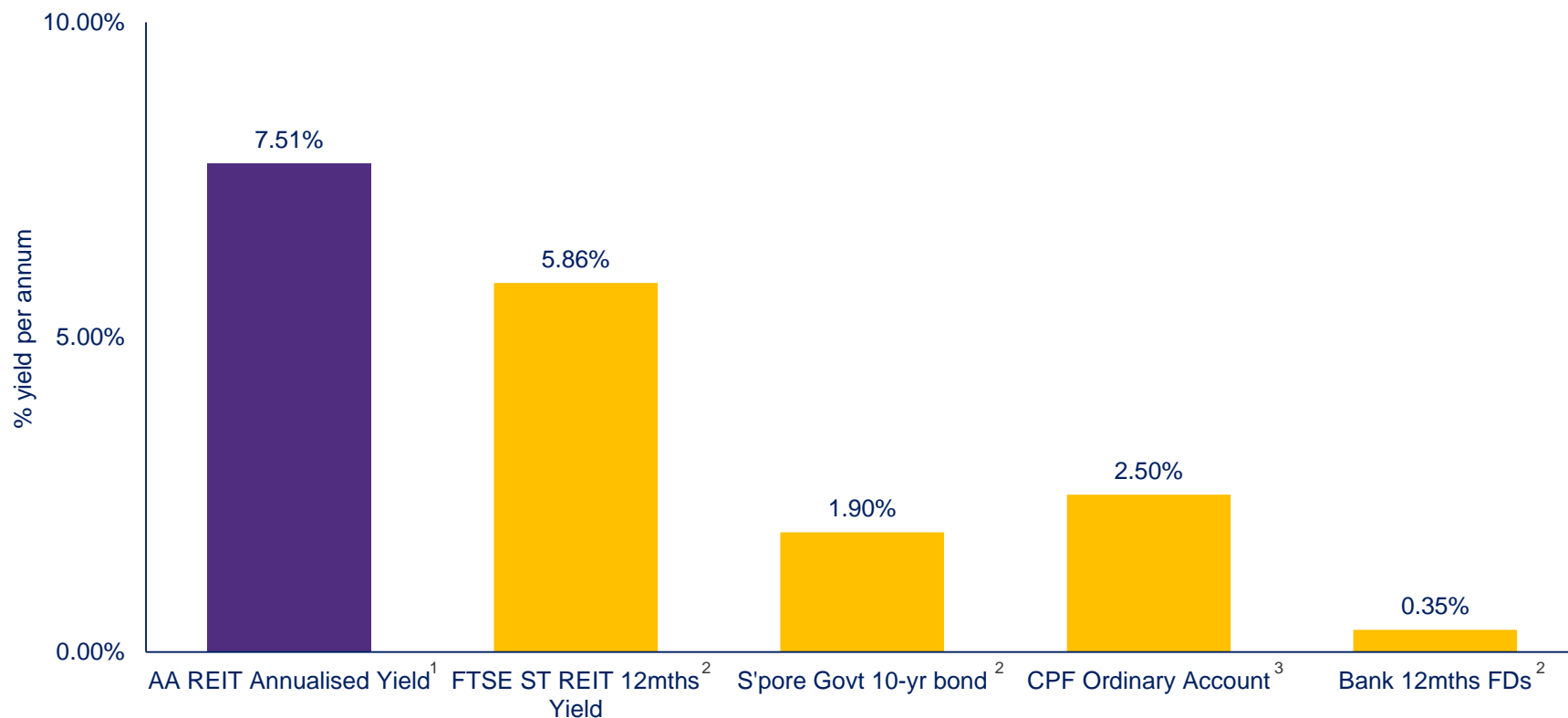
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## Prudent capital management

- On 25 July 2016, AA REIT executed a supplemental loan facility agreement with its syndicate of five financial institutions to upsize its existing secured facility for a four year term loan facility of S\$100 million to refinance its unsecured borrowings due in August 2016. The weighted average debt maturity (on a pro forma basis) will increase to 2.7 years and save over S\$1.0 million per annum in interest cost.
- 89.3% of the portfolio's interest rate is fixed taking into account interest rate swaps and Fixed Rate Notes.
- Reduced overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 4.1% from 4.2% a quarter ago.
- Aggregate leverage as at 30 June 2016 is at 33.1% (average of approximately 32% for > 7 years).
- Standard & Poor's reaffirmed AA REIT's investment grade rating of 'BBB-' with stable outlook.

# Stable and attractive yield

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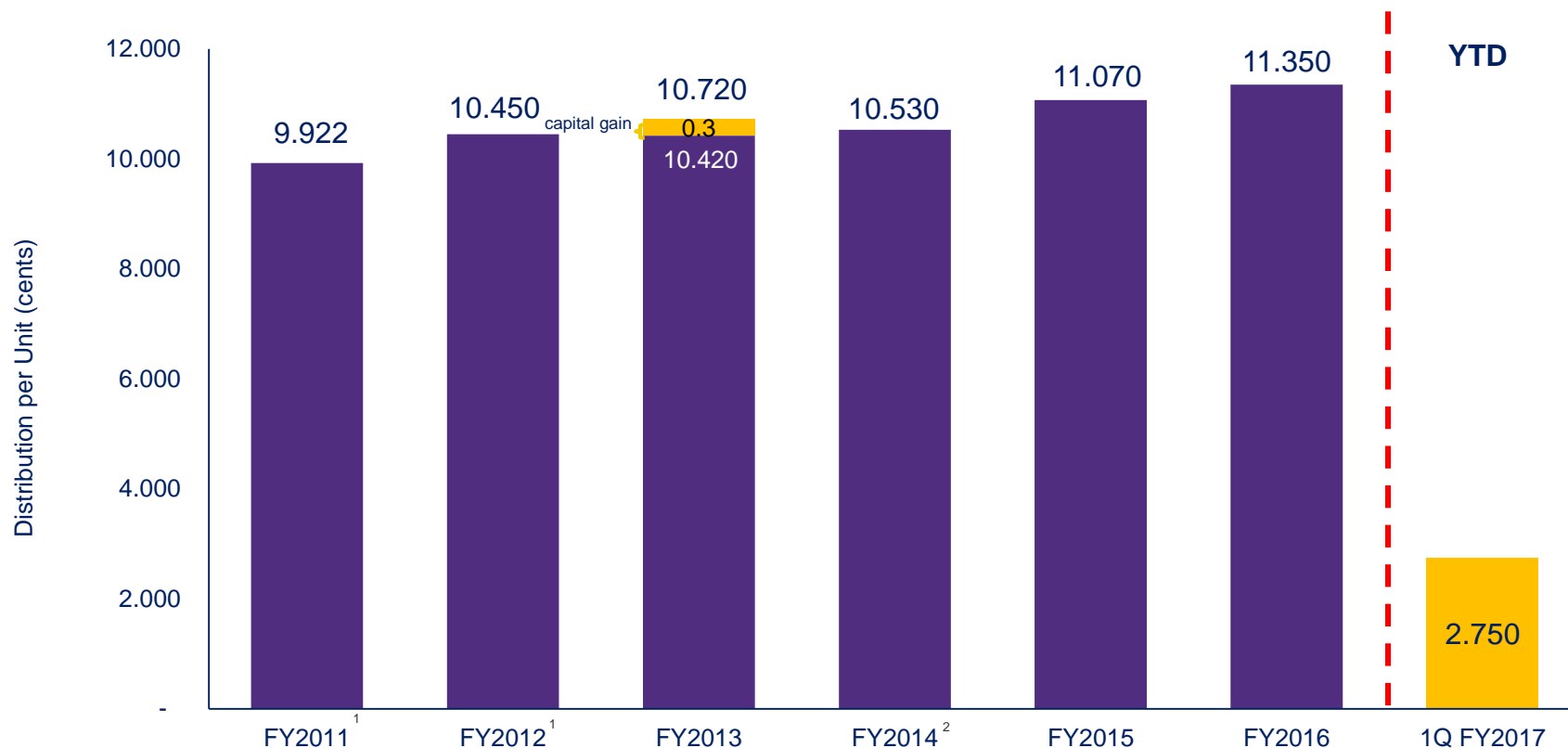
<sup>1</sup> Based on closing price of S\$1.465 on 25 July 2016 and annualised DPU of 11.00 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2017 and annualised to the full year.

<sup>2</sup> Source: Bloomberg data as at June 2016.

<sup>3</sup> 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.

<sup>2</sup> The lower DPU is due to equity fund raising in FY2014 which increased the number of Units in issue.



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# 1Q FY2017 FINANCIAL RESULTS

# Distribution details

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Stock counter	Distribution period	DPU (cents)
AIMSAMP Cap Reit Code: O5RU	For 1 April to 30 June 2016	2.75

## Distribution timetable

Ex-date	3 August 2016, 9.00am
Books closure date	5 August 2016, 5.00pm
Return of Tax Declaration Forms	26 August 2016, 5.00pm
Distribution payment date	22 September 2016

# Results for 1Q FY2017

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	1Q FY2017 S\$'000	4Q FY2016 S\$'000	Q-o-Q %	1Q FY2016 S\$'000	Y-o-Y %
<b>Gross Revenue<sup>1</sup></b>	29,234	30,287	(3.5)	30,296	(3.5)
<b>Net Property Income</b>	20,405	20,372	0.2	20,205	1.0
<b>Share of results of joint venture (net of tax)<sup>2</sup></b>	3,605	10,720	(66.4)	3,655	(1.4)
<b>Distribution to Unitholders<sup>3</sup></b>	17,525	18,743	(6.5)	17,441	0.5
<b>DPU (cents)</b>	2.75	2.95	(6.8)	2.75	-
<b>DPU yield<sup>4</sup> (%)</b>	7.51%				

<sup>1</sup> For 1Q FY2017, the gross revenue of S\$29.2 million included a property tax refund of S\$1.1 million for 23 Tai Seng Drive for the period from 1 January 2012 to 31 March 2016. The property tax refund was due to the change in annual value of property assessed by Inland Revenue Authority of Singapore which was refunded to two tenants of the property. Excluding this additional property tax refund, the gross revenue would have been S\$30.3 million.

<sup>2</sup> 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 share of results of joint venture (net of tax) for 4Q FY2016 included the share of revaluation surplus of S\$7.1 million recognised from the valuation of Optus Centre.

<sup>3</sup> The Manager resolved to distribute S\$17.5 million for 1Q FY2017, comprising (i) taxable income of S\$16.3 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.6 million and capital distribution of S\$0.6 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia. The distribution to Unitholders for 1Q FY2017 was S\$1.2 million lower than 4Q FY2016 as the 4Q FY2016 distribution included retained distributions from the previous three quarters of FY2016.

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 FY2017, the Manager has resolved to distribute 99.9% of the Singapore taxable income available for distribution to the Unitholders.

<sup>4</sup> Based on closing price of S\$1.465 on 25 July 2016 and annualised DPU of 11.00 cents. Annualised DPU is computed based on actual DPU payout for 1Q FY2017 and annualised to the full year.

# Balance Sheet

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	30 June 2016	31 March 2016	31 December 2015
Total Assets (S\$'M)	1,461.5	1,459.4	1,465.9
Comprising (S\$'M):			
- Investment properties	1,172.5	1,172.4	1,208.8
- Investment properties under development	49.6	44.9	20.4
- Joint venture	218.6	225.2	217.9
- Trade and other receivables	10.6	9.4	10.5
- Derivative financial instruments	-	-	0.9
- Cash at banks and in hand	10.2	7.5	7.4
Total Liabilities (S\$'M)	521.7	518.7	500.0
Net Assets (S\$'M)	939.8	940.7	965.9
NAV per Unit (S\$)	1.47	1.48	1.52
Total Debt <sup>1</sup> (S\$'M)	483.1	473.4	462.3
Aggregate Leverage (%)	33.1	32.4	31.5

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

# Key financial metrics

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	1Q FY2017	4Q FY2016
Appraised Value of Property Portfolio	S\$1,441.2 million <sup>1</sup>	S\$1,442.7 million <sup>2</sup>
Market Capitalisation <sup>3</sup>	S\$932.4 million	S\$860.9 million
NAV per Unit	S\$1.47	S\$1.48
Premium / (Discount) to NAV <sup>3</sup>	(0.3%)	(8.4%)
Aggregate Leverage <sup>4</sup>	33.1%	32.4%
Interest Cover Ratio <sup>5</sup>	4.8 times	4.8 times
Weighted Average Debt Maturity	1.9 years (2.7 years on pro forma basis) <sup>6</sup>	2.2 years

<sup>1</sup> Singapore portfolio included (i) investment properties and investment properties under development based on 31 March 2016 appraised by CBRE Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd and (ii) capitalised capital expenditure. Optus Centre, Macquarie Park, NSW, Australia is based on 49% interest in the property appraised by CBRE Valuations Pty Ltd as at 31 March 2016 and capitalised capital expenditure.

<sup>2</sup> The Singapore portfolio was based on valuation as at 31 March 2016 appraised by CBRE Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd. Optus Centre, Macquarie Park, NSW, Australia is based on 49% interest in the property appraised by CBRE Valuations Pty Ltd as at 31 March 2016.

<sup>3</sup> Based on the closing price per unit of S\$1.465 on 25 July 2016 and S\$1.355 on 26 April 2016.

<sup>4</sup> Total debt as a % of total assets.

<sup>5</sup> Bank covenant of at least 2.0 times.

<sup>6</sup> On 25 July 2016, AA REIT executed a supplemental loan facility agreement with its syndicate of five financial institutions to upsize its existing secured facility for a four year term loan facility of S\$100 million to refinance its unsecured borrowings due in August 2016. The weighted average debt maturity (on a pro forma basis) will increase to 2.7 years and save over S\$1.0 million per annum in interest cost.



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# PRUDENT CAPITAL MANAGEMENT

# Debt facilities as at 30 June 2016

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## Secured SGD borrowings

- Consortium of 6 banks comprising regional and foreign banks
- Total secured facility of **S\$245.0 million** comprising:
  - 4-year term loan facility of S\$125.0 million, maturing in November 2018
  - 3-year revolving credit facility of S\$120.0 million, maturing in November 2017
- 59.2% of interest rate fixed for weighted average period of 1.9 years

## Secured AUD borrowings

- Secured AUD borrowings as natural hedge for the investment in Optus Centre, Australia
- Total secured facility of **A\$175.791 million** comprising:
  - 5-year onshore term loan facility of A\$110.655 million, maturing in February 2019
  - 3-year offshore term loan facility of A\$65.136 million, maturing in November 2017
- 100.0% of interest rate fixed for weighted average period of 2.1 years

# Debt facilities as at 30 June 2016

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## Unsecured borrowings

- S\$100.0 million 4-year Fixed Rate Notes at 4.90% maturing in August 2016 (1<sup>st</sup> issuance)
- 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)

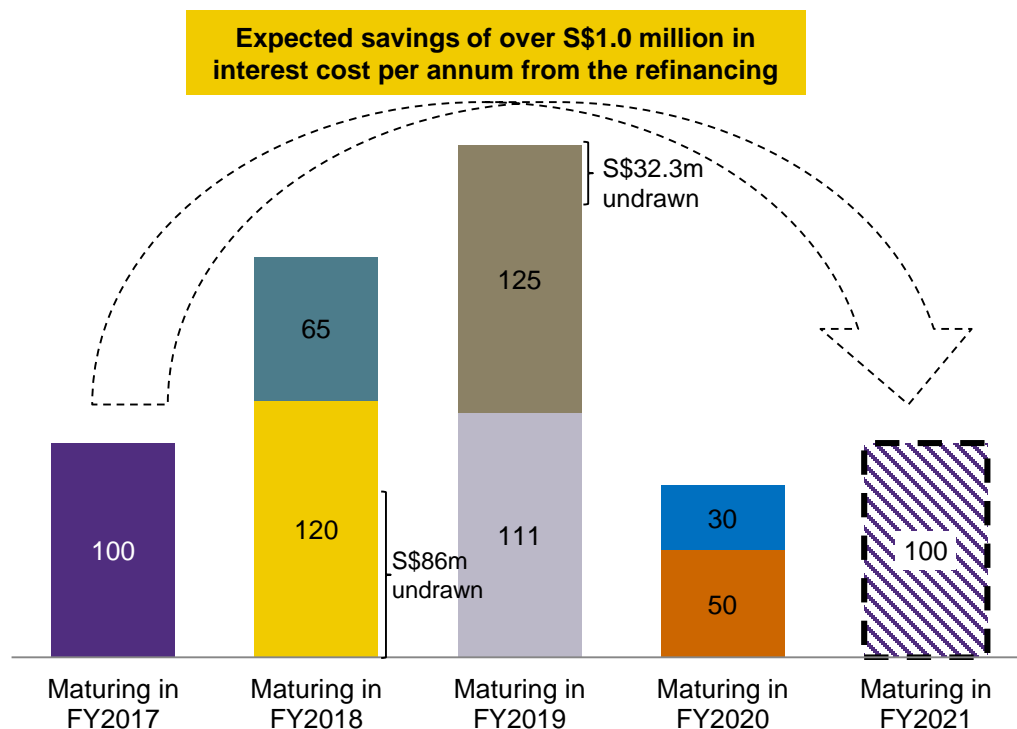
## Summary

- Overall blended funding cost of **4.1%**
- 89.3% of the portfolio's interest rate is fixed taking into account interest rate swaps and Fixed Rate Notes
- Weighted average debt maturity of 1.9 years (2.7 years on a pro forma basis<sup>1</sup>)

<sup>1</sup> On 25 July 2016, AA REIT executed a supplemental loan facility agreement with its syndicate of five financial institutions to upsize its existing secured facility for a four year term loan facility of S\$100 million to refinance its unsecured borrowings due in August 2016. The weighted average debt maturity (on a pro forma basis) will increase to 2.7 years and save over S\$1.0 million per annum in interest cost.

# Debt facilities as at 30 June 2016

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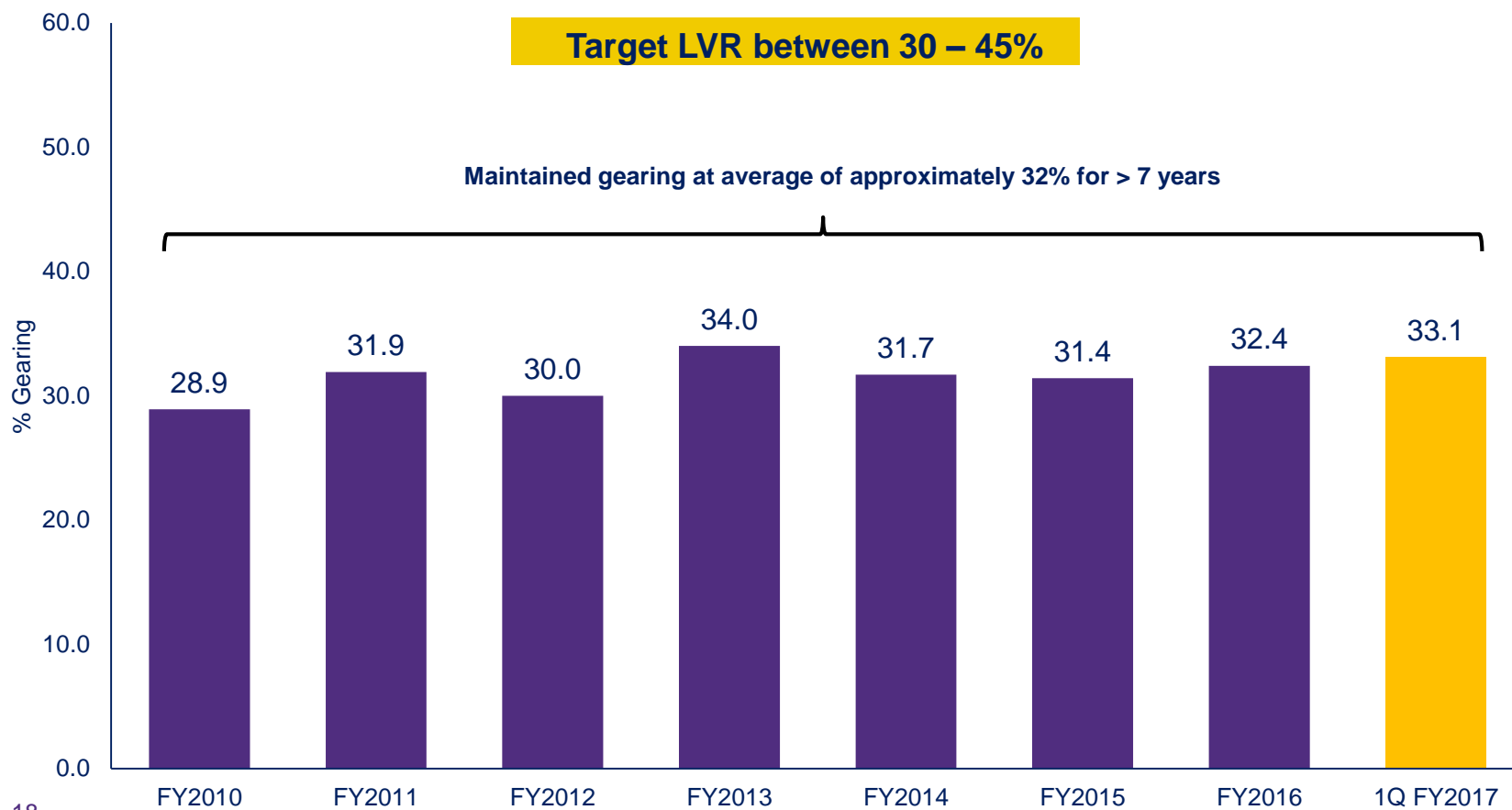


Maturity date	S\$ 'million
Due in August 2016 (FY2017)	100.0
Due in November 2017 (FY2018)	99.4
Due in November 2018 (FY2019)	92.7
Due in February 2019 (FY2019)	111.0
Due in May 2019 (FY2020)	50.0
Due in December 2019 (FY2020)	30.0
<b>Total debt drawn down</b>	<b>483.1</b>
<b>Undrawn available facilities</b>	<b>118.3</b>
<b>Total committed facilities</b>	<b>601.4</b>

- 4 year S\$ fixed rate notes
- S\$ revolving credit facility
- 3 year A\$ term loan
- 5 year A\$ term loan
- 4 year S\$ term loan
- 5 year S\$ fixed rate notes
- 7 year S\$ fixed rate notes
- New 4 year S\$ term loan

# Gearing level since 2009

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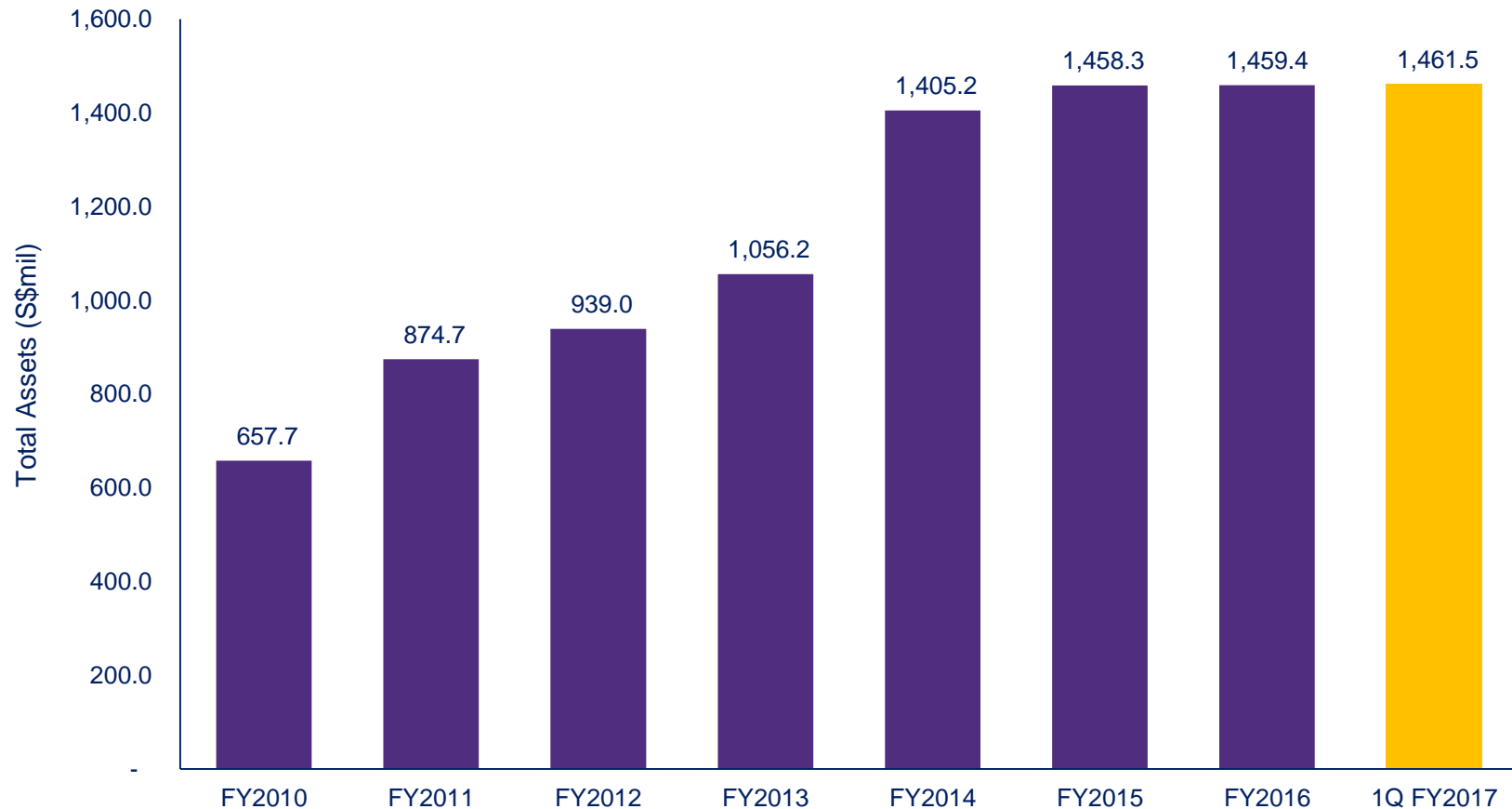
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# PORTFOLIO PERFORMANCE

# Total assets since 2009

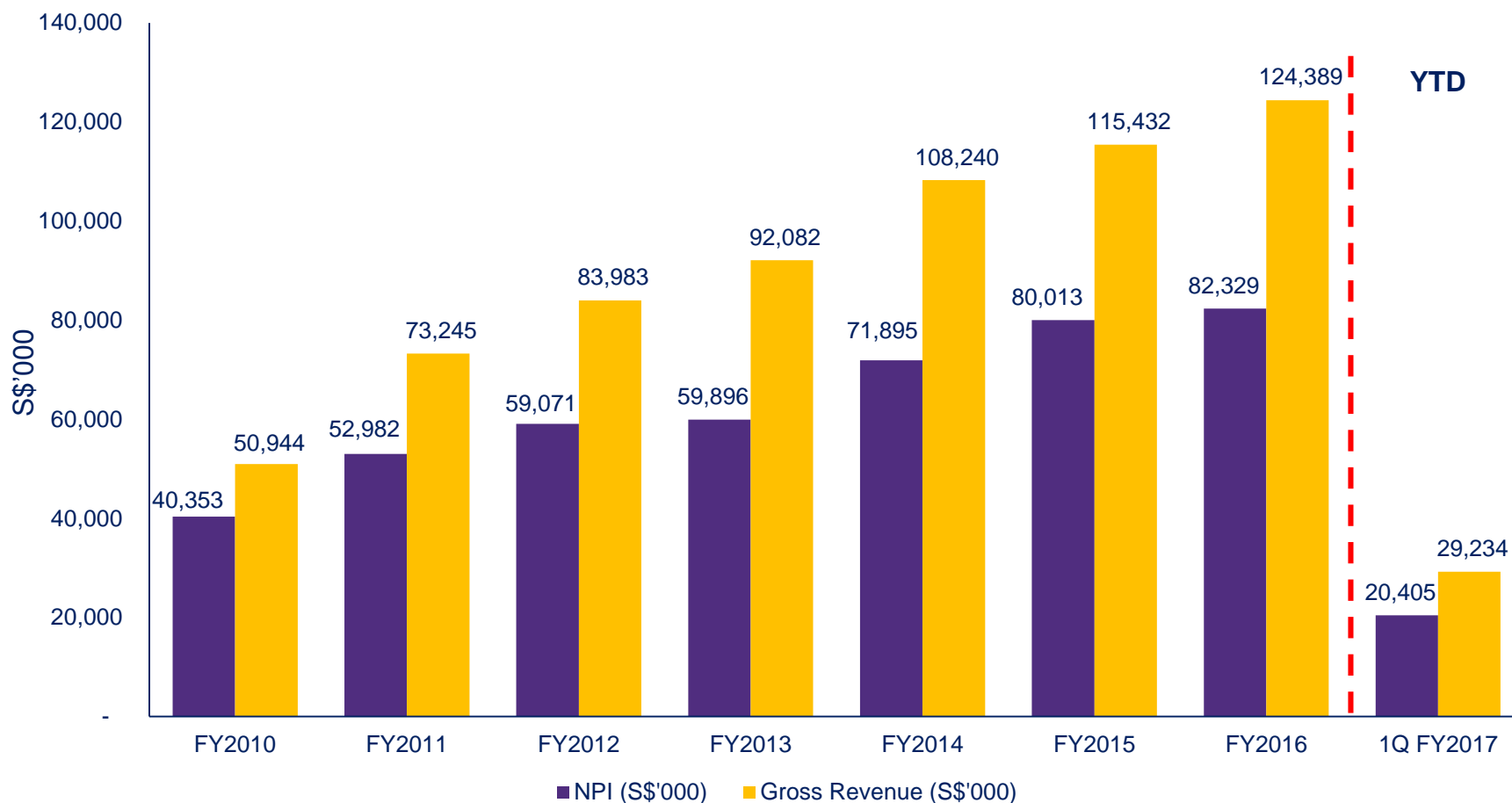
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# Revenue performance since 2009

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# Key portfolio statistics

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	As at 30 June 2016	As at 31 March 2016	As at 19 April 2007 (IPO)
Number of Properties	26	26	12
Appraised Value (S\$ million)	1,441.2 <sup>1</sup>	1,442.7 <sup>2</sup>	316.5
Net Lettable Area (sq m)	600,249.5 <sup>3</sup>	600,216.7 <sup>3</sup>	194,980.7
Number of Tenants	141 <sup>3</sup>	139 <sup>3</sup>	12
Portfolio Occupancy (%)	92.7 <sup>3</sup>	93.4 <sup>3</sup>	100.0
Weighted Average Lease Expiry (WALE) (years)	2.81 <sup>3</sup>	2.93 <sup>3</sup>	6.7
Weighted Average Land Lease Expiry (years)	39.1 <sup>4</sup>	39.3 <sup>4</sup>	47.8
Location of Properties	Singapore, Australia	Singapore, Australia	Singapore

<sup>1</sup> Singapore portfolio included (i) investment properties and investment properties under development based on 31 March 2016 appraised by CBRE Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd and (ii) capitalised capital expenditure. Optus Centre, Macquarie Park, NSW, Australia is based on 49% interest in the property appraised by CBRE Valuations Pty Ltd as at 31 March 2016 and capitalised capital expenditure.

<sup>2</sup> The Singapore portfolio was based on valuation as at 31 March 2016 appraised by CBRE Pte Ltd and Savills Valuation And Professional Services (S) Pte Ltd. Optus Centre, Macquarie Park, NSW, Australia is based on 49% interest in the property appraised by CBRE Valuations Pty Ltd as at 31 March 2016.

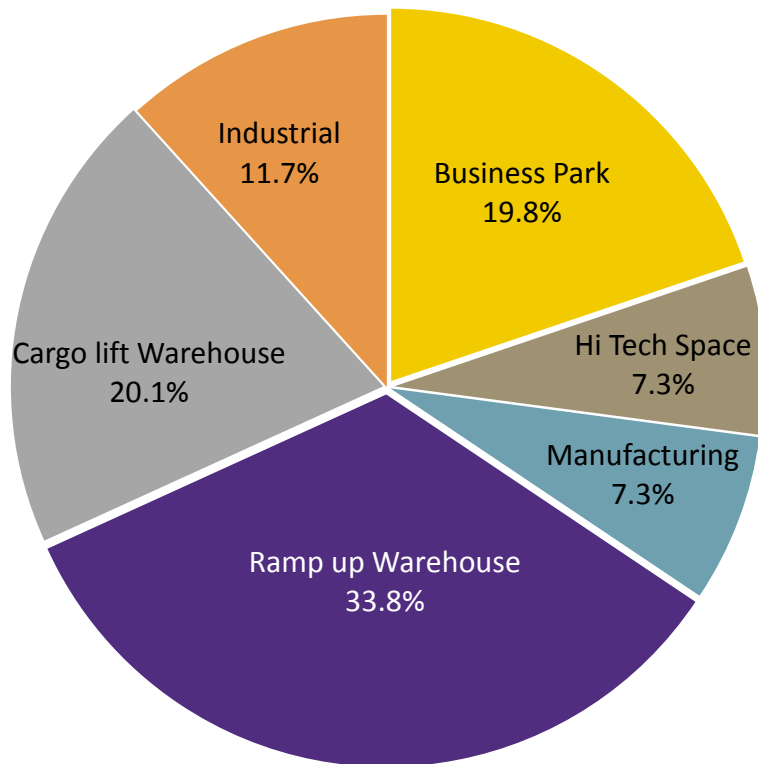
<sup>3</sup> Excludes redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20.

<sup>4</sup> 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.

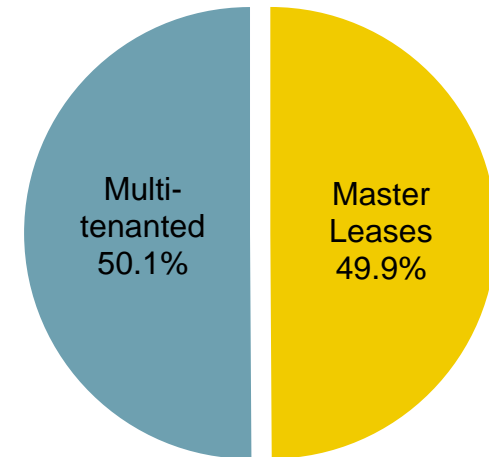
# Portfolio breakdown

By 1Q FY2017 gross rental income

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## Master Leases vs Multi-tenanted



Occupancy

Average security deposit<sup>1,2</sup>

Total Portfolio <sup>1</sup> (24 properties)	92.7	4.7 months
Master Leases (8 properties)	100.0	7.1 months
Multi-tenanted (16 properties)	87.3	3.7 months

<sup>1</sup> Excluding redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20.

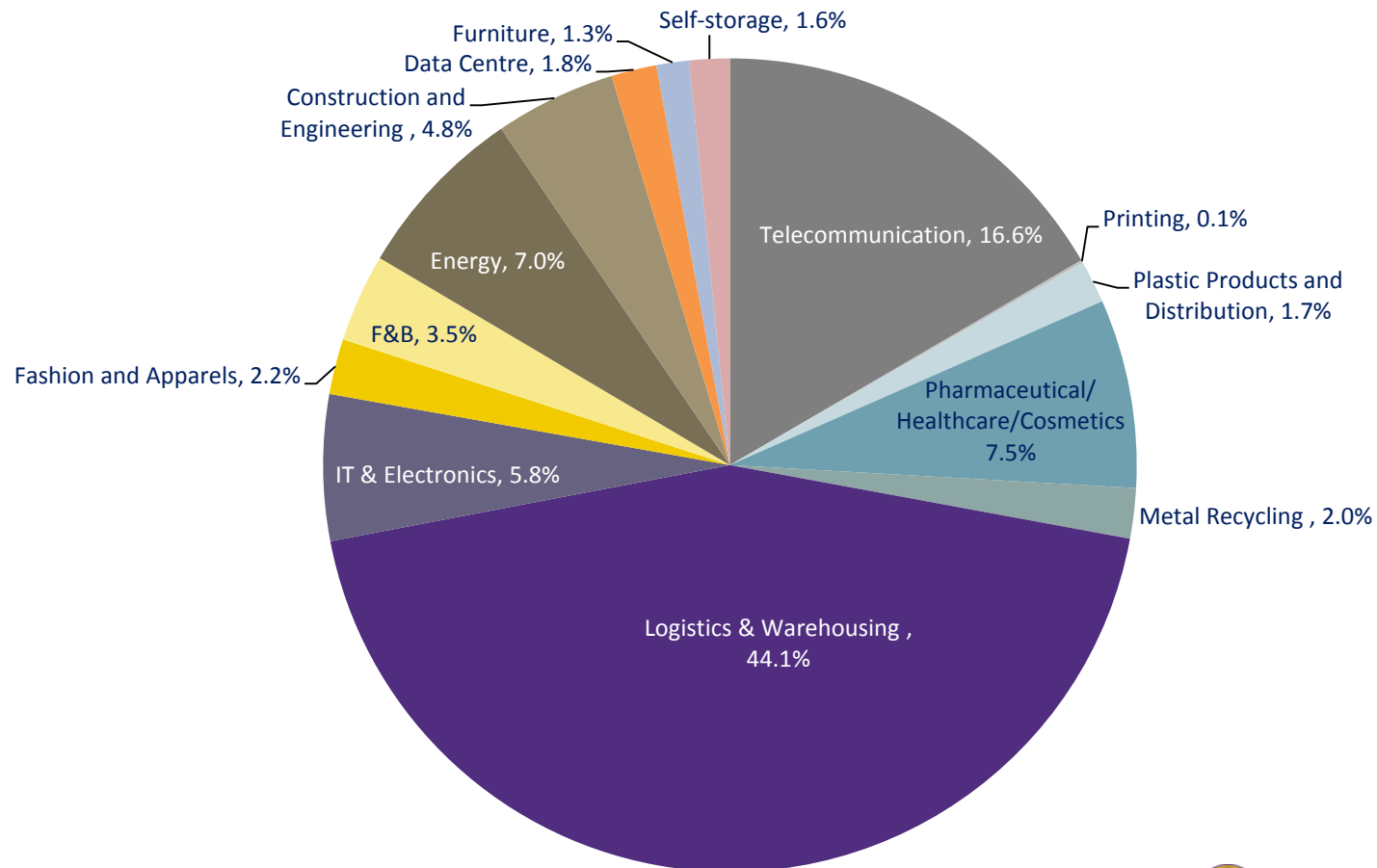
<sup>2</sup> Excluding Optus Centre whose lease is guaranteed by SingTel Optus



# Diversification reduces risk

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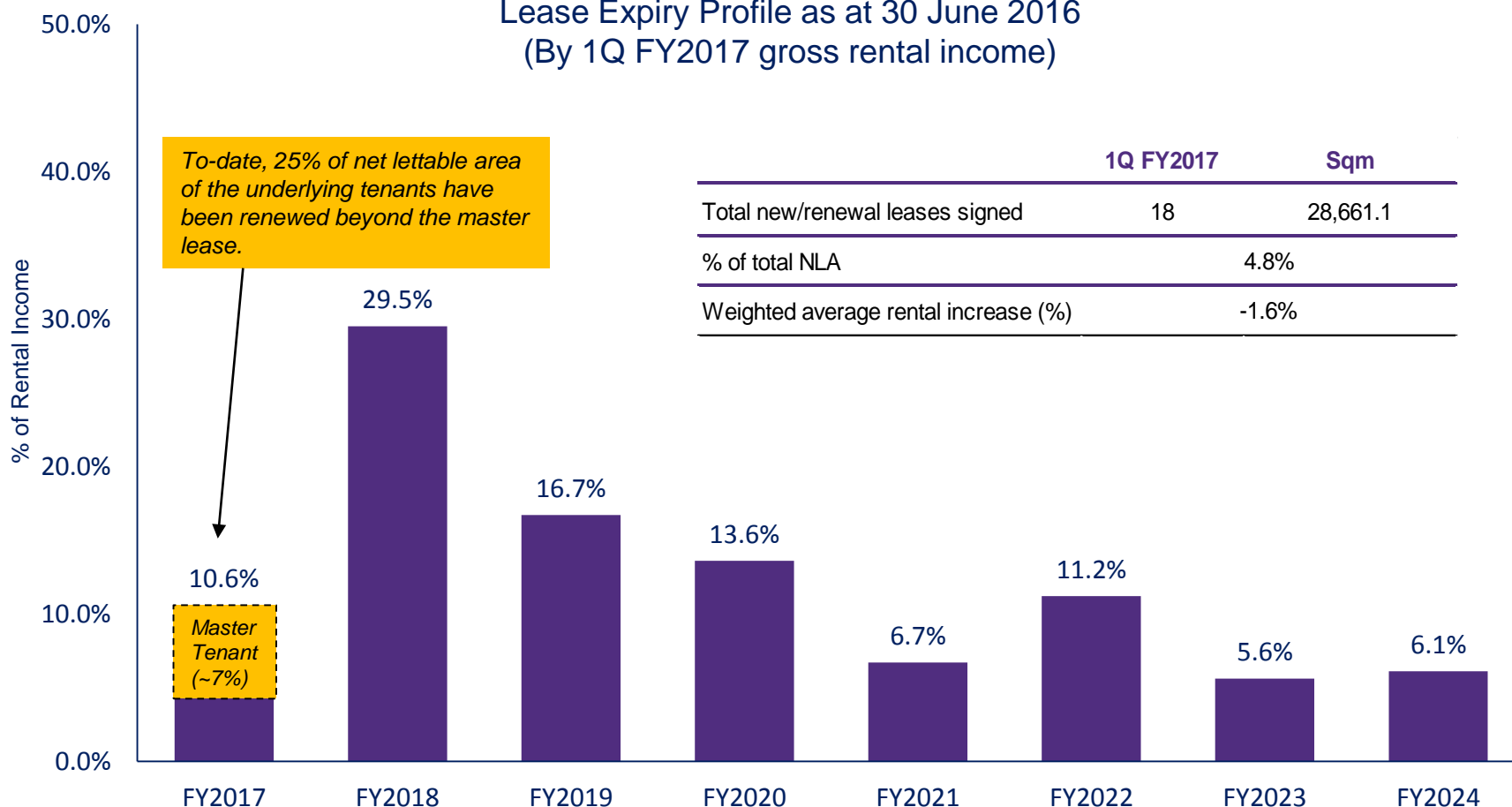
Tenant Base by Industry (By 1Q FY2017 gross rental income)



# Active lease management

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Lease Expiry Profile as at 30 June 2016  
(By 1Q FY2017 gross rental income)



	1Q FY2017	Sqm
Total new/renewal leases signed	18	28,661.1
% of total NLA	4.8%	
Weighted average rental increase (%)	-1.6%	

# Quality tenant base

Top 10 tenants by 1Q FY2017 by gross rental income

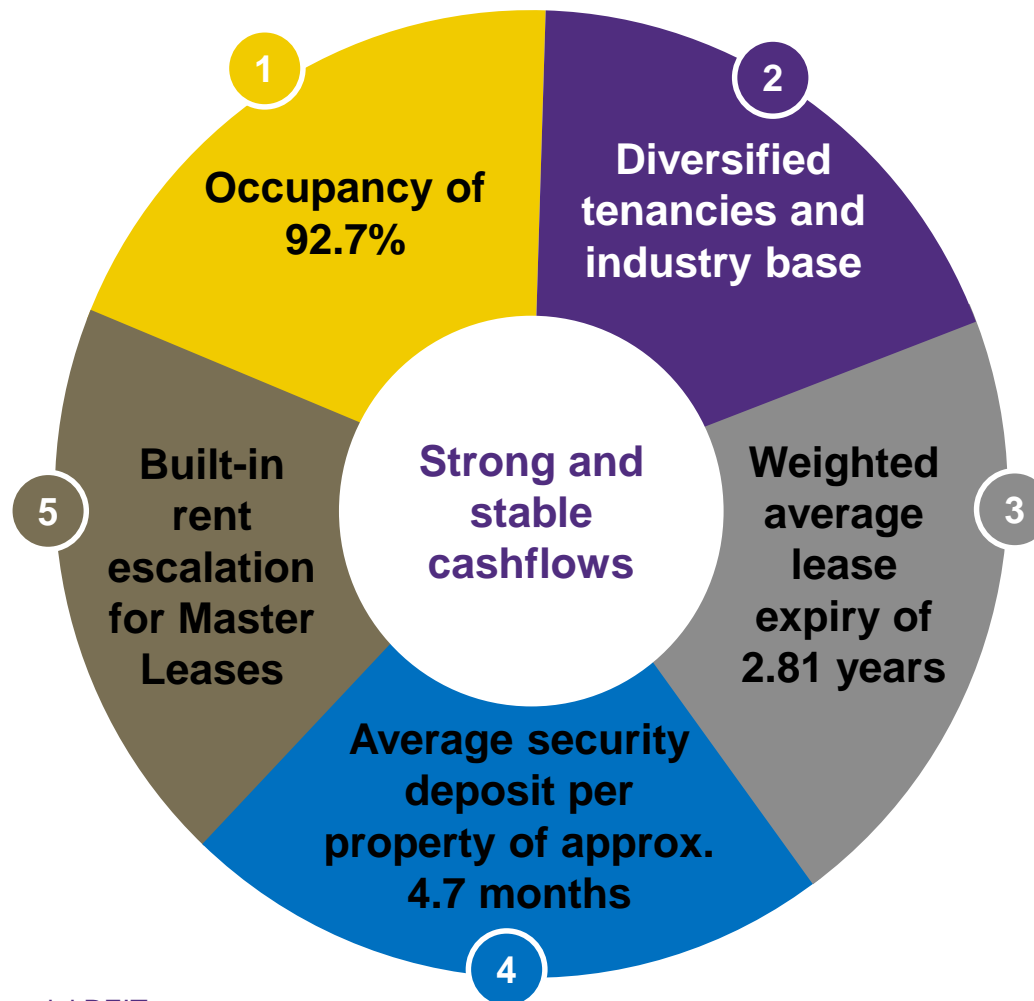
Tenant	%
CWT Limited*	22.7%
Optus Administration Pty Limited*	13.0%
Eurochem Corporation Pte Ltd	6.8%
Schenker Singapore (Pte) Ltd*	4.6%
Illumina Singapore Pte Ltd*	3.9%
Broadcom Singapore Pte Ltd*	2.9%
FNA Group International	2.4%
Enviro-Hub Group*	2.0%
CIT Cosmeceutical Pte Ltd	1.6%
Element14*	1.5%
<b>Top 10 tenants</b>	<b>61.4%</b>

\* Listed Groups or subsidiaries of listed entities



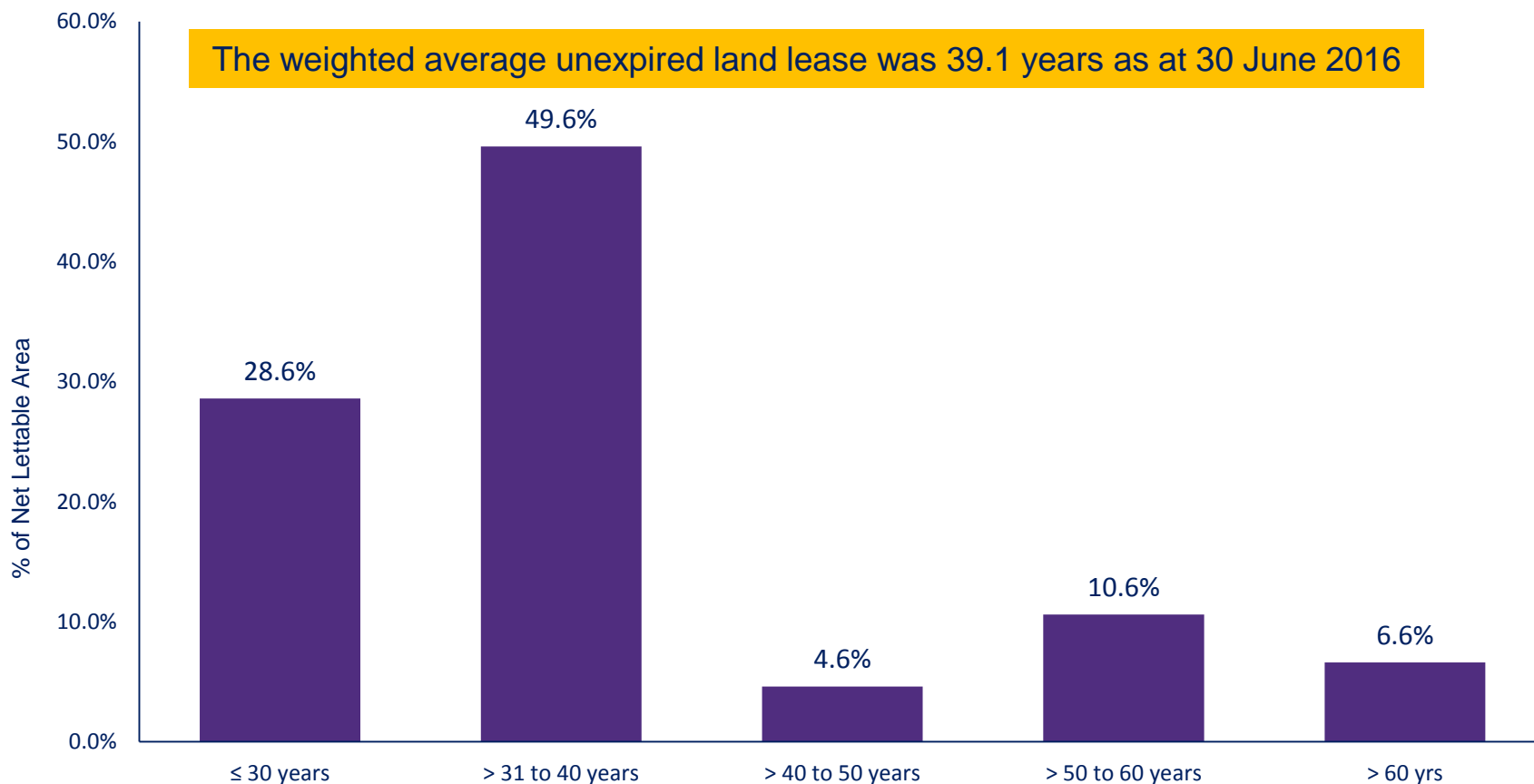
# Strong and stable cashflows

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# Long land lease expiry – 39.1 years

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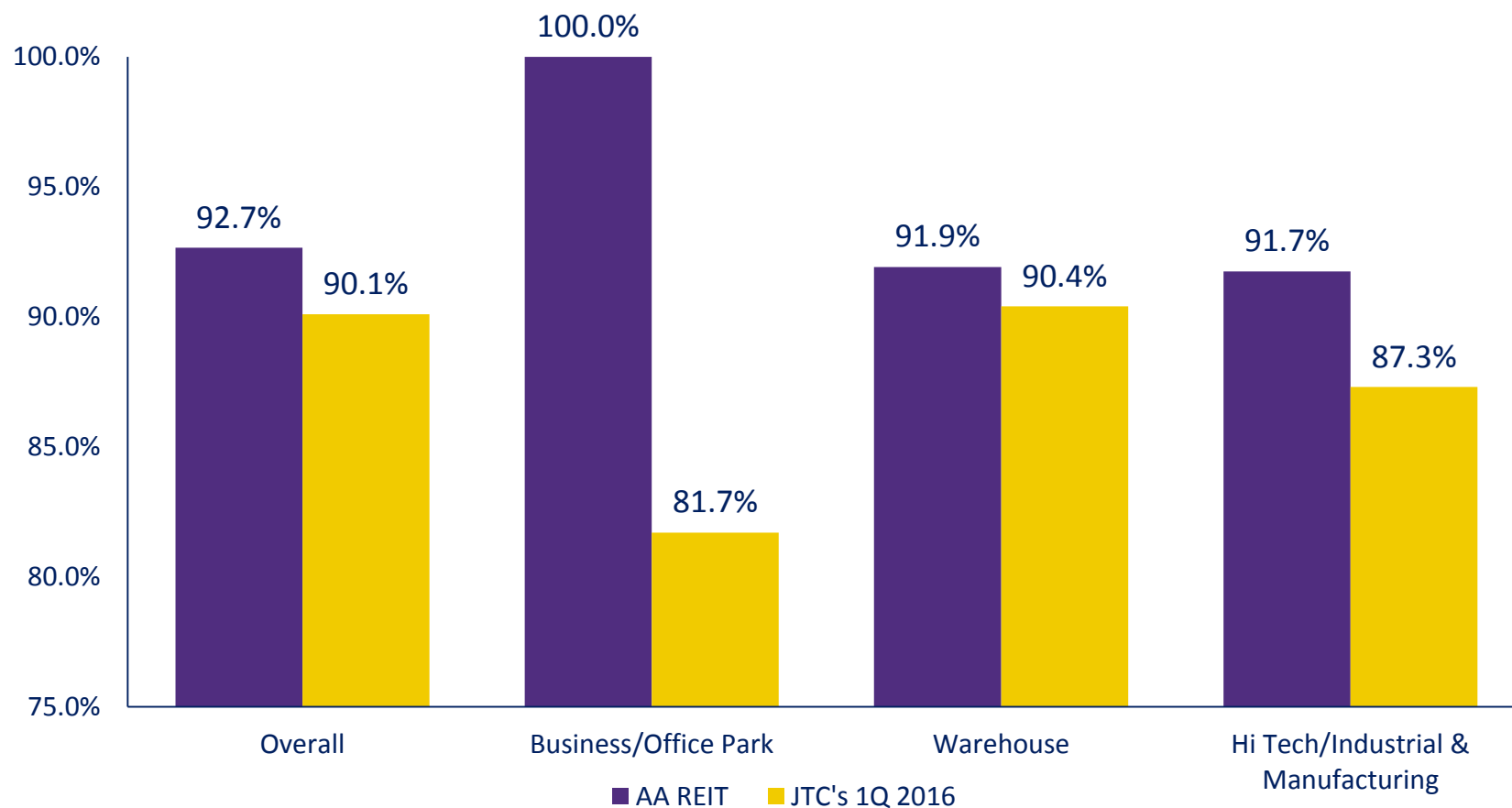
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Note: For the calculation of the weighted average land lease of AA REIT, AA REIT's interest in the freehold property, Optus Centre has been assumed as a 99-year leasehold interest.



# Comparisons to Singapore industrial average occupancy levels

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# STRATEGY

# Strategy

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## Yield accretive investments

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 and Australia.

## Active asset and leasing management

Continual focus on prudent asset and lease management.

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

To maintain above industrial average occupancy.

## Prudent capital and risk management

Prudent capital management by splitting of debt maturities. Target leverage between 30% - 45%.

Focus on maintaining stable DPU.

Maintenance of investment grade rating.

# 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



10 Soon Lee Rd



3 Tuas Avenue 2



8 Senoko South Rd



11 Changi South St 3



10 Changi South Lane



541 Yishun Industrial  
Park A



2 Ang Mo Kio St 65



3 Toh Tuck Link



7 Clementi Loop

Potential untapped GFA  
≈ 758,480 sqft

# Vision and Mission

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## Vision

- To be a high-performing Asia Pacific industrial real estate solutions provider to our partners.

## Mission

- To provide investors with sustainable long-term returns from an actively managed portfolio of quality industrial real estate located throughout Asia Pacific.

## Operating Principles

- **Deliver to our Unitholders:** We are focused on achieving stable and sustainable financial returns for our Unitholders by maximising our portfolio's performance.
- **Disciplined investment:** Our investment strategy is to build a quality and diversified portfolio of industrial real estate assets throughout Asia Pacific.
- **Active portfolio management:** We strive for value creation by proactively managing our portfolio to deliver sustainable long-term returns.
- **Prudent capital and risk management:** We have a proven track record of prudent capital management supported by a focused risk management framework.
- **Be a trusted partner:** Developing trusting relationships with our Unitholders, tenants, other key stakeholders and communities is ingrained in the way we do business.
- **Strong corporate governance:** By championing strong corporate governance principles and practices, we aim to be recognised as a transparent and responsible company.



*Awarded Best Investor Relations Company and  
Asia's Best CEO in Singapore at the  
6th Asian Excellence Awards 2016*

# Thank you

For enquiries, kindly contact:

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