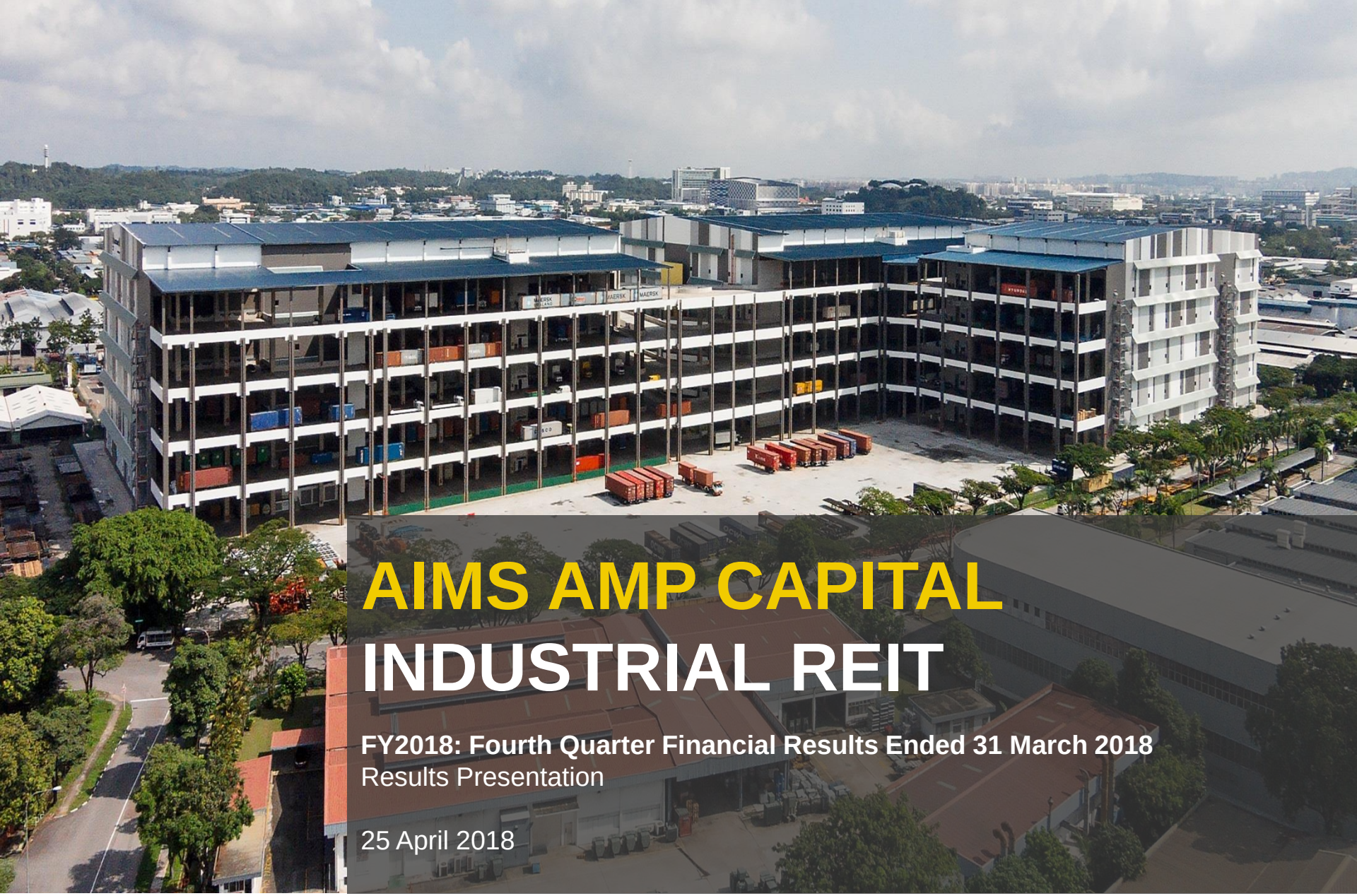

AIMS AMP CAPITAL INDUSTRIAL REIT

FY2018: Fourth Quarter Financial Results Ended 31 March 2018
Results Presentation

25 April 2018

Important notice

Disclaimer

This Presentation is focused on comparing actual results for the financial period from 1 April 2017 to 31 March 2018 ("FY2018") and 1 January 2018 to 31 March 2018 ("4Q FY2018") 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 4Q FY2018 as per the SGXNet Announcement.

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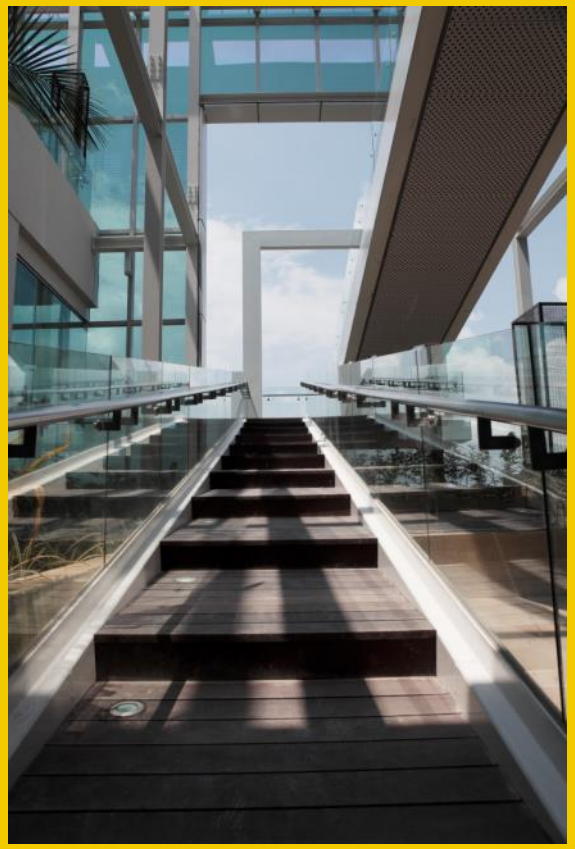

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AIMS 宝瑞 | AMPCAPITAL

> 1 HIGHLIGHTS FOR 4Q FY2018

Highlights for 4Q FY2018

> 1

Focusing on asset management to navigate the soft market conditions

- DPU performance: 2.63 cents per Unit for the quarter.

Active lease management

- Executed 25 new and renewal leases in 4Q FY2018, representing 45,120 sqm (7.1% of total net lettable area).
- Increased portfolio occupancy to 90.5%[1] from 88.4% in preceding quarter, above industrial average of 88.9%.

Developing a higher quality portfolio

- Completed the sale of AA REIT's smallest asset, 10 Soon Lee Road for S$8.17 million (approximately 28% premium over latest valuation of S$6.4 million[2]) as part of AA REIT's capital recycling strategy.
- Proposed redevelopment of 3 Tuas Avenue 2 into a contemporary ramp-up industrial facility for general industrial usage[3]. Upon completion, gross floor area will increase by 52% to approximately 24,890 sqm, improving the plot ratio from the current 0.92 to 1.40.

[1] Excluding redevelopment of 3 Tuas Avenue 2.
[2] Valuation as at 30 September 2017 appraised by CBRE Pte. Ltd.
[3] Subject to authorities' approval.

Highlights for 4Q FY2018

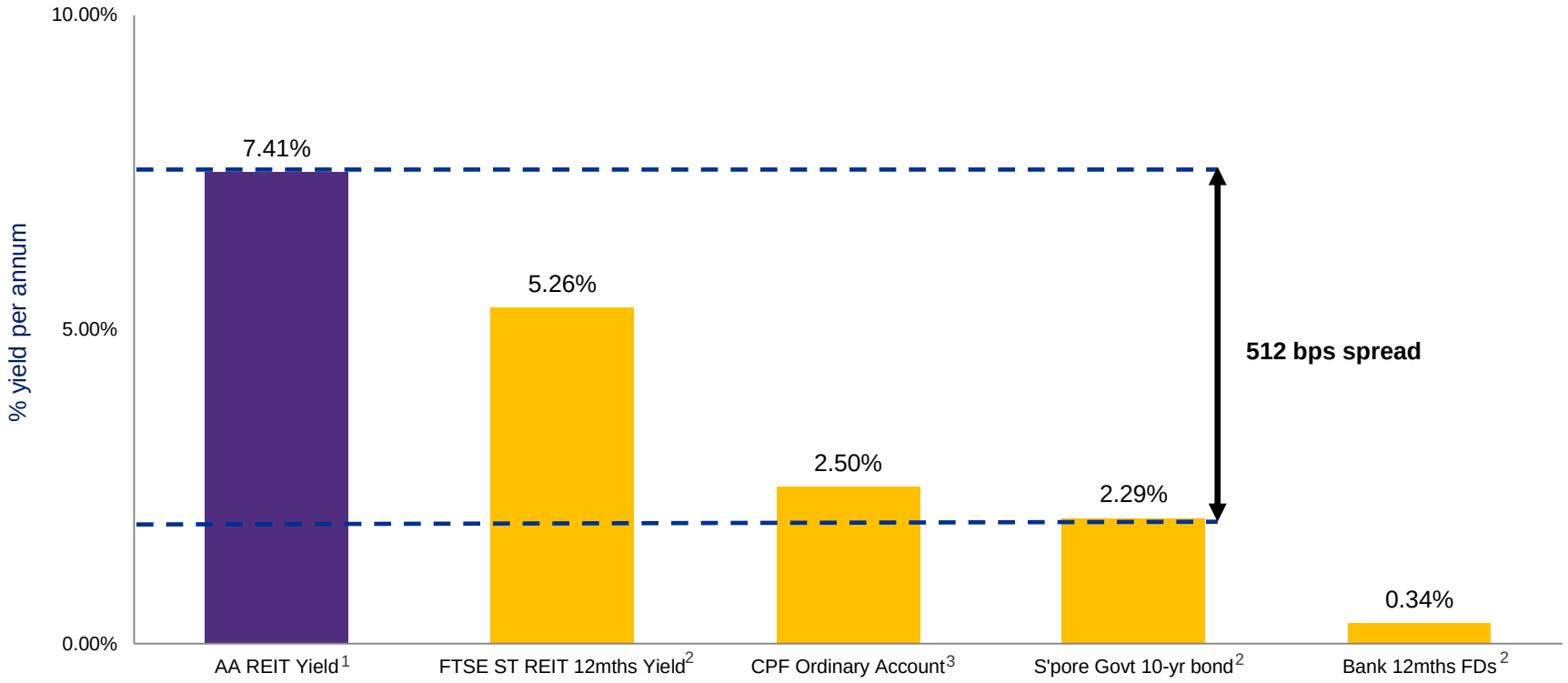
> 1

Prudent capital management

- 88.1% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes.
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.6%.
- Aggregate leverage as at 31 March 2018 is at 33.5%.
- In April 2018, AA REIT received commitments from a syndicate of financial institutions to refinance its existing secured facilities due in November 2018 and February 2019.
- Weighted average debt maturity of 1.8 years as at 31 March 2018. Post refinancing, weighted average debt maturity (on a pro forma basis) will increase to **3.3 years**, with no debt due for refinancing until May 2019.

Attractive return on investment

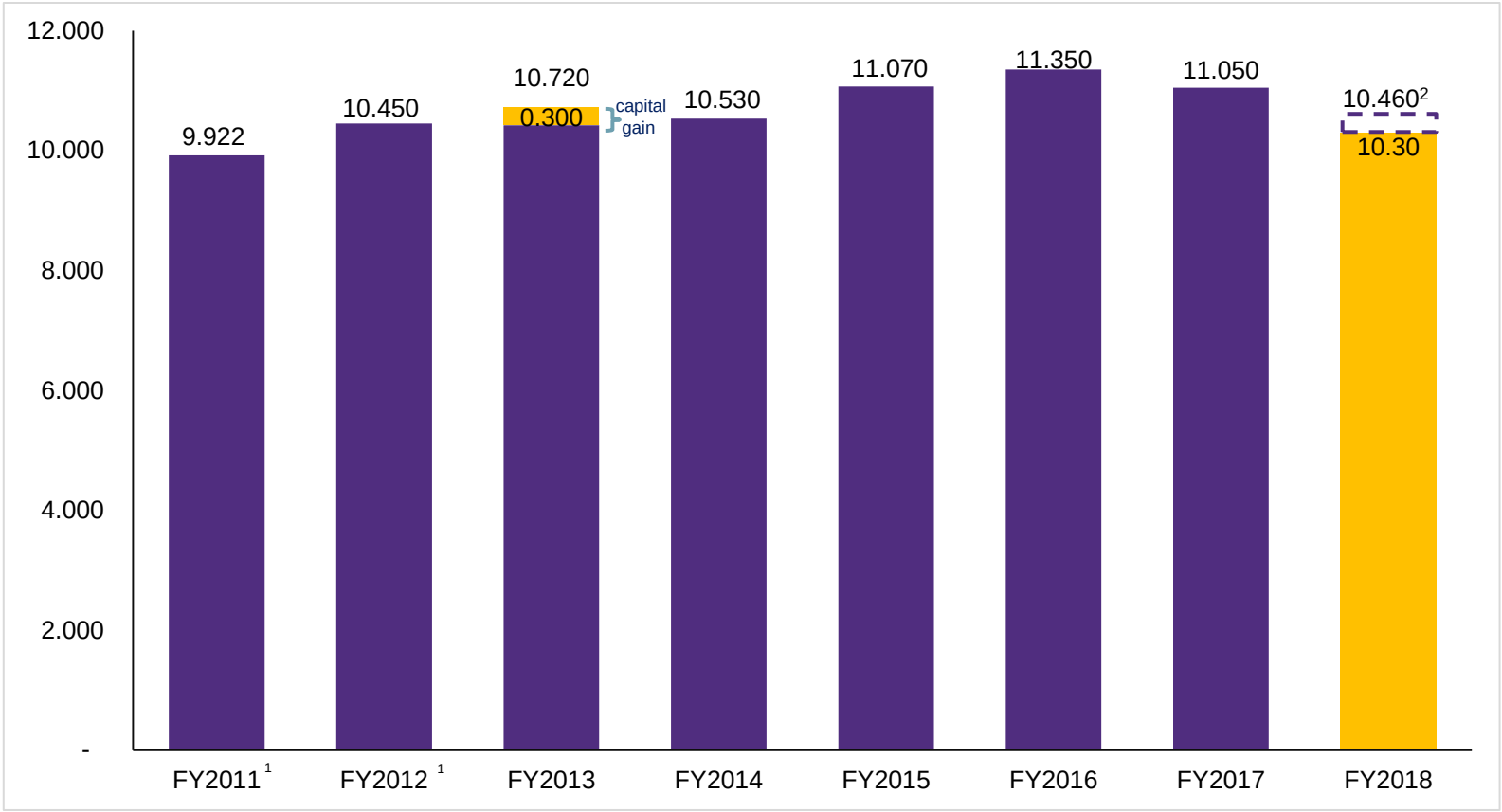
> 1



1 Based on closing price of S$1.39 on 24 April 2018 and actual DPU of 10.30 cents.
2 Source: Bloomberg data as at March 2018.
3 Prevailing CPF Ordinary Account interest rate.

Stable DPU despite soft market conditions

> 1



[1] 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.
[2] The DPU for FY2018 was lower compared to FY2017 partly due to the increase in Units arising from the private placement of 42,145,000 Units in December 2017. Excluding the effects from the private placement, DPU for 4Q FY2018 and FY2018 would be approximately 2.75 cents and 10.46 cents respectively.

> 2

4Q FY2018 AND FULL YEAR FINANCIAL RESULTS

Distribution details

> 2

Stock counter	Distribution period	DPU (cents)
AIMSAMP Cap Reit Code: O5RU	For 1 January 2018 to 31 March 2018	2.63

Distribution Period	For 1 January 2018 to 31 March 2018
Ex-date	4 May 2018, 9.00am
Books closure date	8 May 2018, 5.00pm
Return of Tax Declaration Forms	28 May 2018, 5.00pm
Distribution payment date	21 June 2018

Results for 4Q FY2018

	4Q FY2018 S$'000	3Q FY2018 S$'000	Q-o-Q %	4Q FY2017 S$'000	Y-o-Y %	FY2018 S$'000	FY2017 S$'000	Y-o-Y %
Gross Revenue[1]	28,032	28,867	(2.9)	30,606	(8.4)	116,916	120,119	(2.7)
Net Property Income[1]	17,669	19,233	(8.1)	19,973	(11.5)	76,417	79,433	(3.8)
Share of results of joint venture (net of tax)[2]	6,363	3,654	74.1	4,119	54.5	17,418	14,758	18.0
Distributions to Unitholders[3]	17,975	17,076	5.3	17,755	1.2	67,370	70,497	(4.4)
DPU (cents)[4]	2.63	2.62	0.4	2.78	(5.4)	10.30	11.05	(6.8)
DPU yield[5] (%)	7.41							

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 FY2018 was mainly due to the share of revaluation surplus recognised from the valuation of the underlying property.

3 The Manager resolved to distribute S$18.0 million for 4Q FY2018, comprising (i) taxable income of S$16.1 million from Singapore operations; and (ii) tax-exempt income distribution of S$1.0 million and capital distribution of S$0.9 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 FY2018, the Manager has resolved to distribute 100.0% of the Singapore taxable income available for distribution to the Unitholders.

4 The DPU for FY2018 was lower compared for FY2017 partly due to the increase in Units arising from the private placement of 42,145,000 Units in December 2017. Excluding the effects from the private placement, DPU for 4Q FY2018 and FY2018 would be approximately 2.75 cents and 10.46 cents respectively.

5 Based on closing price of S$1.39 on 24 April 2018 and actual DPU of 10.30 cents.

Balance Sheet

> 2

	31 March 2018	31 December 2017	31 March 2017
Total Assets (S$'M)	1,477.6	1,477.2	1,465.5
Comprising (S$'M):			
- Investment properties	1,210.1	1,224.2	1,175.1
- Investment properties under development	18.6	-	37.6
- Joint venture	220.8	226.6	232.1
- Asset held for sale	-	6.4	-
- Trade and other receivables	10.1	10.3	8.6
- Derivative financial instruments	0.5	-	0.4
- Cash and cash equivalents	17.5	9.7	11.7
Total Liabilities (S$'M)	538.6	553.7	577.0
Net Assets (S$'M)	939.0	923.5	888.5
NAV per Unit (S$)	1.37	1.35[1]	1.39
Total Debt[2] (S$'M)	494.9	499.1	529.3
Aggregate Leverage (%)	33.5	33.8	36.1

[1] The NAV per Unit as at 31 December 2017 of S$1.35 included an Advanced Distribution payable of S$12.2 million arising from the private placement in December 2017. Excluding the Advanced Distribution, the NAV per Unit for 31 December 2017 would have been S$1.37.

[2] Excluding unamortised loan transaction costs.

Key financial metrics

> 2

	4Q FY2018	3Q FY2018
Appraised Value of Property Portfolio	S$1,450.7 million[1]	S$1,458.5 million[2]
Market Capitalisation[3]	S$950.0 million	S$936.3 million
NAV per Unit	S$1.37	S$1.35[4]
Share Price[3]	S$1.39	S$1.37
Premium / (Discount) to NAV[3]	1.5%	1.5%
Aggregate Leverage[5]	33.5%	33.8%
Interest Cover Ratio[6]	4.7 times	4.6 times
Weighted Average Debt Maturity	1.8 years (3.3 years post refinancing on a pro forma basis)[7]	2.1 years

[1] Singapore portfolio was based on valuation as at 31 March 2018 appraised by Jones Lang LaSalle Property Consultants Pte. Ltd. or Colliers International Consultancy & Valuation (Singapore) 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 2018.

[2] Singapore portfolio included (i) investment properties based on valuation as at 30 September 2017 appraised by CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd, (ii) capitalised capital expenditure and (iii) completed development at 51 Marsiling Road appraised by CBRE Pte. Ltd. on 27 October 2017. Optus Centre, Macquarie Park, NSW, Australia is based on 49.0% interest in the property appraised by CBRE Valuations Pty Limited as at 31 March 2017 and capitalised capital expenditure.

[3] Based on the units outstanding and closing price per unit S$1.39 on 24 April 2018 and S$1.37 on 31 January 2018.

[4] The NAV per Unit as at 31 December 2017 of S$1.35 included an Advanced Distribution payable of S$12.2 million arising from the private placement in December 2017. Excluding the Advanced Distribution, the NAV per Unit for 31 December 2017 would have been S$1.37.

[5] Total debt as a % of total assets.

[6] Bank covenant of at least 2.0 times.

[7] In April 2018, AA REIT received commitments from a syndicate of financial institutions to refinance its existing secured facilities due in November 2018 and February 2019.

> 3 PRUDENT CAPITAL MANAGEMENT

Debt facilities as at 31 March 2018

Secured SGD borrowings

- Consortium of 6 banks comprising regional and foreign banks
- Total secured facility of **S$320.3 million** comprising:
  - 4-year term loan facility of S$100.3 million, maturing in November 2018. AA REIT has received approved term sheet to extend debt to 2022
  - 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

Secured AUD borrowings

- Secured AUD borrowings as natural hedge for the investment in Optus Centre, Australia
- Total secured facility of **A$175.7 million** comprising:
  - 5-year onshore term loan facility of A$110.7 million, maturing in February 2019. AA REIT has received credit term sheets to extend debt to 2023
  - 3-year offshore term loan facility of A$65.0 million, maturing in November 2020

Debt facilities as at 31 March 2018

> 3

Unsecured borrowings

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

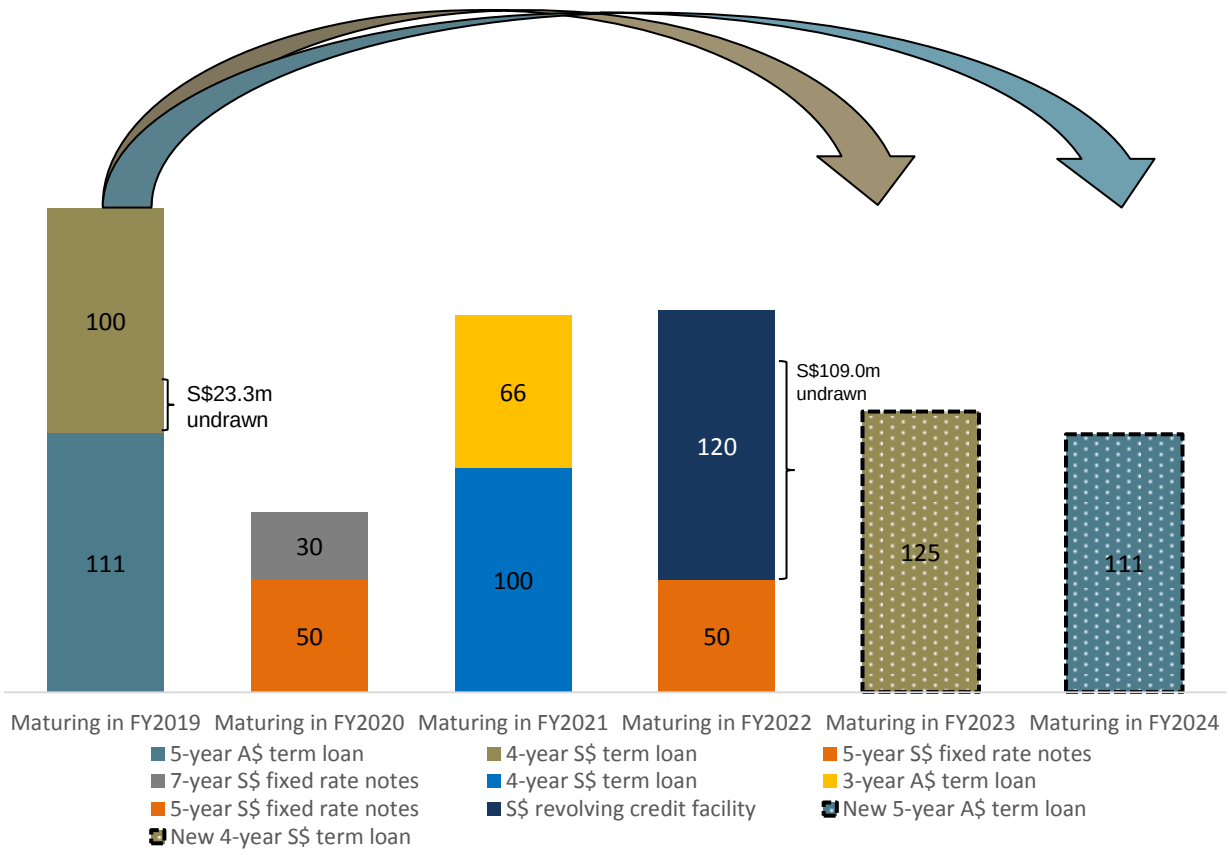
Summary

- Overall blended funding cost of 3.6%
- 88.1% of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes
- In April 2018, AA REIT received commitments from a syndicate of financial institutions to refinance its existing secured facilities due in November 2018 and February 2019
- Weighted average debt maturity of 1.8 years. Post refinancing, weighted average debt maturity (on a pro forma basis) will increase to 3.3 years

Debt facilities as at 31 March 2018

> 3

Effect of April 2018 refinancing of existing secured facilities due in November 2018 and February 2019

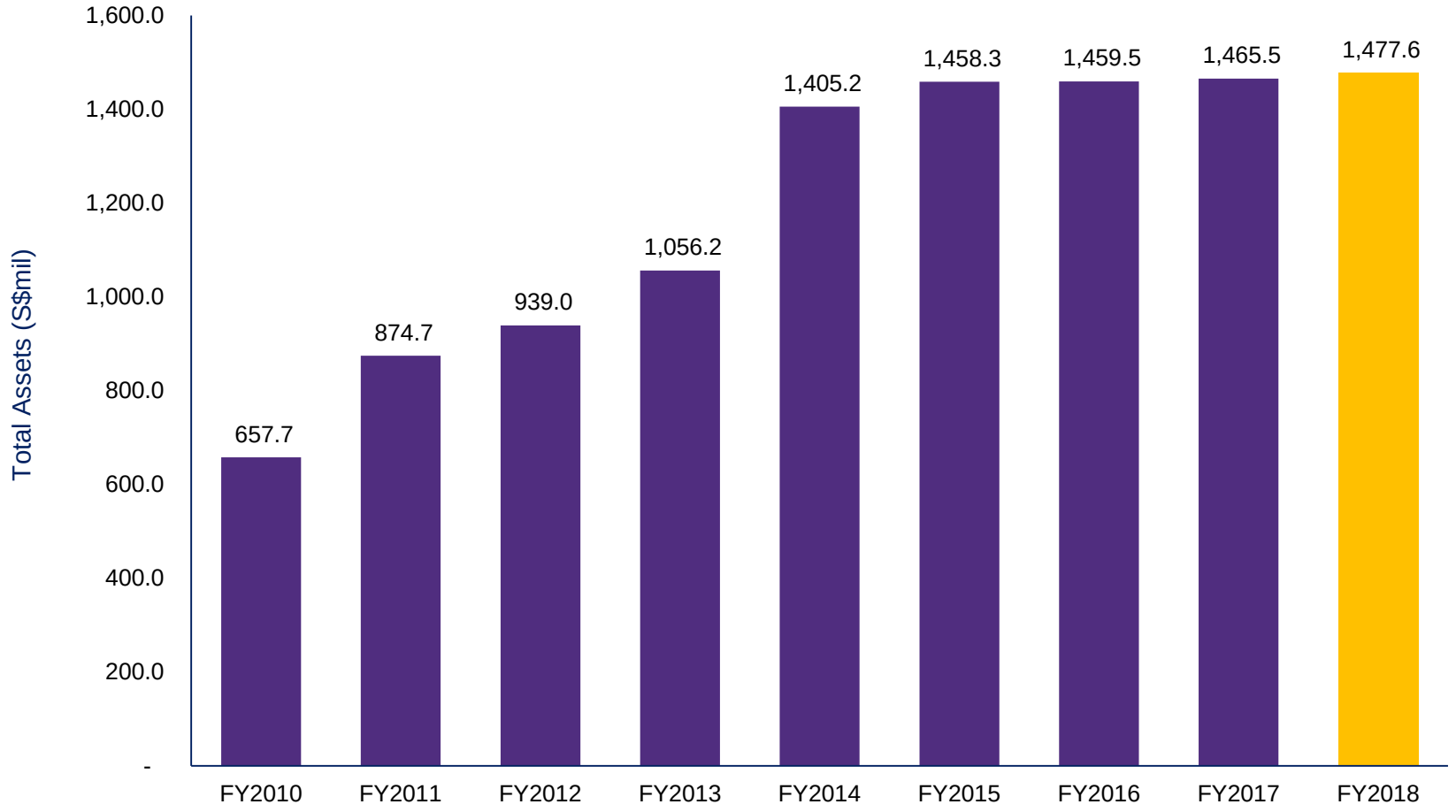


Maturity date	S$ 'million
Due in November 2018 (FY2019)	77.0
Due in February 2019 (FY2019)	111.4
Due in May 2019 (FY2020)	50.0
Due in December 2019 (FY2020)	30.0
Due in August 2020 (FY2021)	100.0
Due in November 2020 (FY2021)	65.5
Due in November 2021 (FY2022)	11.0
Due in March 2022 (FY2022)	50.0
Total debt drawn down	**494.9**
Undrawn available facilities	**132.3**
Total committed facilities	**627.2**

> 4 PORTFOLIO PERFORMANCE

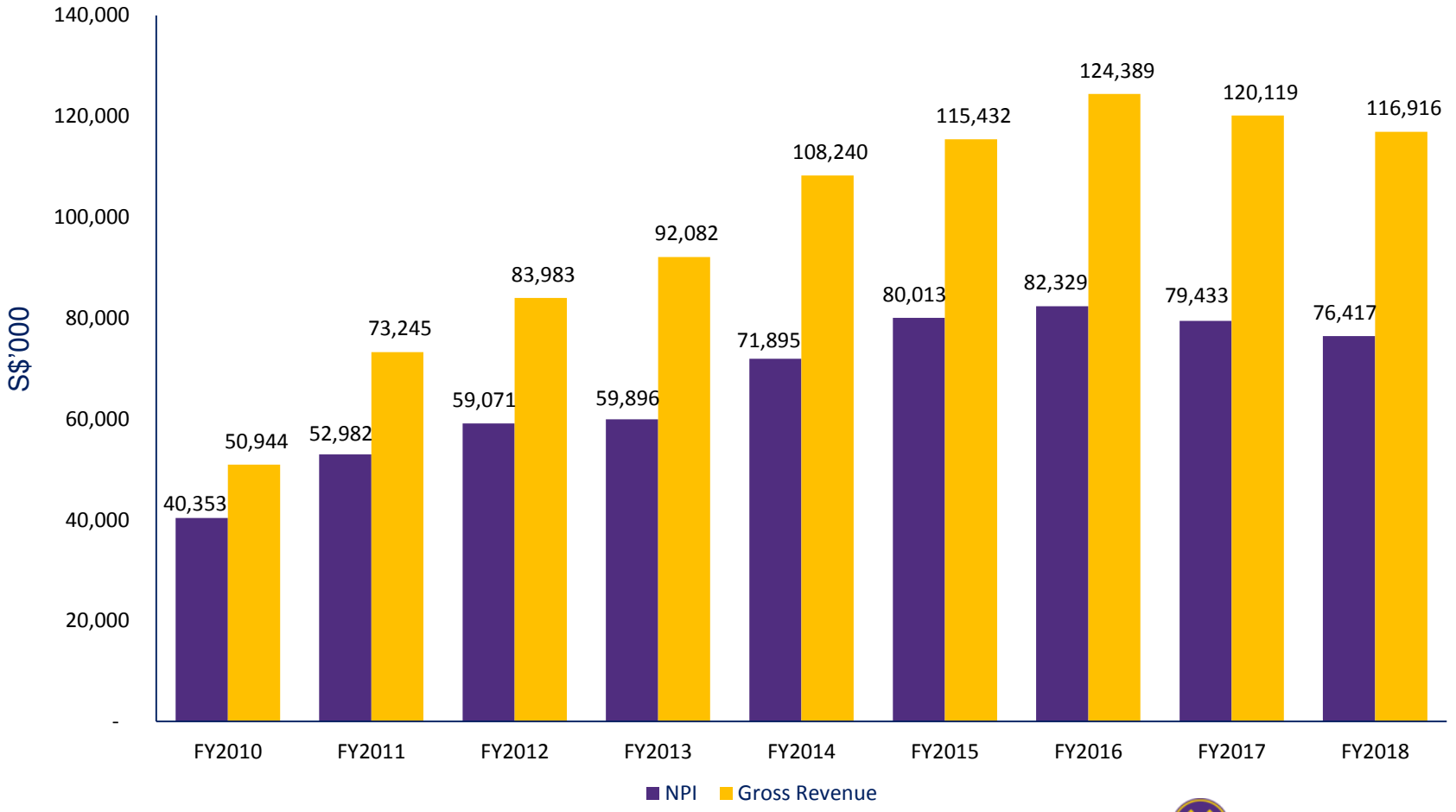
Total assets since 2009

> 4



Revenue performance since 2009

> 4



Key portfolio statistics

> 4

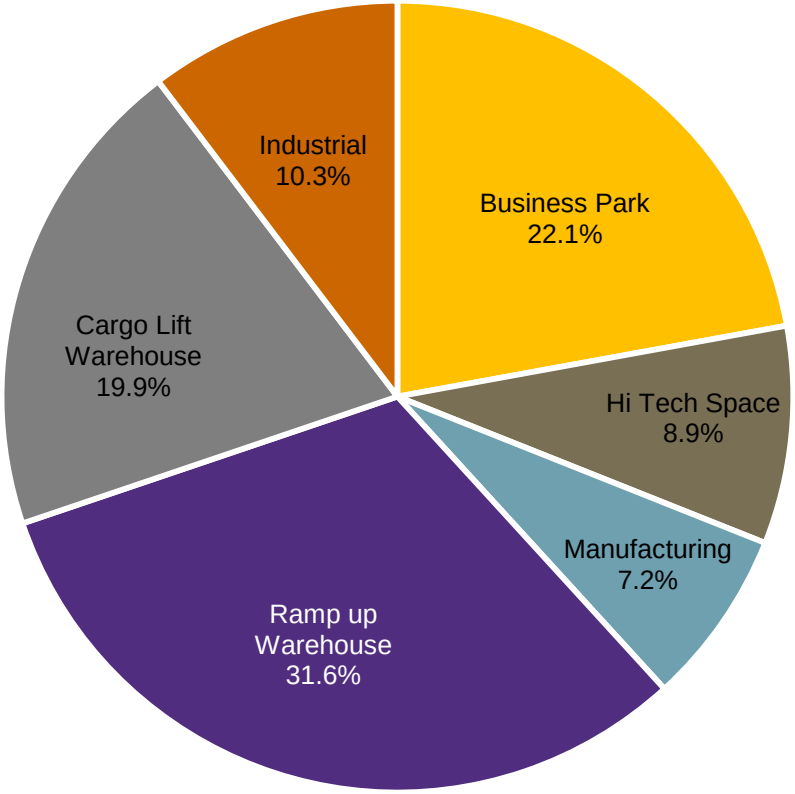
	As at 31 March 2018	As at 31 December 2017
Number of Properties	26[1]	27
Appraised Value (S$ million)	1,450.7[2]	1,458.5[3]
Net Lettable Area (sq m)	636,083[4]	658,194[5]
Number of Tenants	159	164
Portfolio Occupancy (%)	90.5[4,5]	88.4[5]
Weighted Average Lease Expiry (WALE) (years)	2.56[4]	2.46
Weighted Average Land Lease Expiry (years) [6]	37.3[4,5]	37.6[5]
Location of Properties	Singapore, Australia	Singapore, Australia

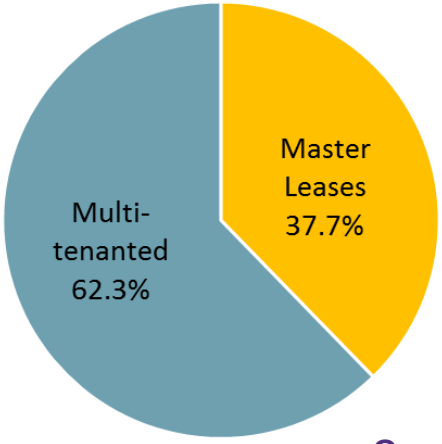
[1] Due to the divestment of property at 10 Soon Lee Road, Singapore on 29 March 2018.
[2] Singapore portfolio was based on valuation as at 31 March 2018 appraised by Jones Lang LaSalle Property Consultants Pte. Ltd. or Colliers International Consultancy & Valuation (Singapore) Pte Ltd. Optus Centre, 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 2018.
[3] Singapore portfolio included (i) investment properties based on valuation as at 30 September 2017 appraised by CBRE Pte. Ltd. or Savills Valuation And Professional Services (S) Pte Ltd, (ii) capitalised capital expenditure and (iii) completed development at 51 Marsiling Road appraised by CBRE Pte. Ltd. on 27 October 2017. Optus Centre, Macquarie Park, NSW, Australia is based on 49.0% interest in the property appraised by CBRE Valuations Pty Limited as at 31 March 2017 and capitalised capital expenditure.
[4] Excludes redevelopment of 3 Tuas Avenue 2.
[5] Includes recently completed greenfield build-to-suit development at 51 Marsiling Road.
[6] 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 4Q FY2018 gross rental income

> 4





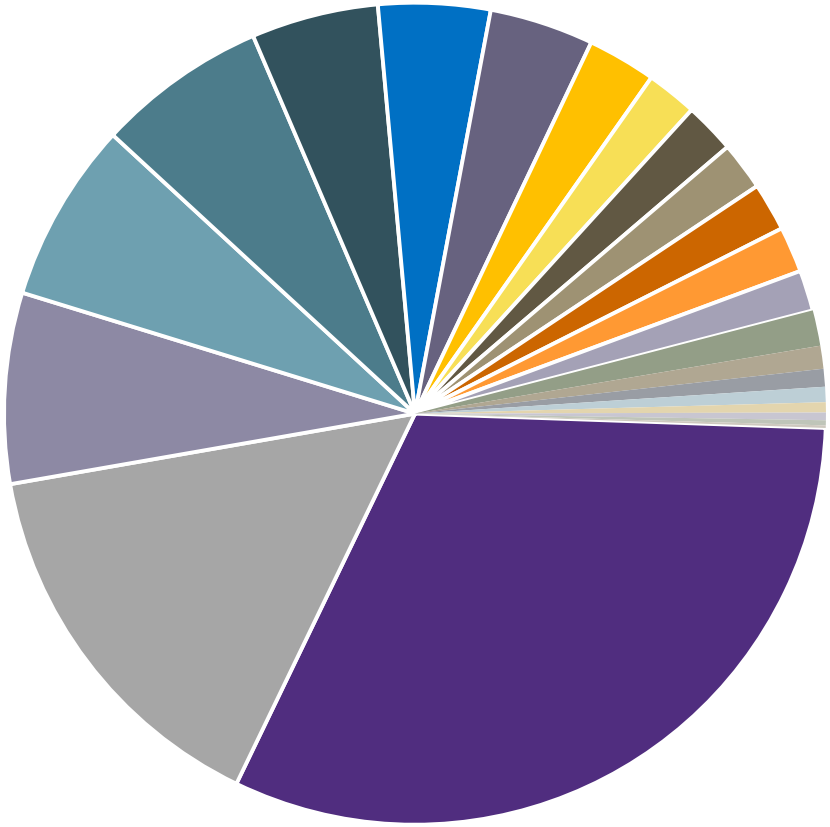
	Occupancy (%)
Total Portfolio[1] (25 properties)	90.5
Master Leases[2] (9 properties)	100.0
Multi-tenanted[1,2] (17 properties)	87.3

[1] Excludes redevelopment of 3 Tuas Avenue 2 and recently completed divestment of 10 Soon Lee Road.
[2] 20 Gul Way is partially under master lease and partially multi-tenanted.

Diversification reduces risk

> 4

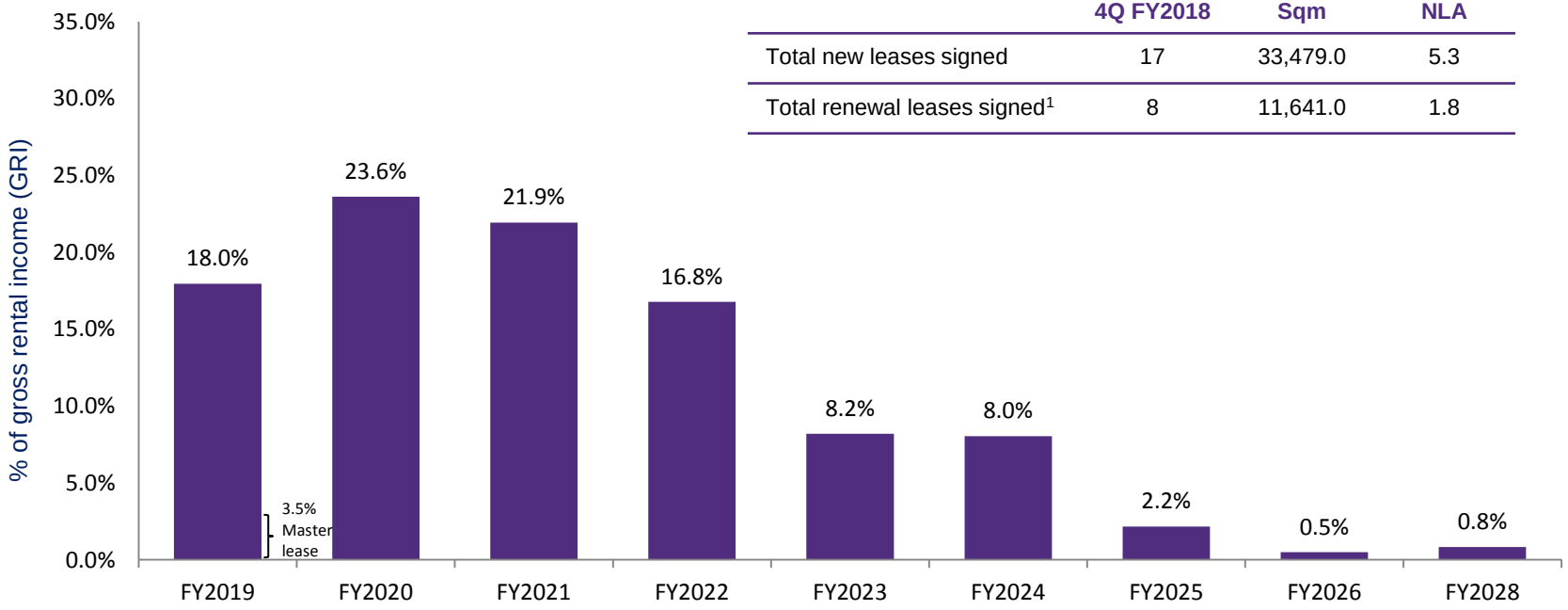
Tenant Base by Industry (By 4Q FY2018 gross rental income)



Active lease management

> 4

Lease Expiry Profile as at 31 March 2018
(By 4Q FY2018 gross rental income)



	4Q FY2018	Sqm	% of total NLA
Total new leases signed	17	33,479.0	5.3
Total renewal leases signed[1]	8	11,641.0	1.8

[1] Weighted average rental decrease for renewals (taking into account only renewal leases with the same tenant of the same lease area) was 24.0%.

Quality tenant base

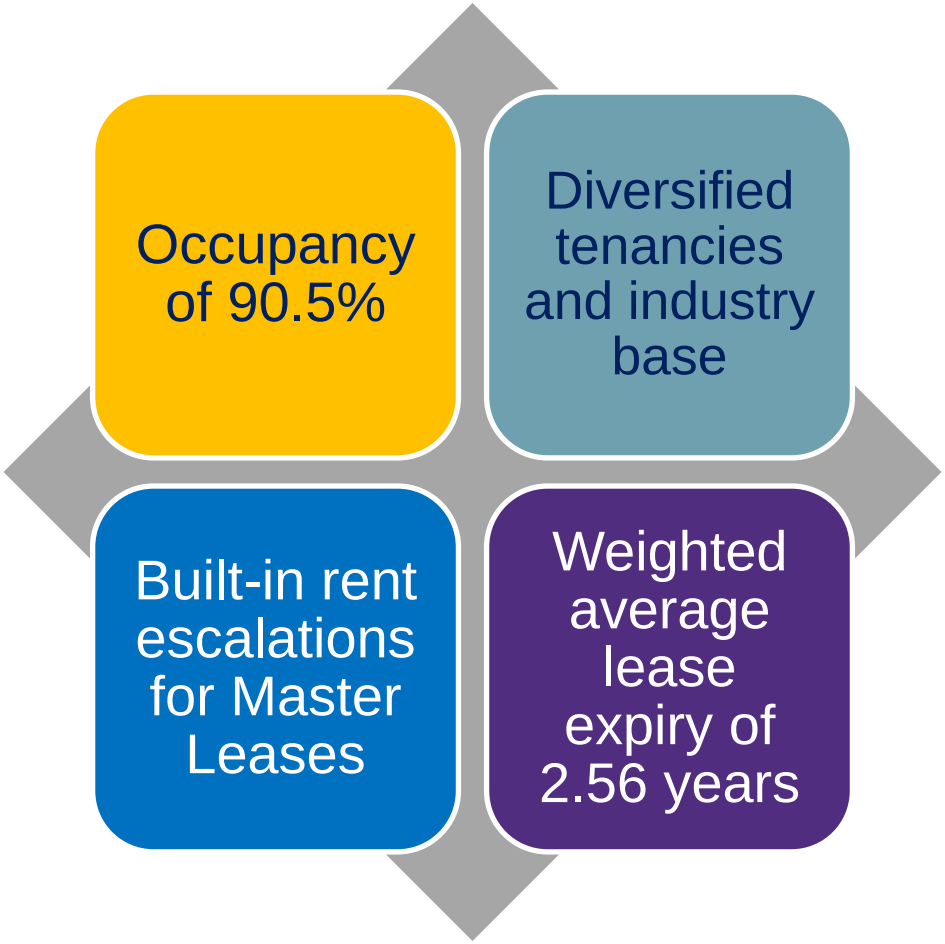
Top 10 tenants by 4Q FY2018 by gross rental income

Tenant	%
Optus Administration Pty Limited*	14.6%
CWT Pte. Limited	13.0%
Eurochem Corporation Pte Ltd	7.5%
Illumina Singapore Pte Ltd*	6.7%
Schenker Singapore (Pte) Ltd*	5.7%
FNA Group International	2.8%
CIT Cosmeceutical Pte Ltd	2.1%
Broadcom Singapore Pte Ltd*	1.9%
King Plastic Pte Ltd	1.9%
Element 14*	1.7%
Top 10 tenants	**57.9%**

* Listed Groups or subsidiaries of listed entities

Strong and stable cashflows

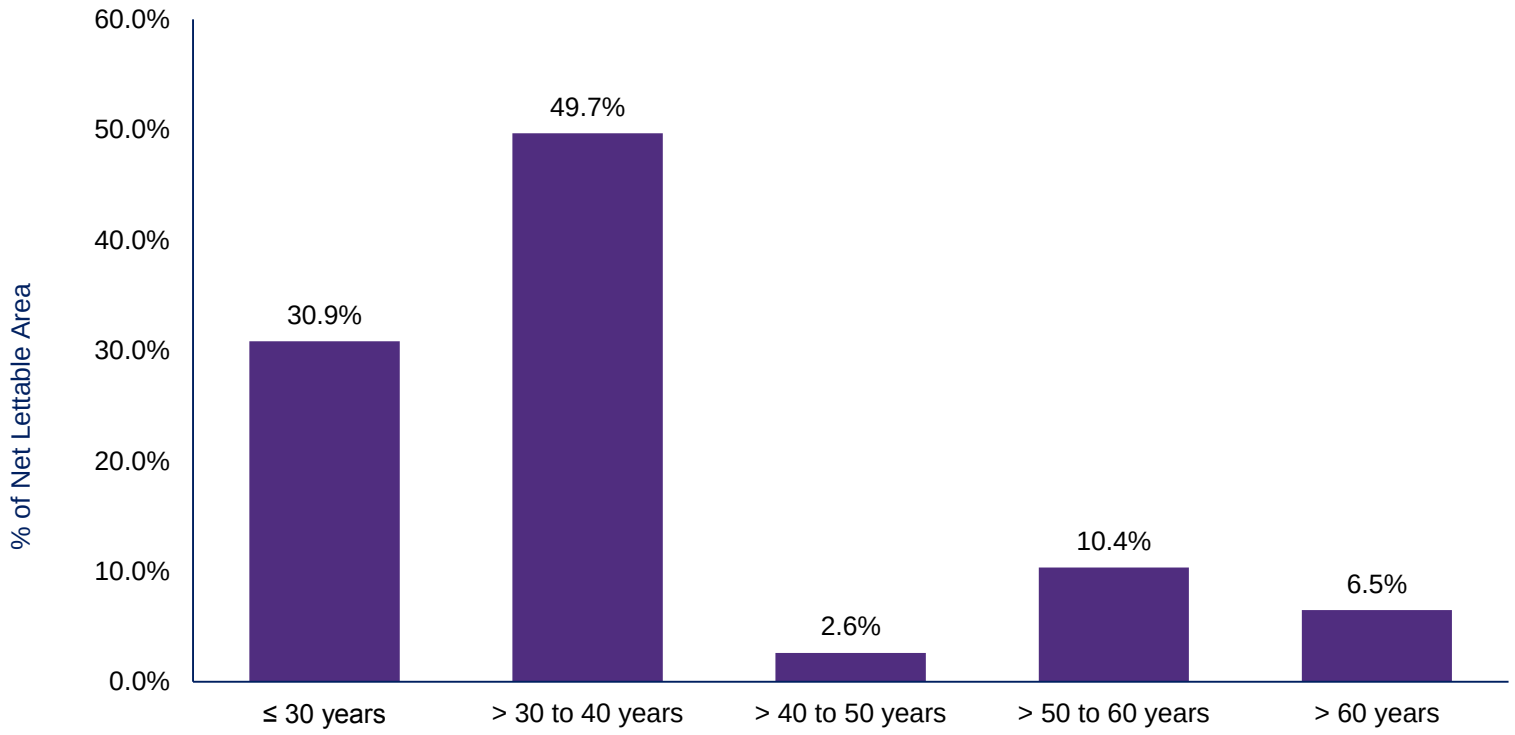
> 4



Long land lease expiry – 37.3 years

> 4

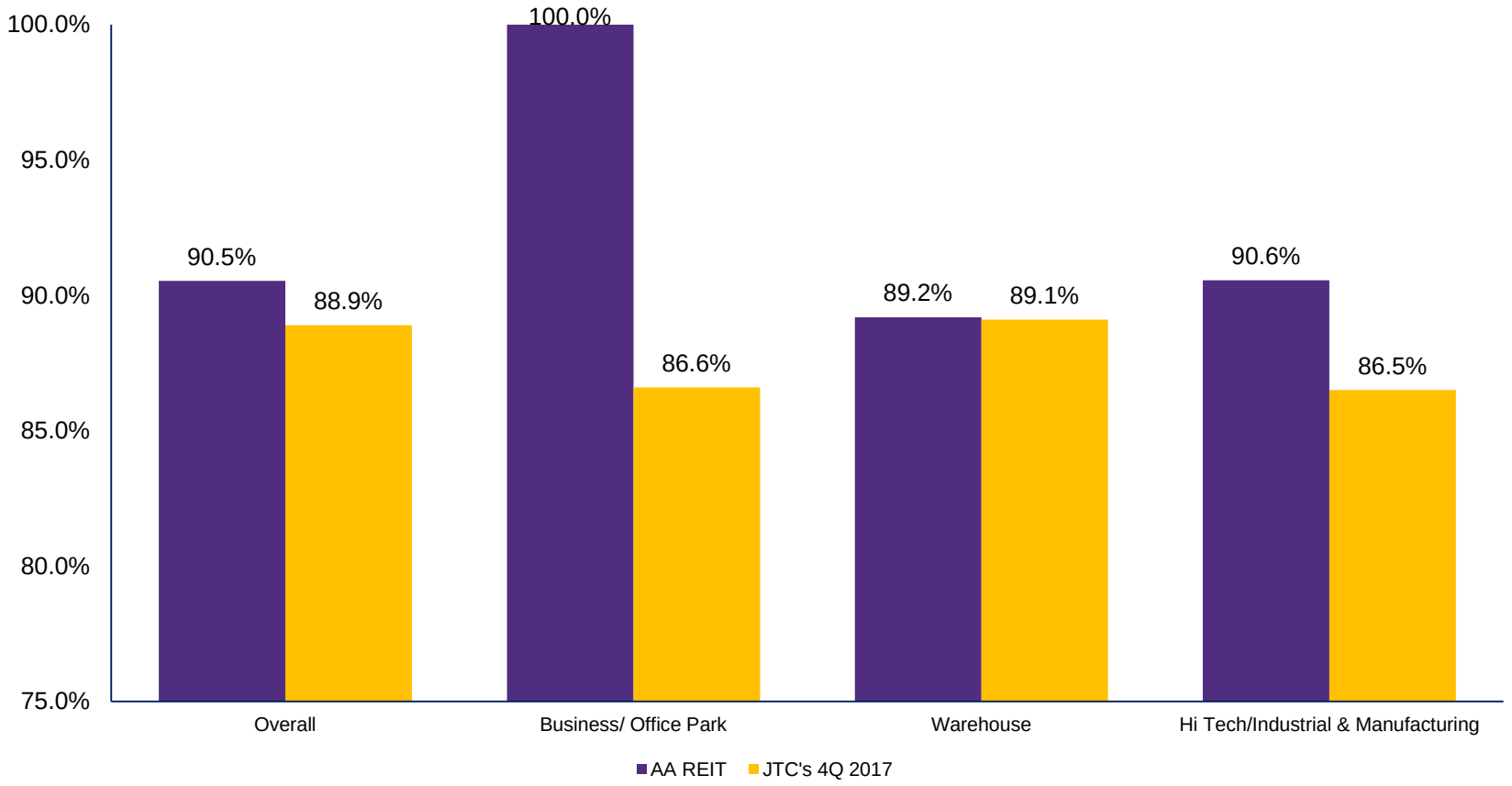
The weighted average unexpired land lease was 37.3 years as at 31 March 2018



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.

Comparisons to Singapore industrial average occupancy levels

> 4



Source: Based on JTC's 4th quarter 2017 statistics.

> 5

FY2018 MILESTONES AND ACHIEVEMENTS

Prudent capital and risk management

> 5

- Refinanced the S$120 million revolving credit facility and A$65 million term loan due in November 2017
- Successfully raised gross proceeds of approximately S$55 million through a private placement in December 2017. The proceeds were used to repay AA REIT's existing borrowings to reduce aggregate leverage and create additional debt headroom for future potential acquisitions, asset enhancement initiatives and/or other development opportunities that may be identified by the Manager as well as for the balance payments on AA REIT's recent development projects
- In April 2018, AA REIT received commitments from a syndicate of financial institutions to refinance its existing secured facilities due in November 2018 and February 2019
- Strengthened capital structure

	31 March 2018	31 March 2017
Reduced blended funding cost	3.6%	3.7%
Increased fixed interest rate exposure	88.1%	84.4%
Reduced aggregate leverage	33.5%	36.1%
Improved weighted average debt maturity	3.3 years[1]	2.3 years

[1] Post the April 2018 refinancing, weighted average debt maturity (on a pro forma basis) will increase to 3.3 years with no debt due for refinancing until May 2019 from 2.3 years a year ago.

Proactive asset & lease management

> 5

Focused on asset management to navigate the soft market conditions

- Executed 94 new and renewal leases in FY2018, representing 209,957 sqm (33.0% of total net lettable area).
- Developing a higher quality portfolio
  - ✓ Temporary occupation permit of the fourth redevelopment property at 8 Tuas Ave 20 obtained on 29 August 2017. The property is currently 83.2% occupied.
  - ✓ Temporary occupation permit for AA REIT's first third party greenfield build-to-suit development at 51 Marsiling Road obtained on 27 October 2017. The property is 100% leased to Beyonics International Pte Ltd for a lease term of 10 years with rent escalations.
  - ✓ Completed the sale of AA REIT's smallest asset, 10 Soon Lee Road for S$8.17 million (approximately 28% premium over latest valuation of S$6.4 million) as part of AA REIT's capital recycling strategy.
  - ✓ Proposed redevelopment of 3 Tuas Avenue 2 into a contemporary ramp-up industrial facility for general industrial usage[1]. Upon completion, gross floor area will increase by 52% to approximately 24,890 sqm, improving the plot ratio from the current 0.92 to 1.40.

[1] Subject to authorities' approval.

BTS industrial facility for Beyonics – Achieved TOP on 27 October 2017

> 5

51 Marsiling Road

Fact Sheet

	Post Development
Property	AA REIT's first third-party greenfield development project outside its existing portfolio Five-storey purpose-built manufacturing facility with cargo lift access
Valuation	S$43.0 million[1]
Lease term	Fully leased for a term of ten years with rent escalations
Annual rental income (Year 1)	S$3.5 million (after fitting out period)
Plot ratio	2.5
Gross floor area	231,738 sqft[2]

[1] Based on CBRE Pte. Ltd.'s valuation dated 27 October 2017.
[2] Subject to final survey.

Summary financials update: 51 Marsiling Road

> 5

	Per 4 Aug 2016 announcement (S$ million)	Actual Achieved (S$ million)
Gross development value upon completion	42.9[1]	43.0[2]
Project development cost (including land cost)	(39.4)	(34.9)
Profit	3.5	8.1
Net property income yield (based on development cost)	8.9%	10.0%

[1] Based on CBRE Pte. Ltd.'s valuation dated 3 August 2016 on an "as-if-complete" basis.
[2] Based on CBRE Pte. Ltd.'s valuation dated 27 October 2017.

> 6 MARKET OUTLOOK AND STRATEGY

Market update and Outlook

> 6

Macro Environment

- While the outlook for global growth has improved slightly since last November, growth in most of Singapore's key final demand markets, such as Eurozone, Japan and ASEAN-5, is projected to moderate or remain unchanged in 2018, according to MTI.
- There are also downside risk in particular US trade protectionism policies.

Singapore Economy

- The Singapore economy clocked faster-than expected growth of 3.6% in 2017, helped largely by a strong performance in the manufacturing sector which makes up one-fifth of the economy.
- However, economic growth for 2018 is expected to moderate, with estimates forecast range of 1.5% to 3.5%, barring the materialisation of any downside risk.

Industrial Sector

- Based on JTC 4Q 2017 statistics, overall occupancy rates of Singapore's industrial property market rose 0.3% from the preceding quarter to 88.9%.
- Compared to a year ago, the price and rental indices fell by 5.7% and 2.8%.
- In 2018, a total of 1.6 million sqm of industrial space, including 361,000 sqm of multi-user factory space is estimated to come on-stream.
- As a comparison, the average annual supply and demand of industrial space in the past 3 years were around 1.8m sqm and 1.3m sqm respectively.
- The industrial oversupply situation in Singapore will continue into 2018 and that may continue to put downward pressure on rentals and occupancy.

AA REIT

- The REIT continues to remain focused on asset and lease management, while opportunistically looking to enhance portfolio value through AEIs and acquisitions.
- Prudent capital and risk management with 88.1% of the portfolio's interest rate fixed.

Strategy

> 6

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 staggering debt maturities.

Potential opportunities within AA REIT's portfolio

> 6

A large proportion of current portfolio remains under-utilised; with select organic opportunities available to AA REIT

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 ≈ 502,707 sqft

Awarded Gold Award for Excellence in Governance, CSR, ESG and Investor Relations at The Asset Corporate Awards 2017

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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