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Media Release

AIMS AMP Capital Industrial REIT announces DPU rose 2.2 per cent to 2.83 cents for 3Q FY2015

Increases GFA with 1 Kallang Way 2A asset enhancement

Singapore, 29 January 2015 – AIMS AMP Capital Industrial REIT Management Limited (the Manager) as manager of AIMS AMP Capital Industrial REIT (the Trust) today announced that distribution to Unitholders rose 21.0 per cent year-on-year, with Distribution Per Unit (DPU) up 2.2 per cent¹ year-on-year to 2.83 cents per Unit for the 3Q FY2015 period.

The Manager's Chief Executive Officer, Koh Wee Lih, said: "We delivered a solid result this quarter, increasing distribution to Unitholders by 21.0 per cent year-on-year to S\$17.7 million and improving net property income by 9.7 per cent to S\$20.5 million compared to the same period last year."

"This 3Q result reflected rental contribution from our completed developments at 103 Defu Lane 10 and Phase 2E of 20 Gul Way, as they became income producing from 1 August and 14 August 2014 respectively. Maiden rental contribution from Phase Three of 20 Gul Way also resulted in the rise in net property income. In addition, we achieved solid rental rate increases for renewals averaging 9.2 per cent," Mr Koh said.

Other highlights for the quarter included refinancing loan facilities, which increased undrawn facilities to S\$153.2 million. The refinancing created significant annual interest savings and improved the Trust's weighted average debt maturity profile to 3.4 years. The Manager also strengthened the Trust's financial flexibility by having five more unencumbered assets. These five unencumbered assets together with the previous eight unencumbered assets were valued at S\$527.2 million², about 42.9 per cent of the current total appraised value of the Singapore portfolio of S\$1.23 billion as at 31 December 2014.

Mr Koh also said: "To further unlock value within the portfolio, we have commenced asset enhancements at 1 Kallang Way 2A for a modest investment of S\$2.2 million."

"This project will increase lettable area at the eight-storey light industrial building by 13 per cent, adding warehouse and ancillary space. The forecast annual rental income is expected to rise from S\$1.07 million to S\$1.39 million³, providing a rental yield of 9.5 per cent⁴," Mr Koh said.

¹ DPU increased by 2.2 per cent despite a 21.0 per cent increase in distribution to Unitholders due to a larger unit base arising from a rights issue in March 2014.

² Based on valuation as at 30 September 2014 appraised by Knight Frank Pte Ltd and Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

³ Assuming full occupancy of the premises.

⁴ Assuming valuation of S\$14.6 million comprised of valuation as at 30 September 2014 and cost incurred of S\$2.2 million for asset enhancement cost.

1 Kallang Way 2A is centrally located and connects with major roads, and the new MRT downtown line 3. The inner city precinct is being rejuvenated, with investment in the Singapore Sports Hub which is a fully integrated sports, leisure, entertainment and lifestyle arena with retail and waterfront area as well as sports museum and sports library⁵.

During the third quarter of FY2015, the Manager achieved the following milestones:

- Increased net property income by 9.7 per cent year-on-year to S\$20.5 million with rental contribution from completed developments at 103 Defu Lane 10 and Phase 2E of 20 Gul Way, as they became income producing from 1 August and 14 August 2014 respectively and maiden rental contribution from Phase Three of 20 Gul Way;
- DPU of 2.83 cents per Unit for the quarter, up 2.2 per cent year-on-year;
- Increased distribution to Unitholders by 21.0 per cent year-on-year to S\$17.7 million;
- Managed 10 new and renewal leases, which represented 16,862.1 sqm with renewals at a weighted average rental rate increase of 9.2 per cent;
- Optus Centre property value uplift⁶ of A\$10.1 million (S\$11.2 million) was largely due to compression in the capitalisation rate⁷;
- Commenced asset enhancement initiatives at 1 Kallang Way 2A in 3Q FY2015.

For the third quarter of FY2015, the Manager achieved the following financial performance metrics:

- Maintained prudent aggregate leverage of 31.7 per cent (average of approximately 30 per cent for 21 consecutive quarters);
- New refinancing arrangement for Singapore secured borrowings with reduced interest cost and improved the Trust's weighted average debt maturity profile from 2.9 years to 3.4 years, with 73.0 per cent of debt on fixed interest rate;
- Unencumbered assets increased to 13 properties with total value at S\$527.2 million², which was about 42.9 per cent of the Singapore portfolio of S\$1.23 billion as at December 2014;

The Trust's stable distributions are supported by the following portfolio strengths:

- Appraised value of property portfolio reached S\$1.44 billion (as at 31 December 2014);
- High occupancy of 95.9 per cent which is above Singapore industrial average of 90.9 per cent⁸, with one property reverting from master lease to multi-tenancy;
- Weighted average lease expiry and land lease expiry remained healthy at 3.40 years and 40.5 years respectively.

Outlook

While there remains some pressure in the industrial property sector with increasing space supply, we are cautiously optimistic for the year. The Trust's portfolio is well diversified across industries and property sectors including ramp-up warehouse, light industrial, business park and hi-tech space.

We have improved financial flexibility further with extended average debt maturity of 3.4 years and an additional five unencumbered assets in this quarter.

⁵ The Straits Times dated 27 February 2014.

⁶ Based on 49 per cent share of the property uplift. The valuation of Optus Centre, Sydney, Australia appraised by Savills Valuations Pty Ltd increased by A\$20.7 million to A\$398.0 million as at 31 December 2014.

⁷ Compression in capitalisation rate of 25 basis points from 7.50 per cent to 7.25 per cent.

⁸ Based on JTC's 4th quarter 2014 statistics.

Financial results summary

	Note	3Q FY2015	2Q FY2015	+ / (-)	3Q FY2014	+ / (-)	YTD FY2015	YTD FY2014	+ / (-)
		S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(a)	29,720	28,261	5.2	27,317	8.8	85,341	78,767	8.3
Net property income	(a)	20,494	19,714	4.0	18,677	9.7	59,701	52,635	13.4
Share of results of joint venture (net of tax)	(a)	15,230	3,898	>100.0	-	NM	22,850	-	NM
Distribution to Unitholders	(b)	17,725	17,258	2.7	14,643	21.0	50,832	41,612	22.2
Distribution per Unit ("DPU") (cents)		2.830	2.770	2.2	2.770	2.2	8.150	8.020	1.6

- (a) Please refer to section 8 of the Trust's unaudited financial statement announcement on "Review of the performance" for explanation of the variances.
- (b) The Manager resolved to distribute S\$17.7 million for 3Q FY2015, comprising (i) taxable income of S\$16.6 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.2 million and capital distribution of S\$0.9 million from distributions remitted from the Group's investment in Optus Centre, Sydney, 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 3Q FY2015, the Manager has resolved to distribute 97.0% of the Singapore taxable income available for distribution to the Unitholders.

Distribution and Books Closure Date

Distribution	For 1 October 2014 to 31 December 2014	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution	
Distribution Rate	(a) Taxable Income Distribution	2.65 cents per Unit
	(b) Tax-Exempt Income Distribution	0.04 cents per Unit
	(c) Capital Distribution	<u>0.14 cents per Unit</u>
		<u>2.83 cents per Unit</u>
Books Closure Date	6 February 2015	
Payment Date	26 March 2015	

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Important Notice

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager, or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of AA REIT may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of AA REIT is not necessarily indicative of the future performance of AA REIT.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.

About AIMS AMP Capital Industrial REIT

Managed by AIMS AMP Capital Industrial REIT Management Limited, AA REIT was established with the principal investment objective of owning and investing in a diversified portfolio of income-producing industrial real estate located throughout the Asia Pacific that is used for industrial purposes, including, but not limited to warehousing and distribution activities, business park activities and manufacturing activities. The principal sponsors of AA REIT are the AIMS Financial Group and AMP Capital Investors International Holdings Limited, part of the AMP Group, one of Australia's largest retail and corporate pension providers and one of the region's most significant investment managers. AA REIT's existing portfolio consists of 26 industrial properties, 25 of which are located throughout Singapore with a total appraised value of S\$1.23 billion based on valuations obtained as at 30 September 2014. On 7 February 2014, AA REIT completed the acquisition of a 49.0% interest in Optus Centre, Sydney, Australia at a purchase consideration of A\$184.425 million.

About AIMS Financial Group ("AIMS")

Established in 1991, AIMS Financial Group (AIMS) is a diversified financial services and investment group with a solid track record and enviable reputation in the mortgage lending, fund management and securitisation markets in Australia, active in the areas of lending, securitisation, investment banking, funds management, property investment and stock broking. AIMS also 100% owns Asia Pacific Stock Exchange (APX) which went live with its first listings on 6 March 2014.

Since 1999, AIMS has raised approximately A\$4.0 billion in funds from the capital markets. Of this, AIMS has issued approximately A\$3.0 billion residential mortgage-backed securities, with most of them rated AAA by both Standard & Poors and Fitch Ratings, and has originated over A\$5.0 billion of high quality prime home loans since 1997.

AIMS has actively introduced a number of international investors into the Australian markets and to date has also attracted over A\$1.0 billion of investments into Australia from overseas investors.

AIMS also manages funds domestically and abroad as a part of its funds management business, which amount to over A\$1.5 billion as at March 2014.

AIMS' head office is in Sydney, Australia, and it has businesses across Australia, China, Hong Kong and Singapore. Our highly qualified, professional and experienced cross-cultural teams enable AIMS to bridge the gap between Australia and China across various sectors.

About AMP Capital

AMP Capital is a leading investment house with over A\$142 billion as at 31 March 2014 in funds under management. Ranked as the largest real estate investment manager in Asia according to Towers Watson Global Alternatives Survey 2013 and INREV/ANREV Manager Survey 2013, AMP Capital has over A\$17.4 billion as at 31 March 2014 in global direct and listed real estate funds under management, and over 50 years' of investment experience.

AMP Capital's team of specialists operate across direct and listed real estate and infrastructure, fixed income, equities and diversified funds. AMP Capital is proud to support the AIMS AMP Capital Industrial REIT with specialist expertise across industrial development, industrial asset management and debt management. The team also has access to AMP Capital's structuring and operating professionals with legal, tax, fund accounting and investor relations capabilities.

AMP Capital has established operations in Australia, Bahrain, China, Hong Kong, India, Japan, Luxembourg, New Zealand, the United Kingdom and the United States. AMP Capital's ongoing commitment to the Asian region is exemplified through their strategic partnerships in the region. In 2012, AMP Capital entered a strategic business and capital alliance with Mitsubishi UFJ Trust and Banking Corporation (MUTB), a leading Japanese trust bank which provides services to institutions and retail clients, across retail and corporate banking, trust assets, real estate and global markets. In November 2013, AMP Capital formed a joint venture with China Life Insurance (Group) Company to create China Life AMP Asset Management Company Limited, which will offer retail and institutional investors in China access to investment solutions.

AMP Capital's on the ground resources and extensive network of carefully selected regional investment partners means AMP Capital can source competitive investment opportunities catering to the varied needs of its clients.