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AIMS AMP CAPITAL INDUSTRIAL REIT

**AIMS AMP CAPITAL INDUSTRIAL REIT
MANAGEMENT LIMITED**

As Manager of AIMS AMP Capital Industrial REIT
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Media Release

AIMS AMP Capital Industrial REIT achieves 1.8 per cent q-o-q increase in DPU to 2.85 cents for 3Q FY2016

Singapore, 28 January 2016 – AIMS AMP Capital Industrial REIT Management Limited (the Manager) as manager of AIMS AMP Capital Industrial REIT (the Trust) today announced a 1.8 per cent quarter-on-quarter (q-o-q) increase in Distribution Per Unit (DPU) to 2.85 cents for the third quarter of FY2016.

Distribution to Unitholders rose 2.2 per cent year-on-year (y-o-y) to S\$18.1 million for the quarter ended 31 December 2015. Net property income rose 2.7 per cent against the same period last year to S\$21.1 million.

The Manager's Chief Executive Officer, Koh Wee Lih, said, "We have kept momentum in this quarter to deliver growth and returns for our investors by maintaining a focus on active portfolio management, and a well-balanced leasing approach.

"With a diverse tenant base across a range of sectors, and a good mix of master and multi-tenant leases, we are better placed to manage rental risks in the current challenging market."

During the quarter, the Trust secured 18 new and renewal leases, representing 23,276.3 sqm at a weighted average rental increase of 0.6 per cent on the renewals. The Trust maintained portfolio occupancy of 93.4 per cent – above the industrial property average of 90.8 per cent¹.

Mr Koh further commented, "Strengthening our portfolio through asset enhancement initiatives such as 30 and 32 Tuas West Road redevelopment remains a key part of our strategy. Currently more than 800,000 sqft of our portfolio remains under-utilised so there is an opportunity for organic growth."

The Trust's current redevelopment of 30 and 32 Tuas West Road is well located in Tuas industrial precinct and connects with major roads such as the Pan Island Expressway and the Ayer Rajah Expressway. It is five minutes away from the upcoming Tuas West Road MRT station and a short drive from the Tuas Second Link. When completed in 2017, the forecast annual rental income is expected to increase four-fold from S\$0.82 million² to S\$4.15 million³.

¹ Based on JTC's 3rd quarter 2015 statistics.

² Annual Rental Income for FY2015.

³ 100% pre-committed leases to CWT Limited.

Key highlights for 3Q FY2016 are:

- DPU of 2.85 cents per unit for the quarter (increase of 1.8 per cent from last quarter);
- Increased Distribution to Unitholders in 3Q FY2016 by 2.2 per cent y-o-y to S\$18.1 million;
- Executed 18 new and renewed leases in 3Q FY2016, representing 23,276.3 sqm with a weighted average rental increase of 0.6 per cent on the renewals;
- Maintained strong occupancy at 93.4 per cent, exceeding the industrial average of 90.8 per cent.

For the third quarter of FY2016, the Manager achieved the following financial performance metrics:

- Proportion of debt on fixed interest rate remained at 94.4 per cent with weighted average debt maturity of 2.4 years;
- Overall blended funding cost remained at 4.2 per cent;
- Aggregate leverage at 31.5 per cent – average of approximately 31 per cent for more than 6 years.

Outlook

The Federal Reserve raised interest rates for the first time in nearly a decade in December 2015. Expectations of further increases in US interest rates, further weakness in the Singapore dollar against the US dollar and further weakness in the yuan has led to volatility in the Singapore dollar. The Singapore dollar has fallen 1.8 per cent against the US dollar since the start of the year. This follows a 7 per cent depreciation in 2015. Volatility in the Singapore dollar amid worries about China's economy and further depreciation of the yuan has caused interest rates in Singapore to rise, adding to the already volatile financial market.

In addition, oil prices have weakened further as fears that the lifting of Iranian sanctions could flood an already oversupplied markets for crude. Given the economic headwinds and the strong industrial supply pipeline in Singapore, rents continued to be under pressure. The industrial property market is expected to continue to remain challenging and AA REIT remains cautious on the outlook of the industrial market and will continue to proactively manage the Trust's lease expiries.

The Trust has built a diversified and high quality asset portfolio that is bolstered by a well-balanced leasing strategy. Barring any unforeseen event, the Trust is expected to maintain a stable performance for the remaining quarter of FY2016.

Financial results summary

	Note	3Q FY2016	2Q FY2016	+/(-)	3Q FY2015	+/(-)	YTD FY2016	YTD FY2015	+/(-)
		S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(1)	32,547	31,259	4.1	29,720	9.5	94,102	85,341	10.3
Net property income	(1)	21,055	20,697	1.7	20,494	2.7	61,957	59,701	3.8
Share of results of joint venture (net of tax)	(2)	3,539	18,855	(81.2)	15,230	(76.8)	26,049	22,850	14.0
Distribution to Unitholders	(3)	18,108	17,770	1.9	17,725	2.2	53,319	50,832	4.9
Distribution per Unit ("DPU") (cents)		2.85	2.80	1.8	2.83	0.7	8.40	8.15	3.1

- (1) Please refer to section 8 of the Trust's unaudited financial statement announcement on "Review of the performance" for explanation of the variances.
- (2) The share of results of joint venture (net of tax) comprised of the contribution from the Group's 49.0 per cent interest in Optus Centre which is located in Macquarie Park, NSW, Australia. The share of results of joint venture (net of tax) in 2Q FY2016 included the share of revaluation surplus of S\$15.3 million recognised from the valuation of Optus Centre. The independent valuation was carried out by CBRE Valuations Pty Limited as at 30 September 2015.
- (3) The Manager resolved to distribute S\$18.1 million for 3Q FY2016, comprising (i) taxable income of S\$16.8 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.5 million and capital distribution of S\$0.8 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 per cent of the Trust's Singapore taxable income for the full financial year. For 3Q FY2016, the Manager has resolved to distribute 97.0 per cent of the Singapore taxable income available for distribution to the Unitholders.

Distribution and Books Closure Date

Distribution	For 1 October 2015 to 31 December 2015
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: 0.08 cents per Unit (c) Capital Distribution: <u>0.12 cents per Unit</u> <u>2.85 cents per Unit</u>
Books Closure Date	10 February 2016
Payment Date	23 March 2016

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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\$1.22 billion based on valuations obtained as at 30 September 2015. AA REIT has 49.0% interest in one business park property, Optus Centre located in Macquarie Park, New South Wales, Australia valued at A\$430.0 million as at 30 September 2015.

About AIMS Financial Group ("AIMS")

Established in 1991, AIMS Financial Group is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment and stock broking. AIMS also 100% owns Asia Pacific Stock Exchange.

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\$8.0 billion of high quality prime home loans since 1991.

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 is also the investment manager for AIMS' funds, which amount to approximately A\$1.8 billion fund as at 31 March 2015.

Since 2009 after the global financial crisis, AIMS Group had a total acquisition and investment amount of over A\$2.0 billion assets.

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 committed to delivering outstanding investment outcomes for clients with contemporary solutions in fixed income, equities, real estate, infrastructure and multi-asset portfolios. Sharing a heritage with AMP that spans more than 160 years, AMP Capital is one of the largest investment managers in the Asia Pacific region. A home strength in Australia and New Zealand has enabled AMP Capital to grow internationally, and operations are now established in Bahrain, China, Hong Kong, India, Japan, Luxembourg, the United Kingdom and the United States.

AMP Capital collaborates with a network of global investment partners, leveraging insights to provide greater access to new investment opportunities across a range of single sector and diversified funds. For more information, please visit: ampcapital.com.au