

 <p><b>AIMS</b> 宝泽</p> <p><b>AIMS AMP CAPITAL INDUSTRIAL REIT</b></p>	<p><b>AIMS AMP CAPITAL INDUSTRIAL REIT MANAGEMENT LIMITED</b></p> <p>As Manager of AIMS AMP Capital Industrial REIT One George Street, #23-03 Singapore 049145</p>
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## Media Release

### **AIMS AMP Capital Industrial REIT increases distributable income by 4.1 per cent in FY2016**

Singapore, 27 April 2016 – AIMS AMP Capital Industrial REIT Management Limited (the Manager) as manager of AIMS AMP Capital Industrial REIT (AA REIT) today announced its final quarter and full year financial results for FY2016, which saw a 4.1 per cent year-on-year increase in its distribution to Unitholders of S\$72.1 million.

Distribution Per Unit (DPU) grew 3.5 per cent quarter-on-quarter to 2.95 cents for the quarter ended 31 March 2016, taking the FY2016 DPU to 11.35 cents per unit – a 2.5 per cent increase over FY2015 DPU of 11.07 cents.

Gross revenue and net property income also rose by 7.8 per cent and 2.9 per cent respectively against the year before.

The Manager's Chief Executive Officer, Koh Wee Lih said, "These results close off yet another good year for AA REIT whereby we have grown returns for our Unitholders, and continued to outperform the FTSE ST REIT index. However, moving forward, we expect the industrial leasing market to be challenging given the soft demand for industrial premises and oversupply situation in Singapore."

He continued, "The higher gross revenue year-on-year was mainly contributed by our fully completed redevelopments of 20 Gul Way and 103 Defu Lane 10. Our focus on maintaining good tenant relationships and embarking on asset enhancement initiatives to unlock organic growth opportunities has also assisted our performance."

In FY2016, the Manager executed 64 new and renewal leases representing 138,201 sqm (23 per cent of net lettable area of the portfolio) at a weighted average rental increase of 9.5 per cent on the renewals. The Manager has also successfully extended the master lease of Sin Hwa Dee and the lease of Broadcom, a top 10 tenant, ahead of their lease expiries in FY2017.

AA REIT's current redevelopments include 30 & 32 Tuas West Road, which is due for completion in January 2017 and will boost annual rental income four-fold to S\$4.15 million, and 8 & 10 Tuas Avenue 20 which is due for completion in 2H 2017, and will maximise plot ratio and increase gross floor area of the property by around 35 per cent.

Mr Koh said, "Our results have been further supported by our prudent approach to capital and risk management. More than 90 per cent of our interest rates are now fixed, and we have consistently maintained our aggregate leverage at around 31 per cent for the past seven years."

"I am also pleased to advise that in April 2016, AA REIT received commitment from a syndicate of five financial institutions to upsize its existing secured facility with a four year term loan facility of S\$100 million to refinance the unsecured borrowings due in August 2016 and fund development and/or acquisitions as well as general working purposes. As a result, the weighted average debt maturity (on a pro forma basis) will increase to 2.92 years and AA REIT will save over S\$1.0 million per annum in interest cost."

Key highlights for 4Q FY2016 and full year are:

- DPU of 2.95 cents per unit for the quarter (increase of 3.5 per cent from last quarter);
- Increased distribution to Unitholders in FY2016 by 4.1 per cent y-o-y to S\$72.1 million;
- DPU for FY2016 of 11.35 cents (increase of 2.5 per cent over FY2015);
- Executed 64 new and renewed leases in FY2016, representing 138,201 sqm (23 per cent of net lettable area of the portfolio) at a weighted average rental increase of 9.5 per cent on the renewals;
- Maintained strong occupancy at 93.4 per cent, exceeding the industrial average of 90.6 per cent.

For FY2016, the Manager achieved the following financial performance metrics:

- 92.2 per cent of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes with weighted average debt maturity profile of 2.2 years;
- Overall blended funding cost remained at 4.2 per cent;
- Aggregate leverage at 32.4 per cent – average of approximately 31 per cent for more than 7 years;
- Standard and Poor's reaffirmed AA REIT's investment grade rating of 'BBB-' with stable outlook.

## **Outlook**

AA REIT has built a diversified and high quality asset portfolio that is bolstered by a well-balanced leasing strategy. However, given the weak economic climate and industrial oversupply situation in Singapore, rents continue to be under pressure. As the industrial property market is expected to continue to be challenging, AA REIT remains cautious on the outlook of the industrial market and will continue to proactively manage AA REIT's lease expiries.

## Financial results summary

	Note	4Q FY2016	3Q FY2016	Q-o-Q + / (-)	4Q FY2015	Y-o-Y + / (-)	FY2016	FY2015	Y-o-Y
		S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(1)	30,287	32,547	(6.9)	30,091	0.7	124,389	115,432	7.8
Net property income	(1)	20,372	21,055	(3.2)	20,312	0.3	82,329	80,013	2.9
Share of results of joint venture (net of tax)	(2)	10,720	3,539	>100.0	3,363	>100.0	36,769	26,213	40.3
Distribution to Unitholders	(3)	18,743	18,108	3.5	18,365	2.1	72,062	69,198	4.1
Distribution per Unit ("DPU") (cents)		2.95	2.85	3.5	2.92	1.0	11.35	11.07	2.5

- (1) Please refer to section 8 of AA REIT'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, New South Wales ("NSW"), Australia. The higher contribution in this quarter was mainly due to the share of revaluation surplus of S\$7.1 million recognised from the valuation of the underlying property. The independent valuation was carried out by CBRE Valuations Pty Limited as at 31 March 2016.
- (3) The Manager resolved to distribute S\$18.7 million for 4Q FY2016, comprising (i) taxable income of S\$16.9 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.7 million and capital distribution of S\$1.1 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 AA REIT's Singapore taxable income for the full financial year. For FY2016, the Manager has resolved to distribute 100.0 per cent of the Singapore taxable income available for distribution to the Unitholders.

## Distribution and Books Closure Date

Distribution	For 1 January 2016 to 31 March 2016	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution	
Distribution Rate	(a) Taxable Income Distribution: (b) Tax-Exempt Income Distribution: (c) Capital Distribution <sup>1</sup> :	2.662 cents per Unit 0.108 cents per Unit <u>0.180 cents per Unit</u> <u>2.950 cents per Unit</u>
Books Closure Date	10 May 2016	
Payment Date	22 June 2016	

<sup>1</sup> This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

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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 31 March 2016. AA REIT has 49.0% interest in one business park property, Optus Centre located in Macquarie Park, New South Wales, Australia valued at A\$445.0 million as at 31 March 2016.

## **About AIMS Financial Group ("AIMS")**

Established in 1991, AIMS Financial Group ("AIMS") 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 Sydney Stock Exchange.

Since 1999, AIMS has raised approximately A\$4.0 billion in funds from the capital markets. This includes both residential mortgage-backed securities and investments into Australia from overseas investors. AIMS is also the investment manager for AIMS Fund Management and manages approximately A\$1.8 billion as at 31 March 2016. 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](http://ampcapital.com.au)