

 <p>AIMS 宝泽</p> <p>AIMS AMP CAPITAL INDUSTRIAL REIT</p>	<p>AIMS AMP CAPITAL INDUSTRIAL REIT MANAGEMENT LIMITED</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 maintains stable DPU of 2.75 cents for 1Q FY2017

Singapore, 26 July 2016 – AIMS AMP Capital Industrial REIT Management Limited (the Manager) as manager of AIMS AMP Capital Industrial REIT (AA REIT) today announced a stable Distribution Per Unit (DPU) of 2.75 cents for the quarter ended 30 June 2016.

AA REIT achieved gross revenue of S\$29.2 million in the current quarter. Excluding property tax refund of S\$1.1 million, gross revenue remained stable at S\$30.3 million. Net property income improved by 0.2 per cent to S\$20.4 million compared to the previous quarter in 4Q FY2016 while Distribution to Unitholders was S\$17.5 million.

During the period the Manager also executed 18 new and renewal leases representing 28,661.1 sqm or 4.8 per cent of net lettable area, with a weighted average lease expiry of 2.81 years. Portfolio occupancy remained healthy at 92.7 per cent – above the industrial average of 90.1 per cent.

The Manager's Chief Executive Officer, Koh Wee Lih, said, "We're pleased to deliver stable results despite the challenging market conditions."

"We increased net property income with proactive asset and lease management focused on managing cost while maintaining prudent gearing of 33.1 per cent, and continued on our strategy to unlock organic growth from our portfolio."

He continued, "Our redevelopments at 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20 are tracking on time and budget and will further grow our portfolio value upon completion."

As at 30 June 2016, approximately 67 per cent of AA REIT's redevelopment at 30 & 32 Tuas West Road has been completed. Upon completion, the property will boost annual rental income four-fold to S\$4.15 million which is already 100 per cent pre-committed. Meanwhile, demolition work at 8 & 10 Tuas Avenue 20 will be completed by end of this month, with the target completion in 2H of 2017.

In April 2016, Standard & Poors' reaffirmed its investment grade rating of BBB- on AIMS AMP Capital Industrial REIT, with a stable outlook.

Key highlights for 1Q FY2017 are:

- DPU of 2.75 cents per unit for the quarter (unchanged y-o-y);
- Gross revenue, net property income and Distribution to Unitholders remained stable to the same period a year ago;
- Executed 18 new and renewed leases in 1Q FY2017, representing 28,661.1 sqm (4.8 per cent of net lettable area);
- Maintained strong occupancy at 92.7 per cent, exceeding the industrial average of 90.1 per cent.

For the first quarter of FY2017, the Manager achieved the following financial performance metrics:

- Upsized existing secured facility with a four year term loan facility of S\$100 million to refinance its unsecured borrowings due in August 2016;
- Increased weighted average debt maturity to 2.7 years (on a pro forma basis) after taking into account the S\$100 million refinancing executed in July 2016 – saving over S\$1.0 million per annum in interest cost;
- 89.3 per cent of the portfolio's interest rate is fixed taking into account interest rate swaps and Fixed Rate Note;
- Reduced overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 4.1 per cent from 4.2 per cent a quarter ago;
- Standard and Poor's reaffirmed AA REIT's investment grade rating of 'BBB-' with stable outlook.

Outlook

For now, the Ministry of Trade and Industry does not expect Britain's impending exit from the European Union to result in a "significant reduction" in Singapore's growth over the short term. This forecast may change if events in Europe coincide with other factors such as a sharp slowdown in China and the United States.

Slower jobs growth and overseas hazards prompted the Federal Reserve in its June statement to keep rates unchanged and trim back its longer-term interest rate forecasts, in a sign of greater caution. Rate forecasts for 2017 and 2018 have been pared back, as has the Fed's estimate of the longer-run policy rate.

The current capital structure of the Group is well positioned with a weighted average debt maturity of 2.7 years (on a pro forma basis) after taking into account the S\$100 million refinancing executed in July 2016. Furthermore, 89.3 per cent of the Group's borrowings were on fixed rates taking into account the interest rate swaps and fixed rate notes. In addition, AA REIT's Australian investment, Optus Centre is substantially hedged using Australian dollar denominated loans with a weighted debt maturity of 2.1 years where 100 per cent of the interest rates on the funding is fixed.

AA REIT continues to remain focused on managing risks through prudent capital management and diversification across its portfolio of 26 properties. Given the weak economic climate and industrial oversupply situation in Singapore, rents continue to be under pressure. AA REIT will continue its proactive approach in managing its assets and leases to help navigate the short-term volatility and these challenging market conditions.

Financial results summary

	Note	1Q FY2017	4Q FY2016	+/(-)	1Q FY2016	+/(-)
		S\$'000	S\$'000	%	S\$'000	%
Gross revenue	(a)	29,234	30,287	(3.5)	30,296	(3.5)
Net property income	(b)	20,405	20,372	0.2	20,205	1.0
Share of results of joint venture (net of tax)	(b)	3,605	10,720	(66.4)	3,655	(1.4)
Distribution to Unitholders	(c)	17,525	18,743	(6.5)	17,441	0.5
Distribution per Unit ("DPU") (cents)		2.75	2.95	(6.8)	2.75	-

- (a) 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.
- (b) Please refer to section 8 of AA REIT's unaudited financial statement announcement on "Review of the performance" for explanation of the variances.
- (c) 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 per cent of AA REIT's Singapore taxable income for the full financial year. For 1Q FY2017, the Manager has resolved to distribute 99.9 per cent of the Singapore taxable income available for distribution to the Unitholders.

Distribution and Books Closure Date

Distribution	For 1 April 2016 to 30 June 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 ¹ :	2.565 cents per Unit 0.096 cents per Unit <u>2.750 cents per Unit</u>
Books Closure Date	05 August 2016	
Payment Date	22 September 2016	

¹ 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