



Media Release

AIMS AMP Capital Industrial REIT achieves 2.0 per cent increase in DPU in 2Q FY2018

Singapore, 26 October 2017 – AIMS AMP Capital Industrial REIT Management Limited (the Manager) as manager of AIMS AMP Capital Industrial REIT (AA REIT) today announced a 2.0 per cent quarter-on-quarter increase in Distribution Per Unit (DPU) to 2.55 cents for the quarter ended 30 September 2017 (2Q FY2018).

Gross revenue rose by 1.5 per cent to S\$60.0 million, while net property income (NPI) remained stable at S\$39.5 million for the first half of FY2018 compared to the same period in the preceding year. During the quarter, the Manager successfully executed 17 new and renewal leases representing 47,206.6 sqm (7.4 per cent of net lettable area).

AA REIT achieved overall portfolio occupancy of 88.8 per cent¹ which is currently in line with the Singapore industrial average of 88.7 per cent.

The Manager's Chief Executive Officer, Koh Wee Lih said, "We are pleased to report an improvement in DPU this quarter. Our continued focus on proactive asset and lease management, and prudent investment strategy has allowed for a stable performance and distribution to unitholders."

"However, the Singapore industrial property market still remains soft, with the oversupply situation continuing to exert a downward pressure on rentals and occupancy. Our focus moving forward is on managing capital and risk, and building a higher quality portfolio through asset enhancement initiatives and acquisitions," said Mr Koh.

Amidst the headwinds in the market, AA REIT continues to maintain a strong financial position with a well-staggered debt maturity profile through prudent capital management.

As at 30 September 2017, 81.4 per cent of the portfolio's interest rate is fixed taking into account interest rate swap contracts and fixed rate notes. Overall blended funding cost is at 3.6 per cent. Aggregate leverage is at 37.3 per cent while weighted average debt maturity on a pro forma basis is 2.3 years² with no debt due for refinancing until November 2018.

The redevelopment at 8 Tuas Avenue 20 recently achieved Temporary Occupation Permit (TOP) on 29 August 2017. A tenant has been secured for the ground floor on 4 September 2017 for a period of 10 years with rent escalations during the term. Meanwhile, AA REIT's greenfield build-to-suit development at 51 Marsiling Road is targeted to be completed in 3Q

¹ The drop in occupancy from 91.0 per cent a quarter ago is mainly due to newly completed redevelopment at 8 Tuas Avenue 20 which is currently 43.4 per cent occupied. Excluding the vacant property at 3 Tuas Avenue 2, occupancy rate for 2Q FY2018 is at 90.9 per cent and 1Q FY2018 is at 93.1 per cent.

² As at 30 September 2017, the weighted average debt maturity is 1.7 years. On 15 August 2017, AA REIT executed a supplemental loan facility agreement with its syndicate of financial institutions for an additional four-year revolving credit facility and three-year Australian dollar term loan. The new facilities will be drawn down to refinance the secured facilities due in November 2017.

FY2018. The development is pre-committed to a 10-year master lease term with Beyonics International Pte Ltd with rent escalations.

Key highlights for 2Q FY2018 are:

- DPU of 2.55 cents for the quarter (2.0 per cent increase quarter-on-quarter);
- Achieved 1.5 per cent increase in gross revenue and stable net property income for 1H FY2018 compared to the preceding period last year;
- Executed 17 new and renewal leases in 2Q FY2018, representing 47,206.6 sqm (7.4 per cent of net lettable area);
- Achieved portfolio occupancy of 88.8 per cent¹ which is currently in line with the Singapore industrial average of 88.7 per cent;
- Development at 51 Marsiling Road is on budget and on time to complete in 3Q FY2018;
- Received TOP for AA REIT's three-storey contemporary industrial facility at 8 Tuas Avenue 20 on 29 August 2017. A tenant has been secured for the ground floor on 4 September 2017 for a period of 10 years with rent escalations during the term.
- Net Asset Value per Unit remains relatively stable at S\$1.36 after valuation of portfolio as at 30 September 2017.

The Manager achieved the following financial performance metrics:

- 81.4 per cent of the portfolio's interest rate is fixed taking into account interest rate swap contracts and fixed rate notes;
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.6 per cent;
- Aggregate leverage as at 30 September 2017 is at 37.3 per cent;
- Weighted average debt maturity on a pro forma basis of 2.3 years² with no debt due for refinancing until November 2018.

Outlook

The Singapore Government narrowed upwards its forecast for economic growth in 2017 to 2 per cent to 3 per cent, from an earlier estimate of 1 per cent to 3 per cent, after the economy grew by a better-than-expected 2.9 per cent in the second quarter. However, economists maintain Singapore's 2017 economic growth forecast at 2.5 per cent due to deepening gulf between trade-driven sectors and those dependent on local demand. Manufacturing, which makes up a fifth of the economy and has been a key growth driver this year, is being lifted by strong global demand for semiconductors and related equipment. However, weaker sectors like construction and accommodation and food services continue to languish. In Singapore, the industrial oversupply situation this year is likely to exert further downward pressure on rentals and occupancy. AA REIT remains focused on active asset and lease management, and unlocking organic value within the portfolio through asset enhancement initiatives and redevelopments. AA REIT currently has one ongoing development project at 51 Marsiling Road which is targeted to complete in 3Q FY2018.

The weighted average debt maturity on a pro forma basis is 2.3 years² with no debt due for refinancing until November 2018. Furthermore, 81.4 per cent of the Group's borrowings were on fixed rates taking into account the interest rate swaps and fixed rate notes. AA REIT will continue to remain focused on managing risks through prudent capital management and to optimise the portfolio through sector and tenant diversification across its portfolio of 27 properties.

Summary of AIMS AMP Capital Industrial REIT Group results

	Note	2Q FY2018	1Q FY2018	+/(-)	2Q FY2017	+/(-)	1H FY2018	1H FY2017	+/(-)
		S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(a)	29,514	30,503	(3.2)	29,910	(1.3)	60,017	59,144	1.5
Net property income	(a)	19,396	20,119	(3.6)	19,266	0.7	39,515	39,671	(0.4)
Share of results of joint venture (net of tax)	(a)	3,740	3,661	2.2	3,320	12.7	7,401	6,925	6.9
Distributions to Unitholders	(b)	16,320	15,999	2.0	17,526	(6.9)	32,319	35,051	(7.8)
Distribution per Unit ("DPU") (cents)		2.55	2.50	2.0	2.75	(7.3)	5.05	5.50	(8.2)

Notes:

- (a) Please refer to section 8 of AA REIT's unaudited financial statement on "Review of the performance" for explanation of the variances.
- (b) The Manager resolved to distribute S\$16.3 million for 2Q FY2018, comprising (i) taxable income of S\$15.0 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.64 million and capital distribution of S\$0.64 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, New South Wales (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 2Q FY2018, the Manager has resolved to distribute 99.0 per cent of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

Distribution and Books Closure Date

Distribution	For 1 July 2017 to 30 September 2017	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution ³	
Distribution Rate	(a) Taxable Income Distribution:	2.35 cents per Unit
	(b) Tax-Exempt Income Distribution:	0.10 cents per Unit
	(c) Capital Distribution ³ :	<u>0.10 cents per Unit</u>
		<u>2.55 cents per Unit</u>
Books Closure Date	6 November 2017	
Payment Date	21 December 2017	

³ 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 of AIMS AMP Capital Industrial REIT (“**AA REIT**”) (“**Units**”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, AIMS AMP Capital Industrial REIT Management Limited (“**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 Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement 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 announcement 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 the Manager, 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 (“**AIMS**”) and AMP Capital, 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 27 industrial properties, 26 of which are located throughout Singapore (including one greenfield development at Marsiling) with a total value of S\$1.22 billion based on valuations obtained as at 30 September 2017. AA REIT also has 49.0% interest in one business park property, Optus Centre, which is located in Macquarie Park, New South Wales, Australia, and is valued at A\$445.0 million as at 31 March 2017.

About AIMS Financial Group

Established in 1991, AIMS is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, private equity, venture capital, stock broking and high-tech investment. AIMS is also a strategic investor in the Sydney Stock Exchange.

Since 1999, AIMS has raised more than A\$4.0 billion in funds from the capital markets. AIMS has issued approximately A\$3.0 billion of residential mortgage-backed securities, predominantly rated AAA by both Standard & Poor’s and Fitch Ratings and has originated over A\$8.0 billion mortgages since 1991.

AIMS has actively introduced a number of international investors into the Australian market and to date has attracted in excess of A\$1.0 billion of investment funding into Australia from overseas investors. AIMS is the investment manager for AIMS’ funds, which amount to circa A\$2.0 billion as at 30 November 2016.

During the global financial crisis (“**GFC**”), AIMS expanded its activities and acquired three businesses at a time when many other businesses were experiencing immense difficulties.

Since the GFC in 2009, AIMS has completed total asset acquisition and investment volumes of over A\$2.0 billion.

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

About AMP Capital

AMP Capital is one of the largest investment managers in the Asia Pacific region. As part of the AMP Group, we share a heritage that spans over 160 years.

A home strength in Australia and New Zealand has enabled AMP Capital to grow internationally, and today has operations established in Dubai, China, Hong Kong, India, Ireland, Japan, Luxembourg, the United Kingdom and the United States. AMP Capital also collaborates with a network of global investment partners, leveraging the shared capabilities to provide greater access to new investment opportunities.

AMP Capital's asset class specialists, investment strategists and economists work together with the aim of delivering strong investment outcomes for clients. That is why AMP Capital's clients trust AMP Capital to invest over A\$165.4 billion (as at 31 December 2016) on their behalf, across a range of single sector and diversified funds.