
 <b>AIMS</b> 宝泽 <b>AIMS AMP CAPITAL INDUSTRIAL REIT</b>	 <b>AIMS AMP CAPITAL INDUSTRIAL REIT MANAGEMENT LIMITED</b>  As manager of AIMS AMP Capital Industrial REIT 1 Raffles Place, #21-01 One Raffles Place Singapore 048616
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(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 5 December 2006 (as amended))

**SGX-ST Announcement: 26 July 2011**

## **REDEVELOPMENT OF 20 GUL WAY SINGAPORE**

### **1. INTRODUCTION**

AIMS AMP Capital Industrial REIT Management Limited, as manager of AIMS AMP Capital Industrial REIT (“**AIMSAMPIREIT**”), and the manager of AIMSAMPIREIT, the “**Manager**”), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of AIMSAMPIREIT (the “**Trustee**”), and the Manager have today entered into a conditional development agreement (the “**Development Agreement**”) with CWT Limited (“**CWT**”) and Indeco Engineers (Pte) Ltd (“**Indeco**”, and collectively with the Manager, the Trustee and CWT, the “**Parties**”) which sets out the framework relating to the proposed redevelopment of 20 Gul Way Singapore 629196 (the “**Property**”) into a five storey ramp up warehouse facility (estimated to have a gross floor area of approximately 1,159,536 square feet and including the marshalling yard) (the “**Warehouse**”). Under the Development Agreement, upon the conditions thereunder being fulfilled or waived, various agreements will be entered into between the relevant parties pursuant to which, Indeco will be appointed to design and construct the Warehouse, and the Warehouse will be leased to CWT upon completion of each phase of the redevelopment. CWT is listed on the Main Board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and is in the business of providing warehousing and logistic services and engineering services. Indeco is a wholly-owned subsidiary of CWT.

### **2. THE PROPERTY**

The Property currently comprises a large-scale industrial facility with 10 single storey buildings relating to production, warehousing and ancillary office with a total gross floor area of 378,064 square feet on a land area of 828,248 square feet.

The property is located within the Jurong Industrial Estate, approximately 22 km from the city centre at Raffles Place. It is well-served by major arterial roads/expressways such as Jalan Ahmad Ibrahim, Ayer Rajah Expressway and the Pan-Island Expressway.

## 2.1. REDEVELOPMENT OF THE PROPERTY

The expected gross floor area after the redevelopment is approximately 1,159,536<sup>1</sup> square feet. The redevelopment of the Property is proposed to be developed in two phases:

- (i) the first phase of the construction of the Warehouse comprising approximately 671,289 square feet plus ramp and all other ancillary site infrastructure to permit the warehouse's full operation whilst Phase 2 (as defined herein) is being built ("**Phase 1**"); and
- (ii) the second phase of the construction of the Warehouse comprising approximately 488,247 square feet ("**Phase 2**").

Phase 1 is expected to be completed within 15 months of the commencement of the design and construction works for Phase 1 while Phase 2 is expected to be completed within 13 months from the issue of Temporary Occupation Permit ("**TOP**") in respect of Phase 1. The redevelopment of the Property is targeted for completion by December 2013.

The appraised gross development value of the redeveloped Property is S\$214.0 million based on a valuation conducted by CB Richard Ellis (Pte) Ltd dated 22 June 2011 which was prepared on an "as if complete" basis (the "**CBRE Valuation**"). This compares to the current book value of S\$41.8 million.

The total development cost including construction and other costs but excluding land is approximately S\$155.0 million.

## 3. DEFINITIVE AGREEMENTS

Pursuant to the Development Agreement, the Parties have respectively undertaken to enter into the definitive agreements (the "**Definitive Agreements**") within the seven-day period commencing on the date on which all the conditions as set out in the Development Agreement are satisfied or waived relating to the following transactions (the "**Proposed Transactions**"):

- (i) the design and construction of the Warehouse by Indeco (the "**Proposed Design and Construction**");
- (ii) the lease of the Warehouse by the Trustee to CWT upon the completion of each of Phase 1 and Phase 2 (the "**Proposed Leases**"); and
- (iii) the subscription by CWT or a subsidiary of CWT of units in AIMSAMPIREIT ("**Units**") issued by way of private placement for a subscription amount of at least S\$2,500,000.

It is further intended that each of the Definitive Agreements when entered into will be inter-related and the completion of the Proposed Transactions is conditional upon the other Definitive Agreements being in full force and effect and not having been terminated.

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<sup>1</sup> The expected gross floor area after redevelopment is based on development plans prepared by Indeco, on which the redevelopment will be based. The area may differ from the actual gross floor area of the Property after redevelopment and is subject to final survey.

### 3.1 SALIENT TERMS OF THE DEFINITIVE AGREEMENTS

#### 3.1.1 Design and Construction Agreement

The design and construction agreement (the “**Design and Construction Agreement**”) to be entered into between the Trustee and Indeco provides that Indeco will be responsible for the design and construction of the Warehouse.

Under the Design and Construction Agreement, Indeco is required to design and construct a facility that is fit for its intended use as a five level ramp up general warehouse suitable for the storage of a range of commodities and general cargo.

The construction work of the Warehouse shall be carried out in two phases as described in paragraph 2.1 above.

As security for the performance of its obligations under the Design and Construction Agreement, Indeco is required to procure a performance bond equal to 5% of the design and construction costs.

#### 3.1.2 Agreement for Lease

The agreement for lease (“**Agreement for Lease**”) to be entered into between the Trustee and CWT provides that the Trustee will grant to CWT and CWT will enter into leases of premises within Phase 1 and Phase 2 upon issue of the TOP of Phase 1 and Phase 2 respectively, substantially in accordance with terms and conditions as contained in the form of lease attached to the Agreement for Lease.

The salient terms of the leases are set out below:

- (i) for the ground and fifth floors of Phase 1, a lease term of five years and two months;
- (ii) for the remainder of Phase 1, a lease term of four years and two months;
- (iii) for the ground and fifth floors of Phase 2, a lease term of five years and two months;
- (iv) for the remainder of Phase 2, a lease term of four years and two months;
- (v) triple net rental at market rate;
- (vi) annual rental escalation of 2% per annum;
- (vii) a rent free period on each phase of two months; and
- (viii) CWT will provide a bank guarantee equal to six months rent for each of the leases.

### 3.1.3 Subscription Agreement

A subscription agreement ("**Subscription Agreement**") will be entered into between the Manager and CWT pursuant to which AIMSAMPIREIT will issue, and CWT will agree to subscribe, or to procure its subsidiary to subscribe, and pay for at least S\$2,500,000 of placement Units.

The subscription price of the placement Units shall be based on the weighted average price for trades done on the SGX-ST for the full market day on the date of the Subscription Agreement.

The placement Units shall be issued free from all encumbrances whatsoever and shall rank *pari passu* in all respects and carry all rights similar to the Units in issue as at the date of the issuance of the placement Units.

The private placement is conditional upon, *inter alia*, the listing approval having been obtained from the SGX-ST and not having been revoked or amended. The placement Units are expected to be issued three business days after the date the listing approval has been obtained (or such other date as the Manager and CWT may agree in writing).

## 3.2 CONDITIONS PRECEDENT

The entry into the Definitive Agreements is conditional upon, *inter alia*:

- (i) the relevant corporate and regulatory approvals being obtained for the Proposed Transactions;
- (ii) the requisite debt and/or equity financing for the Proposed Design and Construction being obtained by the Trustee;
- (iii) the surrender by Enviro-Metals Pte Ltd ("**Enviro-Metals**") of the lease dated 19 April 2007 made between the Trustee as landlord and Enviro-Metals as tenant in respect of the Property (the "**Agreement to Surrender**"); and
- (iv) the approval of the mortgagee of the Property of the Proposed Design and Construction and the Proposed Leases being obtained on terms acceptable to the Trustee.

As of the date of this announcement, each of these conditions have been satisfied and it is expected that the Definitive Agreements will be signed on or around 29 July 2011.

## 4. AGREEMENT TO SURRENDER EXISTING LEASE

The salient terms of the Agreement to Surrender are as follows:

- (a) Enviro-Metals agrees that it will on 21 August 2011:

- (I) surrender the lease dated 19 April 2007 made between the Trustee as landlord and Enviro-Metals as tenant in respect of the Property (the “**Existing Lease**”); and
  - (II) procure Leong Hin Piling Pte Limited (the “**New Tenant**”), a wholly-owned subsidiary of the holding company of Enviro-Metals, to take a lease of part of the Property comprising two buildings and their surrounds for a term commencing on 22 August 2011 and expiring on 30 June 2012 (the “**New Lease**”) to be in the form set out in Schedule 3 to the Agreement to Surrender and reflects, where appropriate, the terms of the Existing Lease;
- (b) the Trustee agrees that it will on 21 August 2011:
- (I) accept the Tenant’s surrender of the Existing Lease; and
  - (II) enter into the New Lease with the New Tenant; and
- (c) Enviro-Metals must, commencing on 26 July 2011, progressively deliver to the Trustee vacant possession of the Property in accordance with the provisions of the Agreement to Surrender.

## 5. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Manager believes that the Proposed Transactions will bring the following key benefits to Unitholders:

### (i) **DPU Impact**

Assuming that AIMSAMPIREIT had completed, held and operated the proposed redevelopment for the whole of the financial year ended 31 March 2011 and the proposed redevelopment was funded using 100% debt, the DPU impact is approximately +0.293<sup>2</sup> cents per annum.

### (ii) **The Redevelopment is Consistent with the Manager’s Investment and Growth Strategy**

The transformation of the Property from a cluster of 10 single storey buildings with an underutilised plot ratio into a high value purpose built five storey ramp up warehouse facility would maximise the existing plot ratio from 0.46 to 1.4, together with an extensive marshalling yard for use by tenants.

The redevelopment of the Property is in line with the Manager’s strategy for improving value through selective enhancement or redevelopment of existing assets. It unlocks value for Unitholders by profitably redeveloping the Property with a clear focus on minimising risk through a fixed price turnkey contract with a leading warehouse

<sup>2</sup>Please note that the DPU impact shown in this announcement is for illustration purposes only and purely on a pro forma basis based on the assumption that AIMSAMPIREIT had completed, held and operated the proposed redevelopment for the whole of the financial year ended 31 March 2011 and the proposed redevelopment was funded using 100% debt based on units in issue as at 31 March 2011 of 2,207,064,174 units.

developer and securing a long term master lease for the entire warehouse with a high quality tenant.

Following the completion of the redevelopment of the Property and taking into account the CBRE Valuation, AIMSAMPIREIT's total appraised asset value will increase from S\$853.2 million to S\$1,025.4 million, representing a 20.2% increase.

Upon completion of the redevelopment of the Property, AIMSAMPIREIT will become one of the major ramp up warehouse landlords in Singapore with 27 Penjuru Lane having a gross floor area of 1.03 million square feet and the Property having a gross floor area of 1.16 million square feet.

(iii) **Alignment of Interest**

In further alignment of the interest of CWT with that of AIMSAMPIREIT, Units will be issued to CWT or a subsidiary of CWT at market price by way of private placement for a subscription amount of at least S\$2,500,000 pursuant to the Subscription Agreement.

**6. METHOD OF FINANCING**

The Manager has obtained credit approval from existing lenders, Standard Chartered Bank, United Overseas Bank Limited, ING Bank N.V., Singapore Branch, and the Commonwealth Bank of Australia for S\$150.0 million ("**New Loan**") to fund the redevelopment.

Assuming that AIMSAMPIREIT had on 31 March 2011 completed the proposed redevelopment of the Property and drawdown S\$155.0 million (S\$150.0 million from the New Loan and S\$5.0 million from the existing facility) to finance the proposed redevelopment, the aggregate leverage of AIMSAMPIREIT is expected to increase from 31.9% to 41.5%.

**BY ORDER OF THE BOARD**

AIMS AMP Capital Industrial REIT Management Limited  
(Company Registration No. 200615904N)  
(as manager of AIMS AMP Capital Industrial REIT)

Name: Nicholas Paul McGrath  
Designation: Chief Executive Officer

26 July 2011

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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 AIMSAMPIREIT 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 AIMSAMPIREIT is not necessarily indicative of the future performance of AIMSAMPIREIT.

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, AIMSAMPIREIT was established with the principal investment objective of owning and investing in a diversified portfolio of income-producing industrial real estate assets in Singapore and Asia. The principal sponsors of AIMSAMPIREIT are the AIMS Financial Group and AMP Capital Investors International Holdings Limited, a direct wholly-owned subsidiary of AMP Capital. AIMSAMPIREIT consists of 26 industrial properties located throughout Singapore with an appraised total value of S\$853.2 million based on valuations obtained as at 31 March 2011.

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

Established in 1991, AIMS Financial Group is an Australian diversified non-bank financial services and investment group with a solid track record and enviable reputation in the mortgage lending, fund management and securitisation markets. AIMS has expanded to become an international financial group focusing on lending, securitization, real estate investment, private equity, investment banking, funds management, securities exchange ownership and e-commerce across the Asia Pacific region.

Since 1999, AIMS has raised directly and indirectly about A\$4.0 billion in funds from the capital markets. AIMS has issued about 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 have been very active in introducing international investors into the Australian real estate market, having attracted a large volume investment from its international clients to invest in Australian.

AIMS manages over A\$1.5 billion in assets as at 31 December 2010 and is the investment managers for the MacarthurCook Industrial Property Fund, MacarthurCook Office Property Trust, MacarthurCook Mortgage Fund, Advance Mortgage Fund, MacarthurCook Property Securities Fund, Advance Property Securities Fund and the RMR Asia Pacific Real Estate Fund. AIMS also manages, in a joint-venture arrangement with AMP Capital Investors, AIMS AMP Capital Industrial REIT in Singapore.

AIMS's head office is in Sydney, Australia, and it has offices across Australia, China and Singapore. Together with our highly qualified, professional and experienced cross-cultural teams, AIMS is in a very strong position to bridge the gap between Australia and China in various markets, especially in property, resources, fund management, high-tech, infrastructure, banking and financial services.

#### **AMP Capital Investors ("AMP Capital")**

AMP Capital is a specialist investment manager with over A\$98 billion in assets under management as at 31 March 2011. AMP Capital is a wholly owned subsidiary of AMP Limited. AMP Capital's teams of specialists operate across direct and listed real estate, infrastructure, equities, diversified funds, fixed income and credit.

As one of the largest institutional real estate fund managers in Australia and New Zealand, AMP Capital has over A\$23 billion in global direct and listed real estate funds under management. The group has 50 years of real estate investment expertise and was ranked Top 3 real estate investment manager in Asia Pacific by ANREV in 2010. AMP Capital was also ranked a Top 10 Australian company by Forbes in 2010.

With established operations in Australia, Bahrain, China, Hong Kong, India, Japan, Luxembourg, New Zealand, Singapore, United Kingdom and the United States, AMP Capital has over 230 in-house investment professionals, more than 900 staff globally and a carefully selected network of regional investment partners who can source competitive international investment opportunities catering for the varying needs of its clients.

AMP Capital expanded its Singapore office in 2006 and is committed to building its investment business in Asia. As AMP Capital's Asian regional hub, the Singapore team specialises in Asian real estate, Asian equities and distribution.

AMP is a leading wealth management company operating in Australia and New Zealand, with selected investment management activities in parts of Asia, and a growing banking business in Australia. AMP was established in 1849 as a mutual company and listed on the Australian and New Zealand stock exchanges in 1998.

AMP has merged with the Australian and New Zealand businesses of AXA Asia Pacific Holdings. This merger brings together two of Australia's longest standing businesses, creating a competitive new force in financial services for consumers. By joining together as a larger combined company, AMP has the expertise and the size to be more competitive. Together, AMP becomes Australia's market leader for advice, pension funds, personal insurance, retail managed funds and retirement income.

The combined company has A\$130 billion of funds under management and around 6,000 employees. It has one of Australia's largest shareholder registers, with approximately 970,000 shareholders.