AIMS AMP CAPITAL INDUSTRIAL REIT

AIMS AMP CAPITAL INDUSTRIAL REIT UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FIRST QUARTER ENDED 30 JUNE 2011 ("1Q FY2012")

Summary of AIMS AMP Capital Industrial REIT Group results

	Note	1Q FY2012 S$'000	4Q FY2011 S$'000	+/(-) %	1Q FY2011 S$'000	+/(-) %
Gross revenue	(a)	20,995	20,806	0.9	16,047	30.8
Net property income	(a)	14,341	14,395	(0.4)	11,749	22.1
Amount available for distribution	(b)	12,084	10,583	14.2	8,086	49.4
Distribution to Unitholders	(c)	11,697	11,291	3.6	7,884	48.4
Distribution per Unit ("**DPU**")(cents)	(c)	0.5300	0.5400	(1.9)	0.5376	(1.4)

(a) Please refer to section 8 on "Review of the performance" for an explanation of the variances.

(b) The Trust achieved an amount available for distribution of S$12.1 million for 1Q FY2012, 14.2% higher as compared to 4Q FY2011. This translates to per Unit of 0.5475 cents.

(c) The Trust's distribution policy is to distribute at least 90% of the Trust's taxable income for the full financial year. For 1Q FY2012, the Manager has resolved to distribute 96.8% of the taxable income available for distribution to the Unitholders, amounting to S$11.7 million or DPU of 0.53 cents.

Introduction

The investment policy of AIMS AMP Capital Industrial REIT ("**AIMSAMPIREIT**" or the "**Trust**") is to invest primarily in industrial real estate assets in Singapore and Asia. The Manager's key objectives are to deliver secure and stable distributions to Unitholders and to provide long-term capital growth.

The Trust has a portfolio of 26 properties in Singapore as at 30 June 2011.

1(a)(i) Consolidated Statement of Total Return

	Note	Group 1Q FY2012 S$'000	Group 1Q FY2011 S$'000	%
Gross revenue	(a)	20,995	16,047	30.8
Property operating expenses	(a)	(6,654)	(4,298)	54.8
Net property income	(a)	14,341	11,749	22.1
Interest and other income		5	43	(88.4)
Manager's management fees	(a)	(1,076)	(825)	30.4
Borrowing costs	(a)	(2,811)	(3,154)	(10.9)
Other trust expenses		(179)	(219)	(18.3)
Non-property expenses		(4,066)	(4,198)	(3.1)
Net income		10,280	7,594	35.4
Net change in fair value of investment properties	(b)	1,139	(730)	>(100.0)
Net change in fair value of financial derivatives	(c)	(935)	(1,315)	(28.9)
Loss on disposal of a subsidiary	(d)	(172)	-	NM
Total return before income tax		10,312	5,549	85.8
Income tax expense		-	-	-
Total return after income tax		10,312	5,549	85.8
Non-controlling interests		-	5	(100.0)
Total return after income tax and non-controlling interests		10,312	5,554	85.7

NM: not meaningful

Notes:

(a) Please refer to section 8 on "Review of the Performance" for explanation of the variances.

(b) The net change in fair value of investment properties is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(c) This relates to changes in fair value due to the revaluation of interest rate swap contracts in accordance with Financial Reporting Standard 39. Please refer to note (d) of section 1(b)(i) for further details of the swap contracts. Net change in fair value of financial derivatives is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(d) This relates to the loss on disposal of the Trust's indirect subsidiary in Japan, Guodou Kaisha Bayside ("**GK Bayside**"), following the sale of Asahi Ohmiya Warehouse, Japan in March 2011.

1(a)(ii) Distribution Statement

	Note	Group 1Q FY2012 S$'000	Group 1Q FY2011 S$'000	+/(-) %
Total return after income tax and non-controlling interests		10,312	5,554	85.7
Net effect of tax adjustments	(a)	1,797	2,737	(34.3)
Other adjustments	(c)	(25)	(205)	(87.8)
Amount available for distribution to the Unitholders		12,084	8,086	49.4
Distribution to Unitholders	(d)	11,697	7,884	48.4

Notes:

(a) Net effect of tax adjustments

	Group 1Q FY2012 S$'000	Group 1Q FY2011 S$'000	+/(-) %
Amortisation of borrowing costs	578	618	(6.5)
Net change in fair value of financial derivatives	935	1,315	(28.9)
Straight-lining of rental income (note (b))	1,145	175	>100.0
Loss on disposal of a subsidiary	172	-	NM
Net change in fair value of investment properties	(1,139)	730	>(100.0)
Temporary differences and other tax adjustments	106	(101)	>(100.0)
Net effect of tax adjustments	1,797	2,737	(34.3)

(b) On 26 July 2011, the Trust and the tenant at 20 Gul Way entered into an agreement whereby the tenant undertakes to surrender the lease on 21 August 2011. This is to facilitate the commencement of redevelopment work at the property. Please refer to the announcement by the Manager on 26 July 2011 for further details of the redevelopment. Accordingly, in 1Q FY2012, the Trust reversed S$1.1 million of straight-lining of rental income previously recognised in respect of this lease.

(c) Other adjustments comprised primarily the net accounting results of the Trust's subsidiary.

(d) The Trust's distribution policy is to distribute at least 90% of the Trust's taxable income for the full financial year. For 1Q FY2012, the Manager has resolved to distribute 96.8% of the taxable income available for distribution to the Unitholders.

1(b)(i) Balance Sheets as at 30 June 2011 vs. 31 March 2011

	Note	Group 30 Jun 2011 S$'000	Group 31 Mar 2011 S$'000	+/(-) %	Trust 30 Jun 2011 S$'000	Trust 31 Mar 2011 S$'000	+/(-) %
Non-current assets							
Investment properties		850,052	848,906	0.1	850,052	848,906	0.1
Plant and equipment		73	81	NM	73	81	NM
		850,125	848,987	0.1	850,125	848,987	0.1
Current assets							
Loan to subsidiaries	(a)	-	-	-	-	408	(100.0)
Trade and other receivables		7,135	7,841	(9.0)	7,135	7,835	(8.9)
Cash and cash equivalents	(b)	6,016	17,851	(66.3)	6,016	16,432	(63.4)
		13,151	25,692	(48.8)	13,151	24,675	(46.7)
Total assets		**863,276**	**874,679**	(1.3)	**863,276**	**873,662**	(1.2)
Current liabilities							
Trade and other payables		8,842	10,275	(13.9)	8,842	9,277	(4.7)
		8,842	10,275	(13.9)	8,842	9,277	(4.7)
Non-current liabilities							
Rental deposits		3,987	3,755	6.2	3,987	3,755	6.2
Interest-bearing borrowings	(c)	256,610	272,590	(5.9)	256,610	272,590	(5.9)
Derivative financial instruments	(d)	2,763	1,827	51.2	2,763	1,827	51.2
		263,360	278,172	(5.3)	263,360	278,172	(5.3)
Total liabilities		**272,202**	**288,447**	(5.6)	**272,202**	**287,449**	(5.3)
Net assets		**591,074**	**586,232**	0.8	**591,074**	**586,213**	0.8
Represented by:							
Unitholders' funds		591,074	586,217	0.8	591,074	586,213	0.8
Non-controlling interests		-	15	(100.0)	-	-	-
		591,074	**586,232**	0.8	**591,074**	**586,213**	0.8

NM: not meaningful

Notes:

(a) This relates to the Trust's investment in its wholly owned subsidiary, Japan Industrial Property Pte Ltd ("**JIP**"), a company incorporated in Singapore. JIP is presently dormant following the liquidation of its subsidiary, GK Bayside in May 2011.

(b) Cash and cash equivalents of the Group were lower by S$11.8 million. This was mainly due to efficient cash management by the Group to apply excess cash towards reducing the borrowings under its revolving credit facility.

(c) Please refer to details in section 1(b)(ii).

(d) The derivative financial instruments as at 30 June 2011 were in relation to interest rate swap contracts with tenors of between two and three years for a total notional amount of S$228.8 million. As at 30 June 2011, 87.1% of the Trust's exposure arising from floating rate borrowings has been hedged through interest rate swaps. Under the contracts, the Trust pays fixed interest rates of between 0.95% to 1.91% per annum and receives three-month Singapore dollar swap offer rate.

1(b)(ii) Aggregate amount of borrowings

Interest-bearing borrowings - secured	**Group 30 Jun 2011 S$'000**	**Group 31 Mar 2011 S$'000**	**Trust 30 Jun 2011 S$'000**	**Trust 31 Mar 2011 S$'000**
Amount repayable after one year	262,800	279,300	262,800	279,300
Less : Unamortised loan transaction cost	(6,190)	(6,710)	(6,190)	(6,710)
	256,610	272,590	256,610	272,590

As at 30 June 2011, the Trust has undrawn revolving credit facility of S$46.0 million (31 March 2011: S$29.5 million).

Details of collateral

As at 30 June 2011, the Group and Trust have two bank facilities and the details of the collateral are as follows:

(a) S$280.0 million facility:

- First legal mortgage over 25 investment properties of the Trust;
- Assignment of rights, title and interest in leases, insurances and rental proceeds of the related mortgaged investment properties; and
- A fixed and floating charge over certain assets arising out of or in connection with the mortgaged properties.

(b) S$45.0 million facility:

- First legal mortgage over one investment property of the Trust;
- Assignment of rights, title and interest in leases, insurances and rental proceeds of the related mortgaged property; and
- A fixed and floating charge over certain assets arising out of or in connection with the mortgaged property.

1(c) Consolidated cash flow statement

	Group 1Q FY2012 S$'000	Group 1Q FY2011 S$'000
Operating activities		
Total return before income tax	10,312	5,549
Adjustments for:		
Net change in fair value of financial derivatives	935	1,315
Borrowing costs	2,811	3,154
Straight-lining of rental income	1,145	175
Depreciation	8	-
Loss on disposal of a subsidiary	172	-
Net change in fair value of investment properties	(1,139)	730
Operating income before working capital changes	**14,244**	**10,923**
Changes in working capital		
Rental deposits	57	2,225
Trade and other receivables	(439)	(1,282)
Trade and other payables	(1,260)	(315)
Cash generated from operating activities	**12,602**	**11,551**
Investing activities		
Purchase of investment properties (including acquisition costs)	(6)	(16)
Capital expenditure on investment properties	-	(147)
Net cash used in investing activities	**(6)**	**(163)**
Financing activities		
Borrowing costs paid	(2,285)	(1,951)
Distributions to Unitholders	(5,628)	(7,884)
Repayment of interest-bearing borrowings	(16,500)	(42)
Decrease in restricted cash and deposits	-	331
Issue expenses paid	-	(80)
Distribution to non-controlling interests	(15)	(1)
Net cash used in financing activities	**(24,428)**	**(9,627)**
Net (decrease)/increase in cash and cash equivalents	**(11,832)**	**1,761**
Cash and cash equivalents at beginning of the period	**17,851**	**19,295**
Effect of exchange rate fluctuation	(3)	17
Cash and cash equivalents at end of the period	**6,016**	**21,073**

For purposes of the consolidated cash flow statement, the cash and cash equivalents comprised the following:

	30 Jun 2011 S$'000	30 Jun 2010 S$'000
Cash at bank and in hand	6,016	13,017
Fixed deposits with financial institutions	-	9,000
Cash and cash equivalents at end of the period	6,016	22,017
Restricted cash and deposits	-	(944)
Cash and cash equivalents in the consolidated cash flow statement	6,016	21,073

The restricted cash and deposits as at 30 June 2010 were in respect bank balances and deposits of the Japan subsidiary. They were required to be maintained to comply with terms of the Japan term loan. The Japan term loan was fully repaid in March 2011 out of proceeds from the sale of the property in Japan.

1(d)(i) Statement of Movements in Unitholders' Funds (1Q FY2012 vs. 1Q FY2011)

	Group 1Q FY2012 S$'000	Group 1Q FY2011 S$'000	Trust 1Q FY2012 S$'000	Trust 1Q FY2011 S$'000
Balance at beginning of the period	586,217	456,737	586,213	456,732
Operations				
Total return after income tax and non-controlling interests	10,312	5,554	10,484	5,952
Foreign currency translation reserve				
Translation differences relating to financial statements of a foreign subsidiary and net investment in foreign operation	-	393	-	-
Exchange difference realised on disposal of a subsidiary	168	-	-	-
Unitholders' transactions				
Distributions to Unitholders	(5,628)	(7,884)	(5,628)	(7,884)
Issue expenses	5	-	5	-
Total increase/(decrease) in Unitholders' funds	4,857	(1,937)	4,861	(1,932)
Balance at end of the period	591,074	454,800	591,074	454,800

1(d)(ii) Details of any change in the units

	Trust 1Q FY2012 Units '000	Trust 1Q FY2011 Units '000
Units in issue at beginning and at end of the period	2,207,064	1,466,599

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those described in the audited financial statements for the year ended 31 March 2011.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per unit ("EPU") and distribution per unit ("DPU") for the period

The EPU is computed using total return after income tax and non-controlling interests over the weighted average number of units for the period. The diluted EPU is the same as the basic EPU as there were no dilutive instruments in issue as at the end of the period.

In computing the DPU, the number of units entitled to the distribution for the respective period was used.

	Group 1Q FY2012	Group 1Q FY2011
Weighted average number of units ('000)	2,207,064	1,608,569
Earnings per unit (cents) - basic and diluted	0.47	0.35
Number of units in issue at end of period ('000)	2,207,064	1,466,599
Distribution per unit (cents)	0.5300	0.5376

The weighted average number of Units for 1Q FY2011 had been adjusted for the effects of the renounceable rights issue completed on 14 October 2010.

7 Net asset value per unit based on issued units at the end of the period

	Group 30 Jun 2011 S$	Group 31 Mar 2011 S$	Trust 30 Jun 2011 S$	Trust 31 Mar 2011 S$
Net asset value per Unit	0.27	0.27	0.27	0.27

8 Review of the performance

	Group 1Q FY2012 S$'000	Group 4Q FY2011 S$'000	Group 1Q FY2011 S$'000
Gross revenue	20,995	20,806	16,047
Property operating expenses	(6,654)	(6,411)	(4,298)
Net property income	14,341	14,395	11,749
Interest and other income	5	38	43
Manager's management fees	(1,076)	(1,052)	(825)
Borrowing costs	(2,811)	(3,284)	(3,154)
Other trust expenses	(179)	(337)	(219)
Non-property expenses	(4,066)	(4,673)	(4,198)
Net Income	10,280	9,760	7,594
Amount available for distribution to the Unitholders	12,084	10,583	8,086

<u>Review of the performance for 1Q FY2012 vs. 4Q FY2011</u>

Gross revenue for 1Q FY2012 before adjustment for the reversal of straight-lining of rental income was S$22.1 million ("**Pre Straight-lining Gross Revenue for 1Q FY2012**"), please refer to note (b) of section 1(a)(ii) for details of the reversal. This was S$1.3 million higher as compared to 4Q FY2011. The increase was largely due to full quarter's contribution from NorthTech, which was acquired on 21 February 2011, offset partially by the sale of 23 Changi South Avenue 2 on 14 February 2011 and Asahi Ohmiya Warehouse, Japan on 24 March 2011. Straight-lining of rental income is a non-tax item and has no impact on the taxable income and distributable income to the Unitholders.

Property operating expenses for 1Q FY2012 were S$243,000 higher than 4Q FY2011. The increase was mainly due to the net effects of the acquisitions and divestments as explained in the preceding paragraph, as well as lower one-off repairs and maintenance cost in this quarter.

Borrowing costs were lower by S$473,000. The savings were largely due to lower Singapore Dollar swap offer rates in 1Q FY2012. In addition, in 4Q FY2011, there was an accelerated recognition of an unamortised loan transaction costs in relation to the Japan term loan, which contributed to the higher borrowing costs in that quarter. The Japan term loan, due in February 2012, was fully prepaid on 24 March 2011 out of sales proceeds.

As a result of the above, the amount available for distribution for 1Q FY2012 increased by S$1.5 million, or an increase of 14.2% compared to 4Q FY2011.

<u>Review of the performance for 1Q FY2012 vs. 1Q FY2011</u>

The Pre Straight-lining Gross Revenue for 1Q FY2012 was S$6.0 million higher than 1Q FY2011, mainly contributed by 27 Penjuru Lane and NorthTech. These two properties were acquired on 15 October 2010 and 21 February 2011 respectively. The increase was offset partially by a reduction in revenue due to the divestment of 23 Changi South Avenue 2 on 14 February 2011 and Asahi Ohmiya Warehouse, Japan on 24 March 2011.

Property operating expenses for 1Q FY2012 increased by S$2.4 million as compared to 1Q FY2011. The increase was mainly due to the net effects of the acquisitions and divestments as explained in the preceding paragraph.

Manager's management fees were higher in 1Q FY2012 vis-à-vis 1Q FY2011 as a result of an increase in size of the Trust's property portfolio.

Borrowing costs in 1Q FY2012 were S$343,000 lower than in 1Q FY2011, notwithstanding a higher outstanding loan balances in 1Q FY2012. The savings were mainly due to lower interest rates and transaction costs on the loans refinanced by the Trust in October 2010.

As a result of the above, the amount available for distribution for 1Q FY2012 increased to S$12.1 million, representing a 49.4% increase from 1Q FY2011.

9 Variance between Forecast / Prospect Statement

The Trust has not disclosed to the market any forecast in relation to the current financial period.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

According to the advance estimates by Ministry of Trade & Industry ("**MTI**"), Singapore's Gross Domestic Product grew by 0.5% year-on-year in 2Q 2011, down from the 9.3% growth in the previous quarter. The slower growth is due primarily to a contraction of 5.5% in the manufacturing sector, led largely by weaker outputs from electronics and biomedical sectors. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy contracted by 7.8%, compared to the 27.2% expansion in the previous quarter.

According to the Urban Redevelopment Authority's 2nd quarter 2011 statistics, price and rental rates of industrial space increased by 5.7% and 4.5% respectively in the quarter. Average occupancy rate of factory space decreased marginally to 92.9% in 2nd quarter 2011 from 93.1% in 1st quarter 2011. The average occupancy of warehouse space also decreased slightly to 92.3% in 2nd quarter 2011 from 92.8% in 1st quarter 2011. The Trust's portfolio occupancy of 99.1% as at 30 June 2011 continued to be above the industry average.

Outlook for financial year ending 31 March 2012

With the current Eurozone debt crisis and the sluggish US economic recovery, global growth is expected to moderate in 2H 2011. Notwithstanding the above, the Singapore MTI maintained a positive outlook on the near term economy. The outlook for the industrial property market is cautiously optimistic with a potential for moderate increase in rental rates.

The Manager announced on 26 July 2011 that the Trust has entered into a development agreement with CWT Limited and Indeco Engineers Pte Ltd for the redevelopment of the property at 20 Gul Way, Singapore. The current tenant at the property will vacate the premises in phases over the next 12 months. The loss in net property income for the financial year ending 31 March 2012 is estimated to be approximately S$1.9 million.

The Manager aims to deliver a stable and secure income stream to its Unitholders, by continuing its effort to achieve high tenant retention and occupancy levels for its properties.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes
Name of distribution:	Nineteenth distribution, for the period from 1 April 2011 to 30 June 2011
Distribution Type:	Income
Distribution Rate:	0.53 cents per Unit
Par value of units:	Not applicable
Tax Rate:	These distributions are made out of AIMSAMPIREIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through a partnership or as trading assets). Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

(b) Corresponding period of the immediately preceding period

Any distributions declared for the previous corresponding financial period:	Yes
Name of distribution:	Fourteenth distribution, for the period from 1 April 2010 to 30 June 2010
Distribution Type:	Income
Distribution Rate:	0.5376 cents per Unit
Par value of units:	Not applicable
Tax Rate:	These distributions are made out of AIMSAMPIREIT's taxable income. Unitholders receiving distributions will be assessable to Singapore income tax on the distributions received except for individuals where these distributions are exempt from tax (unless they hold their units through a partnership or as trading assets). Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

(c) Books closure date: 4 August 2011

(d) Date payable: 14 September 2011

12 If no distribution has been declared (recommended), a statement to that effect

Not applicable

13 Confirmation by the board pursuant to rule 705(5) of the listing manual

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of AIMS AMP Capital Industrial REIT Management Limited (as Manager of AIMS AMP Capital Industrial REIT) which may render these interim financial results to be false or misleading in any material respect.

On behalf of the Board of Directors of
AIMS AMP Capital Industrial REIT Management Limited
(as Manager of AIMS AMP Capital Industrial REIT)

George Wang
Director

Nicholas Paul McGrath
Director

This release 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, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

By Order of the Board

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

Nicholas Paul McGrath
Chief Executive Officer
26 July 2011