

 AIMS 宝泽 AIMS AMP CAPITAL INDUSTRIAL REIT	AIMS AMP CAPITAL INDUSTRIAL REIT MANAGEMENT LIMITED As Manager of AIMS AMP Capital Industrial REIT One George Street, #23-03 Singapore 049145
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(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 5 December 2006 (as amended))

SGX-ST Announcement: 22 May 2015

REDEVELOPMENT OF 30 AND 32 TUAS WEST ROAD SINGAPORE

1. INTRODUCTION

AIMS AMP Capital Industrial REIT Management Limited, as manager of AIMS AMP Capital Industrial REIT (“**AA REIT**”, and the manager of AA REIT, the “**Manager**”), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of AA REIT (the “**Trustee**”), and the Manager have on 21 May 2015 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 30 and 32 Tuas West Road Singapore 638386/638387 (collectively the “**Property**”) into a five-storey ramp-up warehouse facility (estimated to have a gross floor area of approximately 287,866 square feet) (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 the redevelopment.

CWT is listed on the Main Board of Singapore Exchange Securities Trading Limited (the “**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 two adjoining three-storey detached industrial buildings connected by a covered link at the first storey driveway. No. 30 Tuas West Road is a single-user factory with an office building while No. 32 Tuas West Road accommodates warehouse, production and offices areas on the first storey and production and ancillary office areas on the upper floors.

It is located on the south-eastern side of Tuas West Road, near its junction with Pioneer Road, within the Jurong Industrial Estate and some 28 km from the city centre. The Property is well-served by its proximity to the Joo Koon MRT Station, Ayer Rajah Expressway, Pan Island Expressway and Kranji Expressway. The Tuas Checkpoint at the Second Link and future Tuas Link and Tuas West Road MRT stations are also in close proximity.

3. REDEVELOPMENT OF THE PROPERTY

The expected gross floor area after the redevelopment is approximately 287,866¹ square feet. The redevelopment of the Property is expected to commence in the third quarter of FY2016 and is targeted for completion in the first quarter of FY2018.

The current value of the Property is S\$14.1 million, based on Knight Frank Pte Ltd's valuation dated 31 March 2015. With the redevelopment of the Property, the appraised gross development value is S\$60.7 million, based on Colliers International Consultancy and Valuation (Singapore) Pte Ltd's valuation dated 20 May 2015 which was prepared on an "as if complete" basis (the "**Colliers 2015 Valuation**").

The total development cost including construction and other costs but excluding land is approximately S\$41.7 million.

4. DEFINITIVE AGREEMENTS

Pursuant to the Development Agreement, the Parties have respectively undertaken to enter into the following 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 agreement (the "**Design and Construction Agreement**") to be entered into between the Trustee and Indeco for the design and construction of the Warehouse by Indeco (the "**Proposed Design and Construction**"); and
- (ii) The agreement for lease ("**Agreement for Lease**") to be entered into between the Trustee and CWT for the lease of the Warehouse and/or the Property by the Trustee to CWT upon the completion of the redevelopment (the "**Proposed Leases**").

It is intended that each of the Proposed Transactions shall be implemented and carried out in accordance with all applicable laws and as contemplated by the terms of the Development Agreement and the Definitive Agreements. It is further intended that each of the Definitive Agreements when entered into will be inter-related and the Agreement for Lease is conditional upon the Design and Construction Agreement being in full force and effect and not having been terminated.

5. SALIENT TERMS OF THE DEFINITIVE AGREEMENTS

5.1 Design and Construction Agreement

The Design and Construction Agreement 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-storey ramp-up general warehouse suitable for the storage of general cargo.

¹ 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.

5.2 Agreement for Lease

Subject to the provisions of the Agreement for Lease, the Trustee agrees to grant to CWT and CWT agrees to take a lease of the whole Property in accordance with the terms and conditions as contained in the form of the leases attached to the Agreement for Lease.

Under the terms of the leases, there will be a staggered master lease arrangement with lease terms varying between 32 months to four years and two months for the different floors and with an annual rent escalation.

6. CONDITIONS PRECEDENTS

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 equity and/or debt financing for the Proposed Design and Construction being obtained by the Trustee; and
- (iii) the agreement by the existing tenants or occupiers of the Property to surrender their lease(s).

The Manager will make a further announcement on SGXNET when the Definitive Agreements are signed.

7. RATIONALE FOR THE PROPOSED TRANSACTIONS

The Manager believes that the Proposed Transactions will bring the following key benefits to unitholders of AA REIT:

7.1 Impact on the Distribution per Unit (“DPU”)

Assuming that AA REIT had completed, held and operated the proposed redevelopment for the whole of the financial year ended 31 March 2015; the proposed redevelopment was funded using 100 per cent debt; and based on units in issue as at 31 March 2015 of 628,935,114, the DPU impact is approximately +0.35 cents per annum.

7.2 The redevelopment is consistent with the Manager’s investment and growth strategy

The transformation of the Property from the existing two three-storey detached industrial buildings into a five-storey ramp-up warehouse facility would optimise the existing plot ratio from 1.15 to 2.07.

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 significant value in AA REIT’s portfolio, while minimising risk through a fixed price turnkey design and

construct contract, and at the same time securing a master lease for the full property with a high-quality existing tenant.

Following the completion of the redevelopment of the Property and taking into account the Colliers 2015 Valuation, AA REIT's total appraised asset value will increase to S\$1,484.7 million on a proforma basis from total appraised values of S\$1,438.1 million as at 31 March 2015.

Upon completion of the redevelopment of the Property, AA REIT will become one of the largest ramp-up warehouse landlords in Singapore with 27 Penjuru Lane having a gross floor area of 1.03 million square feet and 20 Gul Way having a gross floor area of 1.66 million square feet.

8. METHOD OF FINANCING

On 20 March 2014, AA REIT issued 92,512,712 units at an issue price of S\$1.08 per unit in an underwritten and renounceable rights issue on the basis of seven rights Units for every 40 existing units, raising gross proceeds of S\$99.9 million ("**2014 Rights Issue**"). The Manager earlier announced that S\$59.4 million of the gross proceeds from the 2014 Rights Issue was used to repay outstanding borrowings pending the actual deployment of such funds for their intended use. The Manager intends to set aside approximately S\$41.7 million (which is equivalent to approximately 41.7 per cent of the gross proceeds from the 2014 Rights Issue) from the existing loan facility to fully fund the proposed redevelopment of 30 and 32 Tuas West Road Singapore 638386/638387 progressively over the course of the next 18 to 24 months.

Assuming that AA REIT had on 31 March 2015 completed, held and operated the proposed development and drawdown S\$41.7 million to finance the proposed redevelopment, the aggregate leverage of AA REIT is expected to increase from 31.4 per cent to 33.2 per cent.

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: Koh Wee Lih
Designation: Chief Executive Officer

22 May 2015

For enquiries, kindly contact:

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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\$1.23 billion based on valuations obtained as at 31 March 2015. AA REIT has 49.0% interest in one business park property, Optus Centre located in Sydney Australia valued at A\$398.0 million as at 31 March 2015.

About AIMS Financial Group ("AIMS")

Established in 1991, AIMS Financial Group 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 Asia Pacific Stock Exchange.

Since 1999, AIMS has raised approximately A\$4.0 billion in funds from the capital markets. Of this, AIMS has issued approximately 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\$8.0 billion of high quality prime home loans since 1991.

AIMS has actively introduced a number of international investors into the Australian markets and to date has also attracted over A\$1.0 billion of investments into Australia from overseas investors.

AIMS is also the investment manager for AIMS' funds, which amount to approximately A\$1.8 billion fund as at 31 March 2015.

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