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## Media Release

### **AIMS AMP Capital Industrial REIT announces DPU of 2.75 cents for 2Q FY2017**

**Singapore, 27 October 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 of 2.75 cents in Distribution Per Unit (DPU) for the quarter ended 30 September 2016 (2Q FY2017).

During the quarter, AA REIT secured 17 new and renewal leases, representing 13,193.8 sqm or 2.2 per cent of net lettable area. Portfolio occupancy remains strong at 92.7 per cent – above Singapore’s industrial property average of 89.4 per cent.

The Manager’s Chief Executive Officer, Koh Wee Lih said, “We’re pleased to maintain stable returns for investors this quarter, despite challenging market conditions persisting.”

“Our top priority is tenant retention as part of our active lease management strategy, while we continue to explore opportunities to unlock organic growth and seek risk-adjusted yield accretive investments. We also continue to manage risk through a prudent capital management and diversification across our portfolio of 26 properties,” he said.

In August 2016, the Manager announced plans for AA REIT’s first third-party build-to-suit greenfield development for leading manufacturer, Beyonics International Pte Ltd, which will lease the premises for 10 years.

The greenfield development builds on AA REIT’s successful track record with four prior redevelopments in its existing portfolio.

AA REIT’s ongoing redevelopment at 30 & 32 Tuas West Road will be completed by January 2017 and is expected to boost rental income four-fold to S\$4.15 million per annum. Meanwhile, redevelopment at 8 & 10 Tuas Avenue 20 is tracking on time and within budget. It is due for completion in 2H 2017.

Key highlights for 2Q FY2017 are:

- DPU of 2.75 cents per unit for the quarter;
- Executed 17 new and renewal leases in 2Q FY2017, representing 13,193.8 sqm (or 2.2 per cent of net lettable area);
- Maintained strong occupancy at 92.7 per cent, exceeding the industrial average of 89.4 per cent;
- On 25 July 2016, AA REIT executed a supplemental loan facility agreement with its syndicate of five financial institutions to upsize its existing secured facility for a four-year term loan facility of S\$100 million. The term loan was

drawn down to redeem the S\$100 million unsecured fixed rate notes which matured on 8 August 2016;

- Net asset value per Unit remained stable at S\$1.47 after valuation of the portfolio as at 30 September 2016.

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

- 67.5 per cent<sup>1</sup> of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes, with a weighted average debt maturity of 2.4 years – up from 1.9 years last quarter;
- Reduced overall blended funding cost (including funding of the Australian asset with Australian dollar loan) to 3.9 per cent from 4.2 per cent a year ago;
- Aggregate leverage as at 30 September 2016 is 34.0 per cent (maintained average of 32 per cent over seven years).

## **Outlook**

Amid global uncertainties, the capital structure of the Group is well positioned with a weighted average debt maturity of 2.4 years. Furthermore, 67.5 per cent<sup>1</sup> 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 focus 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, the industrial leasing market will continue to remain challenging in the short term as rents and occupancies continue to be under pressure. AA REIT's current priority in managing its assets and leases is tenant retention to help navigate the short-term volatility and challenging market conditions.

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<sup>1</sup> On 18 October 2016, AA REIT executed S\$97 million of interest rate swap contracts which increased the proportion of its debt on fixed interest rates to 86.8 per cent on a pro forma basis.

## Financial results summary

	Note	2Q FY2017	1Q FY2017	+/(-)	2Q FY2016	+/(-)	1H FY2017	1H FY2016	+/(-)
		S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(a)	29,910	29,234	2.3	31,259	(4.3)	59,144	61,555	(3.9)
Net property income	(a)	19,266	20,405	(5.6)	20,697	(6.9)	39,671	40,902	(3.0)
Share of results of joint venture (net of tax)	(a)	3,320	3,605	(7.9)	18,855	(82.4)	6,925	22,510	(69.2)
Distribution to Unitholders	(b)	17,526	17,525	<0.1	17,770	(1.4)	35,051	35,211	(0.5)
Distribution per Unit ("DPU") (cents)		2.75	2.75	-	2.80	(1.8)	5.50	5.55	(0.9)

(a) Please refer to section 8 of AA REIT's unaudited financial statement announcement on "Review of the performance" for explanation of the variances.

(b) The Manager resolved to distribute S\$17.5 million for 2Q FY2017, comprising (i) taxable income of S\$16.2 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.8 million and capital distribution of S\$0.5 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 AA REIT's Singapore taxable income for the full financial year. For 2Q FY2017, the Manager has resolved to distribute 98.8 per cent of the Singapore taxable income available for distribution to the Unitholders.

## Distribution and Books Closure Date

Distribution	For 1 July 2016 to 30 September 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 <sup>2</sup> :	2.540 cents per Unit 0.124 cents per Unit <u>0.086 cents per Unit</u> <u>2.750 cents per Unit</u>
Books Closure Date	8 November 2016	
Payment Date	22 December 2016	

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<sup>2</sup> This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

## **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, 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 value of S\$1.23 billion based on valuations obtained as at 30 September 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](http://ampcapital.com.au)