AIMS AMP CAPITAL INDUSTRIAL REIT	**AIMS AMP CAPITAL INDUSTRIAL REIT UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT SECOND QUARTER ENDED 30 SEPTEMBER 2016 ("2Q FY2017")**

Introduction

AIMS AMP Capital Industrial REIT ("AA REIT" or the "Trust") is a real estate investment trust which was listed on the Main Board of the SGX-ST on 19 April 2007. The principal investment objective of the Manager is to invest in a diversified portfolio of income-producing real estate assets located in Singapore and throughout the Asia-Pacific region that is used for industrial purposes, including, but not limited to warehousing and distribution activities, business park activities and manufacturing activities. The Manager's key objectives are to deliver stable distributions to Unitholders and to provide long-term capital growth.

The Group[1] has a portfolio of 26 industrial properties, 25 of which are located throughout Singapore and one business park property in Macquarie Park, New South Wales ("NSW"), Australia[2].

Summary of AIMS AMP Capital Industrial REIT Group results

	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)

Notes:

(a) Please refer to section 8 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, NSW, Australia.

AA REIT's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 2Q FY2017, the Manager has resolved to distribute 98.8% of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

[1] The Group comprises AIMS AMP Capital Industrial REIT, its wholly-owned subsidiaries and its interest in a joint venture.

[2] AA REIT has a 49.0% interest in Optus Centre located in Macquarie Park, NSW, Australia.

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[3]	
Distribution Rate	(a) Taxable Income Distribution: (b) Tax-Exempt Income Distribution: (b) Capital Distribution[3]:	2.540 cents per Unit 0.124 cents per Unit 0.086 cents per Unit 2.750 cents per Unit
Books Closure Date	8 November 2016	
Payment Date	22 December 2016	

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

	Note	Group 2Q FY2017 S$'000	Group 2Q FY2016 S$'000	+/(-) %	Group 1H FY2017 S$'000	Group 1H FY2016 S$'000	+/(-) %
Gross revenue	(a)	29,910	31,259	(4.3)	59,144	61,555	(3.9)
Property operating expenses	(a)	(10,644)	(10,562)	0.8	(19,473)	(20,653)	(5.7)
Net property income	(a)	19,266	20,697	(6.9)	39,671	40,902	(3.0)
Foreign exchange gain/(loss)		30	(9)	>(100.0)	5	(23)	>(100.0)
Interest and other income	(b)	12	26	(53.8)	2,356	59	>100.0
Borrowing costs	(a)	(4,558)	(5,039)	(9.5)	(9,502)	(10,101)	(5.9)
Manager's management fees		(1,858)	(1,836)	1.2	(3,677)	(3,656)	0.6
Other trust expenses	(a)	(434)	(458)	(5.2)	(797)	(1,022)	(22.0)
Non-property expenses		(6,850)	(7,333)	(6.6)	(13,976)	(14,779)	(5.4)
Net income before joint venture's results		12,458	13,381	(6.9)	28,056	26,159	7.3
Share of results of joint venture (net of tax)	(a),(c)	3,320	18,855	(82.4)	6,925	22,510	(69.2)
Net income		15,778	32,236	(51.1)	34,981	48,669	(28.1)
Net change in fair value of investment properties and investment properties under development	(d)	(4,847)	(11,076)	(56.2)	(4,847)	(11,076)	(56.2)
Net change in fair value of derivative financial instruments	(e)	(91)	264	>(100.0)	(556)	7	>(100.0)
Total return before income tax		10,840	21,424	(49.4)	29,578	37,600	(21.3)
Income tax expense	(f)	(464)	(2,363)	(80.4)	(440)	(2,924)	(85.0)
Total return after income tax		10,376	19,061	(45.6)	29,138	34,676	(16.0)

[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.

Notes:

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

(b) Interest and other income in the current year included the proceeds of S$2.3 million from the full and final settlement received from the insurance company for the property at 8 & 10 Tuas Avenue 20 due to a fire incident in 2015.

(c) The share of results of joint venture (net of tax) comprised contribution from the Group’s 49.0% interest in Optus Centre, which is located in Macquarie Park, NSW, Australia. In 2Q FY2016, the contribution included the share of revaluation surplus of S$15.3 million recognised from the valuation of Optus Centre appraised by independent valuer, CBRE Valuations Pty Limited as at 30 September 2015.

(d) The net change in fair value of investment properties of S$4.8 million for 2Q FY2017 was in relation to the valuation of the Trust’s 23 Singapore investment properties which were valued as at 30 September 2016. The independent valuations of the properties were carried out by CBRE Pte. Ltd. and Savills Valuation And Professional Services (S) Pte Ltd. Investment properties under development relates to the redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20 which are carried at fair value based on directors’ valuation.

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

(e) This relates to changes in fair value due to the revaluation of the Trust’s interest rate swap contracts in accordance with Financial Reporting Standard (“FRS”) 39. Please refer to note (i) of section 1(b)(i) for further details of the swap contracts.

The net change in fair value of derivative financial instruments is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(f) Income tax expense relates to withholding tax paid / payable by the Trust on the distribution and interest income from Australia, income tax payable by the Trust’s wholly-owned subsidiary, AACI REIT MTN Pte Ltd (“AACI REIT MTN”) as well as provision for deferred tax liabilities for the Trust’s investment in Australia. In 2Q FY2016, the higher income tax expense was mainly due to deferred tax provision for the increase in fair value of Optus Centre.

1(a)(ii) Distribution Statement

	Note	Group 2Q FY2017 S$'000	Group 2Q FY2016 S$'000	+/(-) %	Group 1H FY2017 S$'000	Group 1H FY2016 S$'000	+/(-) %
Total return before income tax		10,840	21,424	(49.4)	29,578	37,600	(21.3)
Net effect of tax adjustments	(a)	7,334	12,650	(42.0)	7,054	14,734	(52.1)
Other adjustments	(b)	(1,782)	(17,343)	(89.7)	(3,880)	(19,424)	(80.0)
Amount available for distribution from Singapore taxable income		16,392	16,731	(2.0)	32,752	32,910	(0.5)
Distribution from Singapore taxable income	(c)	16,188	16,501	(1.9)	32,534	32,610	(0.2)
Distribution from tax-exempt income	(d)	790	127	>100.0	1,402	603	>100.0
Capital distribution	(e)	548	1,142	(52.0)	1,115	1,998	(44.2)
Distribution to Unitholders		17,526	17,770	(1.4)	35,051	35,211	(0.5)

Notes:

(a) Net effect of tax adjustments

	Group 2Q FY2017 S$'000	Group 2Q FY2016 S$'000	+/(-) %	Group 1H FY2017 S$'000	Group 1H FY2016 S$'000	+/(-) %
Amortisation and write-off of borrowing transaction costs	205	225	(8.9)	427	448	(4.7)
Foreign exchange (gain)/loss	(30)	16	>(100.0)	(8)	22	>(100.0)
Manager's management fees in Units	929	553	68.0	1,836	1,192	54.0
Net change in fair value of investment properties and investment properties under development	4,847	11,076	(56.2)	4,847	11,076	(56.2)
Net change in fair value of derivative financial instruments	91	(264)	>(100.0)	556	(7)	>(100.0)
Net tax adjustment on foreign sourced income	600	594	1.0	1,185	1,190	(0.4)
Proceeds from insurance claims	-	-	-	(2,330)	-	NM
Temporary differences and other tax adjustments	692	450	53.8	541	813	(33.5)
Net effect of tax adjustments	7,334	12,650	(42.0)	7,054	14,734	(52.1)

NM: not meaningful.

(b) Other adjustments comprised primarily the net accounting results of the Trust's subsidiaries.

(c) The Trust's distribution policy is to distribute at least 90.0% of the Trust's Singapore taxable income for the full financial year. For 2Q FY2017, the Manager has resolved to distribute 98.8% of the Singapore taxable income available for distribution to the Unitholders.

(d) This relates to tax-exempt income arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

(e) This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

1(b)(i) Statements of Financial Position as at 30 September 2016 vs. 31 March 2016

	Note	Group 30 Sep 2016 S$'000	Group 31 Mar 2016 S$'000	+/(-) %	Trust 30 Sep 2016 S$'000	Trust 31 Mar 2016 S$'000	+/(-) %
Non-current assets							
Investment properties	(a)	1,168,100	1,172,400	(0.4)	1,168,100	1,172,400	(0.4)
Investment properties under development	(b)	63,969	44,900	42.5	63,969	44,900	42.5
Subsidiaries	(c)	-	-	-	85,200	85,200	-
Joint venture	(d)	227,294	225,213	0.9	-	-	-
Trade and other receivables	(e)	2,725	2,719	0.2	2,725	2,719	0.2
		1,462,088	1,445,232	1.2	1,319,994	1,305,219	1.1
Current assets							
Trade and other receivables	(e)	7,703	6,731	14.4	6,815	5,599	21.7
Cash and cash equivalents	(f)	6,570	7,490	(12.3)	6,002	7,385	(18.7)
		14,273	14,221	0.4	12,817	12,984	(1.3)
Total assets		**1,476,361**	**1,459,453**	1.2	**1,332,811**	**1,318,203**	1.1
Non-current liabilities							
Trade and other payables	(g)	8,869	9,921	(10.6)	8,869	9,921	(10.6)
Interest-bearing borrowings	(h)	499,957	371,578	34.5	384,745	257,720	49.3
Derivative financial instruments	(i)	4,782	3,528	35.5	955	396	>100.0
Deferred tax liabilities	(j)	5,282	5,237	0.9	-	-	-
		518,890	390,264	33.0	394,569	268,037	47.2
Current liabilities							
Trade and other payables	(k)	22,127	28,430	(22.2)	20,968	27,397	(23.5)
Interest-bearing borrowings	(h)	-	99,906	(100.0)	-	99,906	(100.0)
Derivative financial instruments	(i)	128	132	(3.0)	128	132	(3.0)
		22,255	128,468	(82.7)	21,096	127,435	(83.4)
Total liabilities		**541,145**	**518,732**	4.3	**415,665**	**395,472**	5.1
Net assets		**935,216**	**940,721**	(0.6)	**917,146**	**922,731**	(0.6)
Represented by:							
Unitholders' funds		935,216	940,721	(0.6)	917,146	922,731	(0.6)
		935,216	**940,721**	(0.6)	**917,146**	**922,731**	(0.6)

Notes:

(a) The decrease in investment properties was primarily due to the revaluation deficit of S$4.8 million recognised in September 2016.

(b) Investment properties under development relates to the redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20. The redevelopment of 30 & 32 Tuas West Road would transform the property into a five-storey ramp-up warehouse facility with an expected gross floor area of approximately 288,177 square feet. This redevelopment is expected to complete in January 2017.

On 14 April 2016, the Manager also announced plans for the Trust's fourth redevelopment project which would transform two adjoining two-storey detached industrial spaces at 8 & 10 Tuas Avenue 20 into a versatile industrial facility with ramp and cargo lift access. This redevelopment would increase the gross floor area of the property by around 41,614 square feet.

(c) This relates to the Trust's interest in its wholly-owned subsidiaries, AACI REIT MTN, AIMS AMP Capital Industrial REIT (Australia) Trust and AACI REIT Opera Pte. Ltd.

(d) This relates to the Group's 49.0% interest in Macquarie Park Trust, the Australian unit trust which holds Optus Centre, located in Macquarie Park, NSW, Australia. The increase in the joint venture balances was mainly due to the strengthening of the Australian dollar against the Singapore dollar. As the cost of the Australian investment is substantially hedged through the use of Australian dollar denominated loans, there is a corresponding increase in interest-bearing borrowings of S$2.0 million (see note 1(b)(i)(h) below).

(e) Non-current trade and other receivables relate to the unamortised portion of the marketing services commission for leases with tenors of more than one year. Current trade and other receivables as at 30 September 2016 of S$7.7 million was S$1.0 million higher compared to balances as at 31 March 2016. The increase was mainly due to the timing of the collection of receivables from tenants.

(f) Cash and cash equivalents as at 30 September 2016 of S$6.6 million was S$0.9 million lower compared to balances as at 31 March 2016. This was partly attributable to the payment of retention sum of S$1.7 million for the redevelopment of Phase 2E and Phase 3 of 20 Gul Way. The property at 20 Gul Way obtained Certification of Statutory Completion on 29 June 2016.

(g) Non-current trade and other payables comprised rental deposits received from tenants with tenors of more than one year and retention sum of S$1.0 million (31 March 2016: S$1.7 million) relating to the redevelopment of 30 & 32 Tuas West Road.

(h) The increase in interest-bearing borrowings of the Group by S$28.5 million as at 30 September 2016 was mainly due to the net drawdown of S$26.5 million of the Trust's facilities to fund the redevelopment of 30 & 32 Tuas West Road and for working capital purposes as well as the increase in the Australian dollar denominated borrowings of S$2.0 million due to the strengthening of the Australian dollar against the Singapore dollar. Please refer to the details of interest-bearing borrowings in section 1(b)(ii).

On 25 July 2016, the Trust 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$100.0 million. The term loan facility was drawn down to redeem the S$100.0 million unsecured medium term notes ("Medium Term Notes") which matured on 8 August 2016.

(i) The derivative financial instruments as at 30 September 2016 were in relation to interest rate swap contracts with a total notional amount of S$258.7 million. As at 30 September 2016, approximately 67.5% of the Group's borrowings were on fixed rates taking into account (i) the interest rate swaps entered into and (ii) the Medium Term Notes. Under the interest rate swap contracts, the Group pays fixed interest rates of between 1.500% to 3.825% per annum and receives interest at the three-month Singapore dollar swap offer rate or at the three-month Australian bank bill swap bid rates, as the case may be. The increase in derivative financial instruments (non-current liability) was mainly attributable to the net change in fair value of Group's interest rate swaps which registered an unfavourable change during the period.

(j) This relates to the provision of deferred tax liabilities for the Trust's investment in Australia.

(k) Current trade and other payables as at 30 September 2016 included retention sums of S$1.0 million relating to the redevelopment of 30 & 32 Tuas West Road and development costs payable of S$2.7 million relating to the redevelopment of 30 & 32 Tuas West Road and 8 &10 Tuas Avenue 20 (31 March 2016: included retention sum of S$1.7 million relating to the redevelopment of 20 Gul Way and development costs payable of S$6.5 million relating to the redevelopment of 30 & 32 Tuas West Road). These costs will be funded by the committed loan facilities of the Trust. As at 30 September 2016, the Group and the Trust have undrawn committed facilities of S$106.8 million to fulfil their liabilities as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group 30 Sep 2016 S$'000	Group 31 Mar 2016 S$'000	Trust 30 Sep 2016 S$'000	Trust 31 Mar 2016 S$'000
Interest-bearing borrowings				
Amount repayable within one year				
Unsecured				
Medium Term Notes	-	100,000	-	100,000
Less: Unamortised borrowing transaction costs	-	(94)	-	(94)
	-	99,906	-	99,906
Amount repayable after one year				
Secured				
Term loans	376,434	274,417	260,804	160,056
Revolving credit facility	45,500	19,000	45,500	19,000
Unsecured				
Medium Term Notes	80,000	80,000	80,000	80,000
	501,934	373,417	386,304	259,056
Less: Unamortised borrowing transaction costs	(1,977)	(1,839)	(1,559)	(1,336)
	499,957	371,578	384,745	257,720
Total	499,957	471,484	384,745	357,626

Details of borrowings and collateral

(a) Secured borrowings

(i) Secured debt facility and revolving credit facility of the Trust

The facility comprised:

- a three-year term loan facility of A$65.1 million to partially fund the 49.0% interest in Optus Centre, Macquarie Park, NSW, Australia;

- a four-year term loan facility of S$125.0 million to fund real estate development and/or acquisitions;
- a three-year revolving credit facility of S$120.0 million; and
- a four-year term loan facility of S$100.0 million to redeem the S$100.0 million unsecured Medium Term Notes which matured on 8 August 2016.

The details of the collateral for the facility are as follows:

- first legal mortgage over 13 investment properties of the Trust; and
- assignment of rights, title and interest in leases, insurances and rental proceeds of the related mortgaged investment properties.

(ii) Secured Australian dollar denominated term loan facility of a subsidiary

The syndicated debt facility comprised a A$110,655,000 five-year term loan facility to partially fund the acquisition of the 49.0% interest in Optus Centre.

The details of the collateral are as follows:

- first ranking general security agreement over the current and future assets and undertakings of AMP Capital AA REIT Investments (Australia) Pty Limited in its capacity as trustee of AA REIT Macquarie Park Investment Trust (an indirect wholly-owned subsidiary of the Trust) (the "Borrower"), including the Borrower's units in Macquarie Park Trust; and
- first ranking specific security agreement from AMP Capital Investors Limited in its capacity as trustee for AIMS AMP Capital Industrial REIT (Australia) Trust over the units of the Borrower and all present and future rights and property interests in respect of the units in the Borrower.

(b) Unsecured borrowings

On 25 July 2012, the Trust, through its subsidiary AACI REIT MTN, established a S$500 million Multi-currency Medium Term Note Programme ("MTN Programme").

As at 30 September 2016, S$80.0 million Medium Term Notes had been issued comprising:

(i) S$50.0 million five-year Medium Term Notes with a fixed rate of 3.80% per annum, payable semi-annually in arrears and will mature on 21 May 2019; and

(ii) S$30.0 million seven-year Medium Term Notes with a fixed rate of 4.35% per annum, payable semi-annually in arrears and will mature on 5 December 2019.

On 8 August 2016, AACI REIT MTN redeemed the S$100.0 million four-year Medium Term Notes with a fixed rate of 4.90% issued in August 2012, being the maturity date of the Medium Term Notes.

As at 30 September 2016, the Group and the Trust have undrawn committed facilities of S$106.8 million to fulfil their liabilities as and when they fall due.

1(b)(iii) Use of Proceeds from 2013 Placement and 2014 Rights Issue

On 2 May 2013, AA REIT issued 68,750,000 Units at an issue price of S$1.60 per Unit by way of private placement, raising gross proceeds of S$110.0 million ("2013 Placement"). 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").

Status report on the specific use of proceeds is as follows:

	2013 Placement S$ million	2014 Rights Issue S$ million
Gross Proceeds	110.0	99.9
Use of proceeds		
Development costs at 103 Defu Lane 10 and 20 Gul Way	98.5	-
Development costs at 30 & 32 Tuas West Road	-	35.4
Development costs at 8 & 10 Tuas Avenue 20	-	0.5
Repay outstanding borrowings	0.3	17.2
Issue expenses in relation to the 2013 Placement and 2014 Rights Issue	2.7	2.5
Asset enhancement initiatives	8.5	5.9
	110.0	61.5

The proceeds of the 2013 Placement have been fully utilised on 2 August 2016 for the payment of retention sum of S$1.7 million for the redevelopment of Phase 2E and Phase 3 of 20 Gul Way.

As at 30 September 2016, the balance proceeds of the 2014 Rights Issue was approximately S$38.4 million which was primarily used to temporarily repay outstanding borrowings pending the deployment of such funds for their intended use. The Trust intends to set aside approximately S$41.7 million and S$18.3 million from the existing loan facility to fund the proposed redevelopment at 30 & 32 Tuas West Road as well as 8 & 10 Tuas Avenue 20 progressively over the course of the construction.

The use of proceeds from the 2013 Placement and 2014 Rights Issue was in accordance with the stated use of proceeds and there is no material deviation from the percentage allocated as previously disclosed.

1(c) Consolidated Statements of Cash Flows

	Group 2Q FY2017 S$'000	Group 2Q FY2016 S$'000	Group 1H FY2017 S$'000	Group 1H FY2016 S$'000
Cash flows from operating activities				
Total return after income tax	10,376	19,061	29,138	34,676
Adjustments for:				
Share of results of joint venture (net of tax)	(3,320)	(18,855)	(6,925)	(22,510)
Borrowing costs	4,558	5,039	9,502	10,101
Foreign exchange (gain)/loss	(30)	9	(5)	23
Manager's management fees in Units	929	553	1,836	1,192
Net change in fair value of derivative financial instruments	91	(264)	556	(7)
Net change in fair value of investment properties	4,847	11,076	4,847	11,076
Income tax expense	464	2,363	440	2,924
Operating income before working capital changes	**17,915**	**18,982**	**39,389**	**37,475**
Changes in working capital				
Trade and other receivables	139	1,328	(906)	(85)
Trade and other payables	366	254	(814)	(249)
Income tax paid	(246)	(196)	(395)	(375)
Net cash from operating activities	**18,174**	**20,368**	**37,274**	**36,766**
Cash flows from investing activities				
Capital expenditure on investment properties and investment properties under development	(13,636)	(849)	(25,446)	(4,346)
Distributions from a joint venture	3,658	3,606	7,264	7,208
Net cash (used in)/from investing activities	**(9,978)**	**2,757**	**(18,182)**	**2,862**
Cash flows from financing activities				
Borrowing costs paid	(5,828)	(5,189)	(10,239)	(9,610)
Distributions to Unitholders	(17,550)	(16,888)	(36,291)	(32,202)
Proceeds from interest-bearing borrowings	121,865	-	143,823	-
Repayments of interest-bearing borrowings	(110,365)	-	(117,323)	-
Issue expenses paid	-	-	-	(30)
Net cash used in financing activities	**(11,878)**	**(22,077)**	**(20,030)**	**(41,842)**
Net (decrease)/increase in cash and cash equivalents	**(3,682)**	**1,048**	**(938)**	**(2,214)**
Cash and cash equivalents at beginning of the period	**10,209**	**6,827**	**7,490**	**10,111**
Effect of exchange rate fluctuation	43	(61)	18	(83)
Cash and cash equivalents at end of the period	**6,570**	**7,814**	**6,570**	**7,814**

1(c)(a) Significant non-cash transactions

(i) On 25 May 2016, the Trust issued an aggregate 1,089,469 new Units amounting to S$1.5 million as payment for the performance component of the Manager's management fees incurred for the year ended 31 March 2016.

(ii) On 28 July 2016, Trust issued an aggregate of 834,372 new Units amounting to S$1.1 million as partial payment for the base fee element of the Manager's management fees incurred. Please refer to details in section 1(d)(iii).

1(d)(i) Statements of Movements in Unitholders' Funds (2Q FY2017 vs. 2Q FY2016)

	Group 2Q FY2017 S$'000	Group 2Q FY2016 S$'000	Trust 2Q FY2017 S$'000	Trust 2Q FY2016 S$'000
Balance at beginning of the period	939,800	965,512	925,463	966,187
Operations				
Total return after income tax	10,376	19,061	8,280	8,136
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	1,616	(751)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	21	(1,098)	-	-
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Manager's management fees	929	553	929	553
- Distribution reinvestment plan	-	626	-	626
Distributions to Unitholders	(17,526)	(17,441)	(17,526)	(17,441)
Change in Unitholders' funds resulting from Unitholders' transactions	(16,597)	(16,262)	(16,597)	(16,262)
Total (decrease)/increase in Unitholders' funds	(4,584)	950	(8,317)	(8,126)
Balance at end of the period	935,216	996,462	917,146	958,061

1(d)(ii) Statements of Movements in Unitholders' Funds (1H FY2017 vs. 1H FY2016)

	Group 1H FY2017 S$'000	Group 1H FY2016 S$'000	Trust 1H FY2017 S$'000	Trust 1H FY2016 S$'000
Balance at beginning of the period	940,721	962,095	922,731	963,073
Operations				
Total return after income tax	29,138	34,676	28,848	24,768
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	429	(1,021)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(639)	492	-	-
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Manager's management fees	1,836	1,192	1,836	1,192
- Distribution Reinvestment Plan	-	3,632	-	3,632
- Property Manager's fees	-	1,232	-	1,232
Distributions to Unitholders	(36,269)	(35,806)	(36,269)	(35,806)
Issue expenses	-	(30)	-	(30)
Change in Unitholders' fund resulting from Unitholders' transactions	(34,433)	(29,780)	(34,433)	(29,780)
Total (decrease)/increase in Unitholders' funds	(5,505)	4,367	(5,585)	(5,012)
Balance at end of the period	935,216	966,462	917,146	958,061

1(d)(iii) Details of any change in the Units

	Note	Trust 2Q FY2017 Units '000	Trust 2Q FY2016 Units '000	Trust 1H FY2017 Units '000	Trust 1H FY2016 Units '000
Units in issue at beginning of the period		636,456	633,780	635,366	628,935
<u>Issue of new Units relating to:</u>					
- Manager's performance fees	(a)	-	-	1,090	1,992
- Manager's management fees	(b)	834	428	834	428
- Property Manager's fees		-	-	-	824
- Distribution Reinvestment Plan		-	434	-	2,463
Units in issue at end of the period		637,290	634,642	637,290	634,642
<u>Units to be issued</u>:					
Manager's management fees	(c)	650	391	650	391
Total Units in issue and to be issued at end of the period		637,940	635,033	637,940	635,033

(a) On 25 May 2016, the Trust issued 1,089,469 new Units at an issue price of S$1.3396 per Unit as payment for the performance component of the Manager's management fees for the year ended 31 March 2016.

(b) On 28 July 2016, the Trust issued 834,372 Units at an issue price of S$1.3478 to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2016 to 30 June 2016.

(c) The new Units to be issued relate to 650,229 Units to be issued to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2016 to 30 September 2016.

The issue price for management fees paid/payable in Units was determined based on the volume weighted average traded price for a Unit for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant period in which the fees accrue.

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 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 of the current period are consistent with those applied in the audited financial statements for the year ended 31 March 2016.

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 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.

	Group 2Q FY2017	**Group 2Q FY2016**	**Group 1H FY2017**	**Group 1H FY2016**
Weighted average number of Units ('000)	637,052	634,194	636,434	632,222
Earnings per Unit (cents) - basic and diluted	**1.63**	**3.01**	**4.58**	**5.48**

EPU was lower in 2Q FY2017 vis-à-vis 2Q FY2016 mainly due to share of revaluation surplus recognised from the valuation of Optus Centre in the corresponding quarter of the previous year.

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

	Group 2Q FY2017	Group 2Q FY2016	Group 1H FY2017	Group 1H FY2016
Number of Units in issue at end of period ('000)	637,290	634,642	637,290	634,642
Distribution per Unit (cents)	**2.75**	**2.80**	**5.50**	**5.55**

7 Net asset value / Net tangible asset per Unit based on issued Units at the end of the period

	Group 30 Sep 2016 S$	Group 31 Mar 2016 S$	Trust 30 Sep 2016 S$	Trust 31 Mar 2016 S$
Net asset value / net tangible asset per Unit[4]	1.4660	1.4777	1.4377	1.4494

8 Review of the performance

	Group 2Q FY2017 S$'000	Group 1Q FY2017 S$'000	Group 2Q FY2016 S$'000	Group 1H FY2017 S$'000	Group 1H FY2016 S$'000
Gross revenue	29,910	29,234	31,259	59,144	61,555
Property operating expenses	(10,644)	(8,829)	(10,562)	(19,473)	(20,653)
Net property income	19,266	20,405	20,697	39,671	40,902
Foreign exchange gain/(loss)	30	(25)	(9)	5	(23)
Interest and other income	12	2,344	26	2,356	59
Borrowing costs	(4,558)	(4,944)	(5,039)	(9,502)	(10,101)
Manager's management fees	(1,858)	(1,819)	(1,836)	(3,677)	(3,656)
Other trust expenses	(434)	(363)	(458)	(797)	(1,022)
Non-property expenses	(6,850)	(7,126)	(7,333)	(13,976)	(14,779)
Net income before joint venture's results	12,458	15,598	13,381	28,056	26,159
Share of results of joint venture (net of tax)	3,320	3,605	18,855	6,925	22,510
Net income	15,778	19,203	32,236	34,981	48,669
Distribution to Unitholders	17,526	17,525	17,770	35,051	35,211

Review of the performance for 2Q FY2017 vs. 1Q FY2017

Gross revenue for 2Q FY2017 of S$29.9 million was S$0.4 million lower compared to the gross revenue for 1Q FY2017 of S$30.3 million (excluding property tax refund of S$1.1 million)[5]. This was mainly due to lower rental contributions from the properties at 61 Yishun Industrial Park A, 103 Defu Lane 10 and 27 Penjuru Lane.

4 Based on Units in issue and to be issued at the end of the period.
5 For 1Q FY2017, the gross revenue of S$29.2 million included a property tax refund of S$1.1 million for 23 Tai Seng Drive for the period from 1 January 2012 to 31 March 2016. The property tax refund was due to the change in annual value of property assessed by Inland Revenue Authority of Singapore ("IRAS") which was refunded to two tenants of the property. Excluding this additional property tax refund, the gross revenue and property operating expenses would have been S$30.3 million and S$9.9 million respectively.

Property expenses for 2Q FY2017 of S$10.6 million were S$0.7 million higher than the property expenses for 1Q FY2017 of S$9.9 million (excluding property tax refund of S$1.1 million)[5], mainly due to higher expenditure to maintain the properties.

Net property income for 2Q FY2017 stood at S$19.3 million.

Borrowing costs for 2Q FY2017 of S$4.6 million were S$0.4 million lower than the borrowing costs in the preceding quarter. This was mainly due to lower interest costs incurred on the new S$100.0 million four-year term loan facility which was drawn down to redeem the S$100.0 million unsecured Medium Term Notes which matured in August 2016.

The distribution to Unitholders for 2Q FY2017 stood at S$17.5 million, which was comparable to the distribution to the Unitholders for 1Q FY2017.

Review of the performance for 2Q FY2017 vs. 2Q FY2016

Gross revenue for 2Q FY2017 of S$29.9 million was S$1.3 million lower compared to the gross revenue of 2Q FY2016 of S$31.2 million. This was mainly due to lower rental contributions for the properties at 27 Penjuru Lane, 8 &10 Pandan Crescent and 11 Changi South Street 3 as well as the loss in revenue due to the redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20.

Property expenses for 2Q FY2017 of S$10.6 million were comparable to the property expenses for 2Q FY2016.

Net property income for 2Q FY2017 stood at S$19.3 million, which was S$1.4 million lower compared to 2Q FY2016 which was in line with lower gross revenue.

Borrowing costs for 2Q FY2017 of S$4.6 million were S$0.5 million lower than the borrowing costs for the corresponding quarter in the previous year. This was mainly due to lower interest costs incurred on the new S$100.0 million four-year term loan facility which was drawn down to redeem the S$100.0 million unsecured Medium Term Notes which matured in August 2016.

The share of results of joint venture (net of tax) was broadly in line with 2Q FY2016 except for the share of revaluation surplus of S$15.3 million recognised from the valuation of Optus Centre appraised by independent valuer, CBRE Valuations Pty Limited as at 30 September 2015.

The distribution to Unitholders for 2Q FY2017 stood at S$17.5 million, a decrease of S$0.2 million compared to 2Q FY2016.

Review of the performance for YTD FY2017 vs. YTD FY2016

The gross revenue achieved for YTD FY2017 of S$60.2 million[6] was S$1.3 million lower than the corresponding period in the previous year mainly due to lower rental contributions for the properties at 27 Penjuru Lane, 8 &10 Pandan Crescent and 11

[6] For YTD FY2017, the gross revenue of S$59.1 million included a property tax refund of S$1.1 million for 23 Tai Seng Drive for the period from 1 January 2012 to 31 March 2016. The property tax refund was due to the change in annual value of property assessed by Inland Revenue Authority of Singapore ("IRAS") which was refunded to two tenants of the property. Excluding this additional property tax refund, the gross revenue and property operating expenses would have been S$60.2 million and S$20.6 million respectively.

Changi South Street 3 and the loss in revenue due to the redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20. This was partially offset by higher rental and recoveries for the property at 29 Woodlands Industrial Park E1, rental escalation and higher recoveries for the property at 20 Gul Way and higher occupancy for the property at 1 Kallang Way 2A.

Property expenses for YTD FY2017 of S$20.6 million[6] were comparable to the property expenses for YTD FY2016.

Net property income for YTD FY2017 stood at S$39.7 million, which was S$1.2 million lower compared to YTD FY2016.

Borrowing costs for YTD FY2017 of S$9.5 million was S$0.6 million lower than the borrowing costs for the corresponding period in the previous financial year mainly attributed to lower interest costs incurred on the new S$100.0 million four-year term loan facility which was drawn down to redeem the S$100.0 million unsecured Medium Term Notes which matured in August 2016.

Other trust expenses for YTD FY2017 of S$0.8 million was lower compared to the corresponding period in the previous financial year mainly due to lower expenditure incurred on other trust expenses such as printing cost, cost associated with administering the distribution reinvestment plan and timing of expenses incurred.

The share of results of joint venture (net of tax) was broadly in line with YTD FY2016, except for the share of revaluation surplus of S$15.3 million recognised from the valuation of Optus Centre appraised by independent valuer, CBRE Valuations Pty Limited as at 30 September 2015.

The distribution to the Unitholders for YTD FY2017 stood at S$35.0 million, a decrease of S$0.2 million compared to YTD FY2016.

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

The possibility of Singapore's economy experiencing "some quarters of negative growth" cannot be ruled out even though the Government does not expect an outright recession.[7] Based on advance estimates, the Ministry of Trade and Industry ("MTI") announced on 14 October 2016[8] that the Singapore economy grew by 0.6% on a year-on-year basis in the third quarter of 2016, easing from the 2.0% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 4.1%, a reversal from the 0.2% growth in the preceding quarter.

On a year-on-year basis, the manufacturing sector contracted by 1.1% in the third quarter, reversing the 1.4% expansion in the previous quarter. The sector was primarily weighed down by a decline in the output of the transport engineering, biomedical manufacturing and general manufacturing clusters. The construction sector growth slowed marginally to 2.5% on a year-on-year basis in the third quarter, from 2.6% growth recorded in the previous quarter. The slowdown was due to a

7 Source: Channel News Asia online post titled "No recession but Singapore may see some quarters of negative growth:MTI" on 10 October 2016.
8 Source: www.mti.gov.sg.

sharper decline in private sector construction activities. The services producing industries recorded a slight contraction of 0.1% on a year-on-year basis in the third quarter, compared to the 1.2% growth in the preceding quarter. The growth was weighed down primarily by the wholesale & retail trade sectors. Within the sector, the wholesale trade segment contracted while the retail segment posted positive growth, bolstered by motor vehicle sales. Other services sectors such as accommodation, information & communications as well as education, health & social services remained resilient.

Based on JTC 2Q 2016 statistics released on 28 July 2016[9], overall occupancy rates of Singapore's industrial property market decreased to 89.4% from 90.1% in the preceding quarter. In 2Q 2016, the price and rental indices for the overall industrial property market fell by 2.3% and 1.7% respectively compared to the previous quarter. This is the fifth consecutive quarter where the price and rental indices have declined on both a year-on-year and a quarter-on-quarter basis, bringing the indices to 2012 levels. In the second half of 2016, about 1.6 million square metres ("sqm") of industrial space which includes 320,000 sqm of multiple-user factory space, is estimated to come on-stream. In 2017, an additional 2.0 million sqm of industrial space, which includes 490,000 sqm of multiple-user factory space, is expected to be completed. This is higher than the average annual supply and demand of around 1.8 million sqm and 1.2 million sqm respectively in the past 3 years.

The Group's portfolio occupancy remained healthy at 92.7% as at 30 September 2016 and continued to be above the industry average.

Outlook for financial year ending 31 March 2017

In the near term, the global economic outlook is likely to remain weak with investment demand in key advanced economies being sluggish, moderating growth in China, low oil prices and weaker global trade flows. The UK's vote to leave the European Union in June has also "dampened and added uncertainties" to global growth.[10]

Amidst the global uncertainties, the current capital structure of the Group is well positioned with a weighted average debt maturity of 2.4 years. Furthermore, 67.5% 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 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.

[9] Source: www.jtc.gov.sg.
[10] Source: Channel News Asia online post titled "No recession but Singapore may see some quarters of negative growth: MTI" on 10 October 2016.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes	
Name of distribution:	Forty-first distribution, for the period from 1 July 2016 to 30 September 2016	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.540 cents per Unit
	Tax-Exempt Income	0.124 cents per Unit
	Capital Distribution	0.086 cents per Unit
	Total	2.750 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

Taxable Income distributions are made out of AA REIT'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.

Tax-Exempt Income Distributions

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders.

Capital Distributions

Capital Distributions represent a return of capital to Unitholders for Singapore income tax purposes and are therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of AA REIT Units, the amount of capital distribution will be applied to reduce the cost base of their AA REIT Units for Singapore income tax purposes. 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:	Thirty-seventh distribution, for the period from 1 July 2015 to 30 September 2015	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.60 cents per Unit
	Tax-Exempt Income	0.02 cents per Unit
	Capital Distribution	0.18 cents per Unit
	Total	2.80 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

Taxable Income distributions are made out of AA REIT'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.

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Tax-exempt income distributions are exempt from tax in the hands of all Unitholders.

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Capital Distributions represent a return of capital to Unitholders for Singapore income tax purposes and are therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of AA REIT Units, the amount of capital distribution will be applied to reduce the cost base of their AA REIT Units for Singapore income tax purposes. Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution.

(c) Books closure date: 8 November 2016

(d) Date payable: 22 December 2016

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

Not applicable.

13 Interested Person Transactions

The Trust has not required nor obtained a general mandate from Unitholders for Interested Person Transactions.

14 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 AA REIT) which may render these interim financial statements 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
Chairman and Director

Koh Wee Lih
Director

15 Confirmation by the board pursuant to Rule 720(1) of the Listing Manual

The Manager confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of Listing Manual.

By Order of the Board

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

Koh Wee Lih
Chief Executive Officer
27 October 2016