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

Media Release

AIMS AMP Capital Industrial REIT achieves 2.7 per cent increase in DPU in 3Q FY2018

Singapore, 1 February 2018 – AIMS AMP Capital Industrial REIT Management Limited (the Manager) as manager of AIMS AMP Capital Industrial REIT (AA REIT) today announced a 2.7 per cent increase in Distribution Per Unit (DPU) from the preceding quarter to 2.62 cents for the quarter ended 31 December 2017 (3Q FY2018).

The third quarter DPU of 2.62 cents comprised (i) an advanced distribution of 1.91 cents per unit for the period from 1 October 2017 to 30 November 2017 which was paid on 17 January 2018 and (ii) a distribution of 0.71 cents per unit for the period from 1 December 2017 to 31 December 2017 to be paid on 22 March 2018.

The Manager's Chief Executive Officer, Koh Wee Lih said, "We are pleased to continue to drive stable returns for our Unitholders. We remain focused on active asset and lease management to future-proof the REIT, while navigating the soft market conditions. As part of this strategy, we are constantly evaluating our assets and identifying opportunities to build a higher quality portfolio and unlock further value for our unitholders."

During the quarter, the Manager successfully executed 29 new and renewal leases, representing 71,561.8 sqm (10.9 per cent of total net lettable area). Portfolio occupancy is at 88.4 per cent as at 31 December 2017.

AA REIT's redevelopment at 8 Tuas Avenue 20 which achieved its Temporary Occupation Permit (TOP) on 29 August 2017 is now 83.7 per cent occupied. Meanwhile, rental income will commence in the first quarter of FY2019 for AA REIT's completed greenfield build-to-suit development at 51 Marsiling Road.

In line with AA REIT's capital recycling strategy, the Manager recently announced the divestment of its smallest property at 10 Soon Lee Road for S$8.17 million, at an approximate 28 per cent premium over the property's latest valuation of S$6.4 million[1].

Mr Koh added, "To support the strategy, AA REIT will also continue to prudently manage capital and risks to optimise returns for our investors."

During the quarter, AA REIT successfully raised gross proceeds of approximately S$55 million through a private placement. The proceeds were used to repay AA REIT's existing borrowings to reduce aggregate leverage and create additional debt headroom for future potential acquisitions, asset enhancement initiatives and/or other development opportunities that may be identified by the Manager as well as for the balance payments on AA REIT's recent development projects. AA REIT's aggregate leverage fell from 37.3 per cent as at 30 September 2017 to 33.8 per cent as at 31 December 2017 following the private placement.

[1] Valuation as at 30 September 2017 appraised by CBRE Pte. Ltd.

As at 31 December 2017, AA REIT's weighted average debt maturity is at 2.1 years with no debt due for refinancing until November 2018. 88.7 per cent of AA REIT's borrowings were on fixed rates taking into account the interest rate swaps and fixed rate notes. Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) is at 3.6 per cent.

Key operational highlights for 3Q FY2018 are:

- Delivered DPU of 2.62 cents for the quarter (2.7 per cent increase from the preceding quarter);
- Portfolio occupancy of 88.4 per cent as at 31 December 2017;
- Executed 29 new and renewal leases in 3Q FY2018, representing 71,561.8 sqm (10.9 per cent of total net lettable area);
- AA REIT's redevelopment at 8 Tuas Avenue 20 which achieved its TOP on 29 August 2017 is now 83.7 per cent occupied (up from 43.4 per cent a quarter ago);
- 51 Marsiling Road, AA REIT's first greenfield build-to-suit development which received its TOP on 27 October 2017 has been fully leased to manufacturer, Beyonics International Pte Ltd for a term of 10 years with rent escalations. Rental income will commence in first quarter of FY2019;
- As part of AA REIT's capital recycling strategy, AA REIT announced the divestment of its smallest asset – 10 Soon Lee Road for S$8.17 million (28 per cent premium over latest valuation of S$6.4 million[1]).

For the third quarter of FY2018, the Manager achieved the following financial performance metrics:

- 88.7 per cent of the portfolio's interest rate is fixed taking into account interest rate swaps and fixed rate notes;
- Overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.6 per cent;
- Successfully raised gross proceeds of approximately S$55 million through a private placement. The proceeds were used to repay AA REIT's existing borrowings to reduce aggregate leverage and create additional debt headroom for future potential acquisitions, asset enhancement initiatives and/or other development opportunities that may be identified by the Manager as well as for the balance payments on AA REIT's recent development projects;
- Aggregate leverage as at 31 December 2017 is at 33.8 per cent;
- Weighted average debt maturity of 2.1 years with no debt due for refinancing until November 2018.

Outlook

The MTI expected the economy to grow by 3 per cent to 3.5 per cent in 2017 and by 1.5 per cent to 3.5 per cent in 2018. Alongside an electronics surge and external growth, the property sector was ranked among the top three upside factors for the economy in 2018 according to the Monetary Authority of Singapore's Survey of Professional Forecasters. However, UOB economist highlighted that 2018 is certainly more optimistic but caution remains due to some risk factors that could be potential headwinds for economic growth. These includes slowdown in China's investment, current high US equity valuations and the higher interest rates in the US from the continuation of the interest rate normalisation may result in negative wealth effects should there be a sharp pullback in the asset markets and potential risk of tax hike in the Goods & Services tax in Singapore resulting in a dampening effect on 2018 economic growth and generating higher inflation.

In Singapore, the industrial oversupply situation will continue into 2018 that may continue to put downward pressure on rentals and occupancy.

AA REIT remains focused on active asset and lease management, and unlocking organic value within the portfolio through asset enhancement initiatives and redevelopments. AA REIT has completed the development project at 51 Marsiling Road which achieved its TOP on 27 October 2017 with rental income commencing in first quarter FY2019. The Group's weighted average debt maturity is at 2.1 years as at 31 December 2017 with no debt due for refinancing until November 2018. Furthermore, 88.7 per cent 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 to optimise the portfolio through sector and tenant diversification across its portfolio of 27 industrial properties.

Summary of AIMS AMP Capital Industrial REIT Group results

	Note	3Q FY2018	2Q FY2018	+/(-)	3Q FY2017	+/(-)	YTD FY2018	YTD FY2017	+/(-)
		S$'000	S$'000	%	S$'000	%	S$'000	S$'000	%
Gross revenue	(a)	28,867	29,514	(2.2)	30,369	(4.9)	88,884	89,513	(0.7)
Net property income	(a)	19,233	19,396	(0.8)	19,789	(2.8)	58,748	59,460	(1.2)
Share of results of joint venture (net of tax)	(a)	3,654	3,740	(2.3)	3,714	(1.6)	11,055	10,639	3.9
Distributions to Unitholders	(b)	17,076	16,320	4.6	17,691	(3.5)	49,395	52,742	(6.3)
Distribution per Unit ("DPU") (cents)	(c)	2.62	2.55	2.7	2.77	(5.4)	7.67	8.27	(7.3)

Notes:

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

(b) The Manager resolved to distribute S$17.1 million for 3Q FY2018, comprising (i) taxable income of S$15.2 million from Singapore operations; and (ii) tax-exempt income distribution of S$0.7 million and capital distribution of S$1.2 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 per cent of the Trust's Singapore taxable income for the full financial year. For 3Q FY2018, the Manager has resolved to distribute 94.5 per cent of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) of AA REIT's unaudited financial statement for the distribution statement.

(c) Distribution to Unitholders for 3Q FY2018 comprises the following:-

	DPU (Cents)	S$'000
Advanced distribution for the period from 1 October 2017 to 30 November 2017	1.91	12,224
Distribution for the period from 1 December 2017 to 31 December 2017	0.71	4,852
	2.62	17,076

Distribution and Books Closure Date

Distribution	For 1 October 2017 to 30 November 2017	For 1 December 2017 to 31 December 2017
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[2]	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[2]
Distribution Rate	(a) Taxable Income Distribution: 1.67 cents per Unit (b) Tax-Exempt Income Distribution: 0.09 cents per Unit (c) Capital Distribution[2]: 0.15 cents per Unit 1.91 cents per Unit	(a) Taxable Income Distribution: 0.66 cents per Unit (b) Tax-Exempt Income Distribution: 0.02 cents per Unit (c) Capital Distribution[2]: 0.03 cents per Unit 0.71 cents per Unit
Books Closure Date	30 November 2017	9 February 2018
Payment Date	17 January 2018	22 March 2018

For enquiries, kindly contact:

Media contacts:
Unice Liu / Yun Han Wong
Baldwin Boyle Shand
Tel: +65 6239 4111 / 6239 4109
Email: unice.liu@bbspr.com.sg
yunhan.wong@bbspr.com.sg

Investor contact:
Joanne Loh
Assistant Fund Manager
Tel: + 65 6309 1050
Email: investorrelations@aimsampcapital.com

Important Notice

The value of units of AIMS AMP Capital Industrial REIT ("**AA REIT**") ("**Units**") and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, AIMS AMP Capital Industrial REIT Management Limited ("**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 Singapore Exchange Securities Trading Limited (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 the Manager, 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

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

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 ("**AIMS**") 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 27 industrial properties, 26 of which are located throughout Singapore (including 1 greenfield development at Marsiling) with a total value of S$1.21 billion based on valuations obtained as at 31 March 2017. AA REIT also has 49.0% interest in one business park property, Optus Centre, which is located in Macquarie Park, New South Wales, Australia, and is valued at A$445.0 million as at 31 March 2017.

About AIMS Financial Group

Established in 1991, AIMS is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment, private equity, venture capital, stock broking and high-tech investment. AIMS is also a strategic investor in the Sydney Stock Exchange.

Since 1999, AIMS has raised more than A$4.0 billion in funds from the capital markets. AIMS has issued approximately A$3.0 billion of residential mortgage-backed securities, predominantly rated AAA by both Standard & Poor's and Fitch Ratings and has originated over A$8.0 billion mortgages since 1991.

AIMS has actively introduced a number of international investors into the Australian market and to date has attracted in excess of A$1.0 billion of investment funding into Australia from overseas investors. AIMS is the investment manager for AIMS' funds, which amount to circa A$2.0 billion as at 30 November 2016.

During the global financial crisis ("**GFC**"), AIMS expanded its activities and acquired three businesses at a time when many other businesses were experiencing immense difficulties.

Since the GFC in 2009, AIMS has completed total asset acquisition and investment volumes of over A$2.0 billion.

AIMS' head office is in Sydney and it has businesses across Australia, China, Hong Kong and Singapore. Its highly qualified, professional and experienced cross-cultural teams enable AIMS to bridge the gap between Australia and Asia across various sectors.

About AMP Capital

AMP Capital is one of the largest investment managers in the Asia Pacific region. As part of the AMP Group, we share a heritage that spans over 160 years.

A home strength in Australia and New Zealand has enabled AMP Capital to grow internationally, and today has operations established in Dubai, China, Hong Kong, India, Ireland, Japan, Luxembourg, the United Kingdom and the United States. AMP Capital also collaborates with a network of global investment partners, leveraging the shared capabilities to provide greater access to new investment opportunities.

AMP Capital's asset class specialists, investment strategists and economists work together with the aim of delivering strong investment outcomes for clients. That is why AMP Capital's clients trust AMP Capital to invest over A$165.4 billion (as at 31 December 2016) on their behalf, across a range of single sector and diversified funds.