AIMS 宝泽 AMP CAPITAL AIMS AMP CAPITAL INDUSTRIAL REIT	**AIMS AMP CAPITAL INDUSTRIAL REIT UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT SECOND QUARTER ENDED 30 SEPTEMBER 2018 ("2Q FY2019")**

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. AA REIT is externally managed by AIMS AMP Capital Industrial REIT Management Limited (the "Manager"). 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 FY2019	1Q FY2019	+/(-)	2Q FY2018	+/(-)	1H FY2019	1H FY2018	+/(-)
		S$'000	S$'000	%	S$'000	%	S$'000	S$'000	%
Gross revenue	(a)	29,416	28,925	1.7	29,514	(0.3)	58,341	60,017	(2.8)
Net property income	(a)	19,292	19,431	(0.7)	19,396	(0.5)	38,723	39,515	(2.0)
Share of results of joint venture (net of tax)	(a)	3,549	3,339	6.3	3,740	(5.1)	6,888	7,401	(6.9)
Distributions to Unitholders	(b)	17,139	17,139	-	16,320	5.0	34,278	32,319	6.1
Distribution per Unit ("DPU") (cents)		2.50	2.50	-	2.55	(2.0)	5.00	5.05	(1.0)

Notes:

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

(b) The Manager resolved to distribute S$17.1 million for 2Q FY2019, comprising (i) taxable income of S$15.8 million from Singapore operations; and (ii) tax-exempt income distribution of S$0.6 million and capital distribution of S$0.8 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 FY2019, the Manager has resolved to distribute 99.3% 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 2018 to 30 September 2018	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[3]	
Distribution Rate	(a) Taxable Income Distribution: (b) Tax-Exempt Income Distribution: (c) Capital Distribution[3]:	2.30 cents per Unit 0.09 cents per Unit 0.11 cents per Unit 2.50 cents per Unit
Books Closure Date	5 November 2018	
Payment Date	21 December 2018	

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

	Note	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	+/(-) %	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000	+/(-) %
Gross revenue	(a)	29,416	29,514	(0.3)	58,341	60,017	(2.8)
Property operating expenses	(a)	(10,124)	(10,118)	0.1	(19,618)	(20,502)	(4.3)
Net property income	(a)	19,292	19,396	(0.5)	38,723	39,515	(2.0)
Foreign exchange (loss)/gain		(89)	-*	>(100.0)	(84)	(12)	>100.0
Interest and other income	(b)	36	132	(72.7)	79	151	(47.7)
Borrowing costs	(a)	(4,583)	(4,882)	(6.1)	(9,404)	(9,643)	(2.5)
Manager's management fees		(1,857)	(1,860)	(0.2)	(3,695)	(3,682)	0.4
Other trust expenses	(a)	(570)	(524)	8.8	(1,021)	(865)	18.0
Non-property expenses		(7,010)	(7,266)	(3.5)	(14,120)	(14,190)	(0.5)
Net income before joint venture's results		12,229	12,262	(0.3)	24,598	25,464	(3.4)
Share of results of joint venture (net of tax)	(a),(c)	3,549	3,740	(5.1)	6,888	7,401	(6.9)
Net income		15,778	16,002	(1.4)	31,486	32,865	(4.2)
Net change in fair value of investment properties	(d)	1,811	(14,761)	>(100.0)	1,811	(14,761)	>(100.0)
Net change in fair value of derivative financial instruments	(e)	(1,499)	423	>(100.0)	(1,107)	(666)	66.2
Total return before income tax		16,090	1,664	>100.0	32,190	17,438	84.6
Income tax expense	(f)	(313)	(385)	(18.7)	(647)	(618)	4.7
Total return after income tax		15,777	1,279	>100.0	31,543	16,820	87.5

*: Less than S$1,000.

[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 2Q FY2018 included proceeds of S$0.1 million from insurance claim on capital item for the property at 1A International Business Park.

(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. The lower contribution in 2Q FY2019 and 1H FY2019 was mainly due to the strengthening of the Singapore Dollar against the Australian Dollar.

(d) Net change in fair value of investment properties of S$1.8 million for 2Q FY2019 relates to the revaluation of the Trust’s 24 investment properties which were valued as at 30 September 2018. The independent valuation of these properties were carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd. 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.

(e) This relates to changes in fair value due to the revaluation of certain interest rate swap contracts in accordance with Financial Reporting Standard (“FRS”) 109. Please refer to note (e) 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 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.

1(a)(ii) Distribution Statement

	Note	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	+/(-) %	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000	+/(-) %
Total return before income tax		16,090	1,664	>100.0	32,190	17,438	84.6
Net effect of tax adjustments	(a)	2,231	15,671	(85.8)	3,688	18,270	(79.8)
Other adjustments	(b)	(2,438)	(2,136)	14.1	(4,245)	(4,242)	0.1
Amount available for distribution from Singapore taxable income		15,883	15,199	4.5	31,633	31,466	0.5
Distribution from Singapore taxable income	(c)	15,768	15,040	4.8	31,467	30,399	3.5
Distribution from tax-exempt income	(d)	617	640	(3.6)	1,303	960	35.7
Capital distribution	(e)	754	640	17.8	1,508	960	57.1
Distributions to Unitholders		17,139	16,320	5.0	34,278	32,319	6.1

Notes:

(a) Net effect of tax adjustments

	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	+/(-) %	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000	+/(-) %
Amortisation and write-off of borrowing transaction costs	247	204	21.1	426	405	5.2
Foreign exchange loss/(gain)	97	(1)	>(100.0)	91	6	>100.0
Manager's management fees in Units	1,110	930	19.4	2,029	1,841	10.2
Net change in fair value of investment properties	(1,811)	14,761	>(100.0)	(1,811)	14,761	>(100.0)
Net change in fair value of derivative financial instruments	1,499	(423)	>(100.0)	1,107	666	66.2
Net tax adjustment on foreign sourced income	691	628	10.0	1,252	1,232	1.6
Proceeds from insurance claims	-	(114)	(100.0)	-	(114)	(100.0)
Temporary differences and other tax adjustments	398	(314)	>(100.0)	594	(527)	>(100.0)
Net effect of tax adjustments	2,231	15,671	(85.8)	3,688	18,270	(79.8)

(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 FY2019, the Manager has resolved to distribute 99.3% 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 2018 vs. 31 March 2018

	Note	Group 30 Sep 2018 S$'000	Group 31 Mar 2018 S$'000	+/(-) %	Trust 30 Sep 2018 S$'000	Trust 31 Mar 2018 S$'000	+/(-) %
Non-current assets							
Investment properties		1,213,400	1,210,100	0.3	1,213,400	1,210,100	0.3
Investment property under development	(a)	19,593	18,600	5.3	19,593	18,600	5.3
Subsidiaries	(b)	-	-	-	86,768	85,200	1.8
Joint venture	(c)	215,818	220,763	(2.2)	-	-	-
Trade and other receivables	(d)	4,233	3,569	18.6	4,233	3,569	18.6
Derivative financial instruments	(e)	758	512	48.0	758	512	48.0
		1,453,802	1,453,544	<0.1	1,324,752	1,317,981	0.5
Current assets							
Trade and other receivables	(d)	6,191	6,525	(5.1)	5,771	6,037	(4.4)
Cash and cash equivalents	(f)	14,013	17,550	(20.2)	12,531	16,281	(23.0)
		20,204	24,075	(16.1)	18,302	22,318	(18.0)
Total assets		**1,474,006**	**1,477,619**	(0.2)	**1,343,054**	**1,340,299**	0.2
Non-current liabilities							
Trade and other payables	(g)	11,004	9,735	13.0	11,004	9,735	13.0
Interest-bearing borrowings	(h)	442,161	305,043	45.0	334,348	305,043	9.6
Derivative financial instruments	(e)	1,531	95	>100.0	1,531	95	>100.0
Deferred tax liabilities	(i)	6,579	6,411	2.6	-	-	-
		461,275	321,284	43.6	346,883	314,873	10.2
Current liabilities							
Trade and other payables	(j)	24,121	28,094	(14.1)	22,982	26,885	(14.5)
Interest-bearing borrowings	(h)	49,957	188,164	(73.5)	49,957	76,882	(35.0)
Derivative financial instruments	(e)	-	1,118	(100.0)	-	-	-
		74,078	217,376	(65.9)	72,939	103,767	(29.7)
Total liabilities		**535,353**	**538,660**	(0.6)	**419,822**	**418,640**	0.3
Net assets		**938,653**	**938,959**	<(0.1)	**923,232**	**921,659**	0.2
Represented by:							
Unitholders' funds		938,653	938,959	<(0.1)	923,232	921,659	0.2
		938,653	**938,959**	<(0.1)	**923,232**	**921,659**	0.2

Notes:

(a) As at 30 September 2018, the investment property under development relates to the redevelopment of 3 Tuas Avenue 2. In 1Q FY2019, the Manager announced plans to redevelop the property into a modern and versatile ramp-up industrial facility suitable for both production and storage. Upon completion, the gross floor area of the property is expected to increase by 52% to approximately 24,890 square metres, improving the plot ratio from the current 0.92 to the maximum of 1.40 and will cost around S$48.2 million including land and associated costs. The redevelopment is targeted to be completed in the second half of 2019.

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

(c) 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 decrease in the joint venture balances was mainly due to the strengthening of the Singapore dollar against the Australian dollar. As the cost of the Australian investment is substantially hedged through the use of Australian dollar denominated loans, there is a corresponding decrease in Australian dollar interest bearing borrowings of S$3.4 million (see note 1(b)(i)(h) below).

(d) 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. The increase in the balances was mainly attributed to marketing services commission on new and renewal leases executed. Current trade and other receivables as at 30 September 2018 of S$6.2 million was S$0.3 million lower compared to balances as at 31 March 2018. The decrease was mainly due to the timing of billing and collection of receivables from tenants.

(e) The derivative financial instruments as at 30 September 2018 were in relation to interest rate swap contracts with a total notional amount of S$301.9 million. As at 30 September 2018, approximately 87.3% of the Group's borrowings were on fixed rates taking into account (i) the interest rate swap contracts entered into and (ii) the medium term notes ("Medium Term Notes"). Under the interest rate swap contracts, the Group pays fixed interest rates of between 1.57% to 2.82% per annum and receives interest at the three-month Singapore swap offer rate or at the three-month Australian bank bill swap bid rates, as the case may be. The changes in fair value were mainly due to the revaluation of the interest rate swap contracts in accordance with FRS 109.

(f) Cash and cash equivalents as at 30 September 2018 of S$14.0 million were S$3.5 million lower compared to balances as at 31 March 2018. This was mainly attributable to the payments for capital expenditure on investment properties and payments to fund the working capital requirements of the Trust.

(g) Non-current trade and other payables mainly comprised rental deposits received from tenants with tenors of more than one year. The increase in the balances was mainly attributed to rental deposits received on new leases executed.

(h) The current interest-bearing borrowings relate to the Trust's five-year Medium Term Notes of S$50.0 million which are due to mature in May 2019. On 29 June 2018, the Trust and its subsidiary executed a supplemental loan facility agreement with a syndicate of financial institutions to refinance the term loan facilities with a new four-year term loan facility of S$125.0 million and a new five-year term loan facility of A$110.0 million. The new facilities were drawn down on 25 July 2018 to refinance the secured facilities due in November 2018 and February 2019 respectively. Accordingly, the new term loans drawn down were reclassified from current interest-bearing borrowings to non-current interest-bearing borrowings as at 30 September 2018.

The total borrowings of the Group as at 30 September 2018 of S$492.1 million was S$1.1 million lower compared to balances as at 31 March 2018 mainly due to the decrease in the Australian dollar denominated borrowings as a result of the strengthening of the Singapore dollar against the Australian dollar (see note 1(b)(i)(c) above) which was largely offset by a net drawdown of S$4.0 million to fund the payment of retention sums and development costs of the Trust's recent development projects and other asset enhancement initiatives.

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

(j) Current trade and other payables as at 30 September 2018 included retention sum of S$1.4 million relating to the development of 8 Tuas Avenue 20 and greenfield development at 51 Marsiling Road as well as development cost payable relating to 8 Tuas Avenue 20 of S$0.4 million (31 March 2018: included retention sum of S$2.9 million relating to the development of 30 Tuas West Road, 8 Tuas Avenue 20 and greenfield development at 51 Marsiling Road as well as development cost payable relating to 8 Tuas Avenue 20 of S$0.9 million). The decrease was also attributed to the timing of the payments of trade payables. As at 30 September 2018, the Group and the Trust had undrawn committed facilities of S$153.0 million to fulfil their liabilities as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group 30 Sep 2018 S$'000	Group 31 Mar 2018 S$'000	Trust 30 Sep 2018 S$'000	Trust 31 Mar 2018 S$'000
Interest-bearing borrowings				
Amount repayable within one year				
Secured				
Term loans	-	188,427	-	77,000
Unsecured				
Medium Term Notes	50,000	-	50,000	-
	50,000	188,427	50,000	77,000
Less: Unamortised borrowing transaction costs	(43)	(263)	(43)	(118)
	49,957	188,164	49,957	76,882
Amount repayable after one year				
Secured				
Term loans	362,802	165,453	254,184	165,453
Revolving credit facility	2,000	11,000	2,000	11,000
	364,802	176,453	256,184	176,453
Unsecured				
Medium Term Notes	80,000	130,000	80,000	130,000
	444,802	306,453	336,184	306,453
Less: Unamortised borrowing transaction costs	(2,641)	(1,410)	(1,836)	(1,410)
	442,161	305,043	334,348	305,043
Total	492,118	493,207	384,305	381,925

Details of borrowings and collateral

(a) Secured borrowings

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

The facilities comprised:

- a four-year term loan facility of S$100.0 million maturing in August 2020;
- a three-year term loan facility of A$65.0 million maturing in November 2020, to partially fund the 49.0% interest in Optus Centre, Macquarie Park, NSW, Australia;
- a four-year revolving credit facility of S$120.0 million maturing in November 2021;
- a four-year term loan facility of S$125.0 million maturing in July 2022, to fund real estate development and/or acquisitions; and
- a five-year term loan facility of A$110.0 million maturing in July 2023, to partially fund the 49.0% interest in Optus Centre, Macquarie Park, NSW, Australia.

The details of the collateral for the secured debt facilities and revolving credit facility of the Trust and its subsidiary are as follows:

- first legal mortgage over 15 investment properties of the Trust (with two as mortgages-in-escrow);
- assignment of rights, benefits, title and interest in, *inter alia*, the building agreement and leases of two investment properties of the Trust;
- assignment of rights, benefits, title and interest in the property management agreements, insurances and tenancy agreements, sale agreements and performance guarantees (including sale proceeds and rental proceeds) of the mortgaged 15 investment properties of the Trust; and
- first ranking specific security agreement over the bank account and units in Macquarie Park Trust held by 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).

(b) Unsecured borrowings

On 25 July 2012, the Trust, through its subsidiary AACI REIT MTN, established a S$500 million MTN Programme.

As at 30 September 2018, S$130.0 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;

(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; and

(iii) S$50.0 million five-year Medium Term Notes with a fixed rate of 3.60% per annum, payable semi-annually in arrears and will mature on 22 March 2022.

1(b)(iii) Use of Proceeds from 2017 Private Placement

On 1 December 2017, AA REIT issued 42,145,000 Units at an issue price of S$1.305 per Unit by way of private placement ("2017 Placement"), raising gross proceeds of approximately S$55.0 million.

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

	2017 Placement S$ million
Gross Proceeds	55.0
Use of proceeds	
Repayment of outstanding borrowings	47.9
Asset enhancement initiatives and balance payments on recent development projects	6.1
Issue expenses in relation to the 2017 Placement	1.0
	55.0

During the quarter, the remaining proceeds of the 2017 Placement have been utilised for the partial payment of the retention sum for the greenfield build-to-suit development at 51 Marsiling Road and payments for other asset enhancement initiatives. Accordingly, all of the net proceeds of the 2017 Placement have been fully utilised.

The use of proceeds from the 2017 Placement 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 Statement of Cash Flows

	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000
Cash flows from operating activities				
Total return after income tax	15,777	1,279	31,543	16,820
Adjustments for:				
Share of results of joint venture (net of tax)	(3,549)	(3,740)	(6,888)	(7,401)
Borrowing costs	4,583	4,882	9,404	9,643
Foreign exchange loss/(gain)	89	-*	84	12
Manager's management fees in Units	1,110	930	2,029	1,841
Net change in fair value of investment properties	(1,811)	14,761	(1,811)	14,761
Net change in fair value of derivative financial instruments	1,499	(423)	1,107	666
Income tax expense	313	385	647	618
Operating income before working capital changes	**18,011**	**18,074**	**36,115**	**36,960**
Changes in working capital				
Trade and other receivables	652	383	(284)	(682)
Trade and other payables	497	646	(731)	1,500
Cash generated from operations	19,160	19,103	35,100	37,778
Income tax paid	(279)	(231)	(479)	(370)
Net cash from operating activities	**18,881**	**18,872**	**34,621**	**37,408**
Cash flows from investing activities				
Capital expenditure on investment properties and investment properties under development	(1,770)	(11,940)	(4,203)	(22,428)
Distributions from a joint venture	3,877	3,951	7,516	7,743
Net cash from/(used in) investing activities	**2,107**	**(7,989)**	**3,313**	**(14,685)**
Cash flows from financing activities				
Distributions to Unitholders	(17,162)	(16,091)	(34,401)	(33,848)
Proceeds from interest-bearing borrowings	203,063	16,000	214,063	35,500
Repayments of interest-bearing borrowings	(199,724)	(3,500)	(210,724)	(16,300)
Borrowing costs paid	(5,463)	(4,455)	(10,317)	(9,517)
Net cash used in financing activities	**(19,286)**	**(8,046)**	**(41,379)**	**(24,165)**
Net increase/(decrease) in cash and cash equivalents	**1,702**	**2,837**	**(3,445)**	**(1,442)**
Cash and cash equivalents at beginning of the period	**12,412**	**7,435**	**17,550**	**11,727**
Effect of exchange rate fluctuations on cash held	(101)	5	(92)	(8)
Cash and cash equivalents at end of the period	**14,013**	**10,277**	**14,013**	**10,277**

*: Less than S$1,000.

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

(i) On 11 July 2018, the Trust issued an aggregate of 1,328,323 new Units amounting to S$1.8 million as partial payment of the base fee element of the Manager's management fees incurred. Please refer to details in section 1(d)(iii).

(ii) On 11 July 2018, the Trust issued an aggregate of 785,445 new Units amounting to S$1.1 million to AIMS AMP Capital Property Management Pte. Ltd. (the "Property Manager") as payment for marketing services provided by the Property Manager in respect of securing tenants at various AA REIT's properties.

1(d)(i) Statements of Movements in Unitholders' Funds (2Q FY2019 vs. 2Q FY2018)

	Group 2Q FY2019 S$'000	Group 2Q FY2018 S$'000	Trust 2Q FY2019 S$'000	Trust 2Q FY2018 S$'000
Balance at beginning of the period	939,236	886,983	921,762	866,812
Operations				
Total return after income tax	15,777	1,279	17,565	1,295
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(1,254)	308	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	923	429	(66)	-
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Manager's management fees	1,110	930	1,110	930
Distributions to Unitholders	(17,139)	(15,999)	(17,139)	(15,999)
Change in Unitholders' funds resulting from Unitholders' transactions	(16,029)	(15,069)	(16,029)	(15,069)
Total (decrease)/increase in Unitholders' funds	(583)	(13,053)	1,470	(13,774)
Balance at end of the period	938,653	873,930	923,232	853,038

1(d)(ii) Statements of Movements in Unitholders' Funds (1H FY2019 vs. 1H FY2018)

	Group 1H FY2019 S$'000	Group 1H FY2018 S$'000	Trust 1H FY2019 S$'000	Trust 1H FY2018 S$'000
Balance at beginning of the period	938,959	888,447	921,659	867,220
Operations				
Total return after income tax	31,543	16,820	33,653	17,731
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(1,164)	(103)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	1,313	679	(82)	-
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Manager's management fees	2,029	1,841	2,029	1,841
- Property Manager's fees	1,087	-	1,087	-
Distributions to Unitholders	(35,114)	(33,754)	(35,114)	(33,754)
Change in Unitholders' fund resulting from Unitholders' transactions	(31,998)	(31,913)	(31,998)	(31,913)
Total (decrease)/increase in Unitholders' funds	(306)	(14,517)	1,573	(14,182)
Balance at end of the period	938,653	873,930	923,232	853,038

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

	Note	Trust 2Q FY2019 Units '000	Trust 2Q FY2018 Units '000	Trust 1H FY2019 Units '000	Trust 1H FY2018 Units '000
Units in issue at beginning of the period		683,452	638,658	683,452	638,658
Issue of new Units relating to:					
- Manager's management fees	(a)	1,328	1,322	1,328	1,322
- Property Manager's fees	(b)	786	-	786	-
Units in issue at end of the period		685,566	639,980	685,566	639,980
Units to be issued:					
Manager's base fees	(c)	786	652	786	652
Total Units in issue and to be issued at end of the period		686,352	640,632	686,352	640,632

(a) On 11 July 2018, the Trust issued an aggregate of 1,328,323 new Units at an average issue price of S$1.3779 to the Manager as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 January 2018 to 30 June 2018.

(b) On 11 July 2018, the Trust issued an aggregate of 785,445 new Units at an issue price of S$1.3841 to the Property Manager as payment for marketing services provided by the Property Manager in respect of securing tenants at various AA REIT's properties.

(c) The new Units to be issued relate to 786,551 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 2018 to 30 September 2018.

The issue price for management fees and marketing services 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation applied in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2018.

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.

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 April 2018. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

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

	Group 2Q FY2019	Group 2Q FY2018	Group 1H FY2019	Group 1H FY2018
Basic EPU				
Weighted average number of Units ('000)	685,336	639,592	684,399	639,128
Earnings per Unit (cents)	2.30	0.20	4.61	2.63
Diluted EPU				
Weighted average number of Units ('000)	685,565	639,815	684,514	639,240
Earnings per Unit (cents)	2.30	0.20	4.61	2.63

The basic EPU is computed using total return after tax over the weighted average number of Units issued for the period. The diluted EPU is computed using total return after tax over the weighted average number of Units issued for the period and adjusted for the effects of Units to be issued to the Manager as partial payment of the Manager's management fees incurred for the period from 1 July 2018 to 30 September 2018.

The increase in the EPU for the current period was mainly due to a larger net change in fair value of investment properties recorded in 2Q FY2018. 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.

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

	Group 2Q FY2019	Group 2Q FY2018	Group 1H FY2019	Group 1H FY2018
Number of Units in issue at end of period ('000)	685,566	639,980	685,566	639,980
Distribution per Unit (cents)	**2.50**	**2.55**	**5.00**	**5.05**

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

	Group 30 Sep 2018 S$	Group 31 Mar 2018 S$	Trust 30 Sep 2018 S$	Trust 31 Mar 2018 S$
Net asset value / net tangible asset per Unit[4]	1.37	1.37	1.35	1.35

4 Based on Units in issue and to be issued at the end of the period.

8 Review of the performance

	Group 2Q FY2019 S$'000	**Group 1Q FY2019 S$'000**	**Group 2Q FY2018 S$'000**	**Group 1H FY2019 S$'000**	**Group 1H FY2018 S$'000**
Gross revenue	29,416	28,925	29,514	58,341	60,017
Property operating expenses	(10,124)	(9,494)	(10,118)	(19,618)	(20,502)
Net property income	19,292	19,431	19,396	38,723	39,515
Foreign exchange (loss)/gain	(89)	5	-*	(84)	(12)
Interest and other income	36	43	132	79	151
Borrowing costs	(4,583)	(4,821)	(4,882)	(9,404)	(9,643)
Manager's management fees	(1,857)	(1,838)	(1,860)	(3,695)	(3,682)
Other trust expenses	(570)	(451)	(524)	(1,021)	(865)
Non-property expenses	(7,010)	(7,110)	(7,266)	(14,120)	(14,190)
Net income before joint venture's results	12,229	12,369	12,262	24,598	25,464
Share of results of joint venture (net of tax)	3,549	3,339	3,740	6,888	7,401
Net income	15,778	15,708	16,002	31,486	32,865
Distributions to Unitholders	17,139	17,139	16,320	34,278	32,319

*: Less than S$1,000.

Review of the performance for 2Q FY2019 vs. 1Q FY2019

The gross revenue achieved for 2Q FY2019 of S$29.4 million was S$0.5 million higher than that of 1Q FY2019. This was mainly due to first full quarter rental contribution from the recently completed property at 51 Marsiling Road which became income producing from 27 April 2018 and the increase in revenue contribution from 27 Penjuru Lane arising from higher occupancy rate.

Property operating expenses for 2Q FY2019 of S$10.1 million were S$0.6 million higher than the property expenses for 1Q FY2019 mainly due to an additional property tax of S$0.4 million recognised in this quarter for the period from 27 October 2017 to 30 September 2018 for the property at 51 Marsiling Road arising from the change in annual value assessed by the Inland Revenue Authority of Singapore.

Net property income for 2Q FY2019 stood at S$19.3 million, or S$0.1 million lower than 1Q FY2019.

Borrowing costs for 2Q FY2019 of S$4.6 million was S$0.2 million lower than borrowing costs for 1Q FY2019 mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019, respectively.

Other trust expenses for 2Q FY2019 of S$0.6 million was S$0.1 million higher than other trust expenses for 1Q FY2019 mainly due to costs associated with the administration of the distribution reinvestment plan.

The share of results of joint venture (net of tax) comprised the contribution from the Group's 49.0% interest in Optus Centre which is located in Macquarie Park, NSW, Australia. The share of results of joint venture (net of tax) for 2Q FY2019 was S$0.2 million higher than the share of results of joint venture (net of tax) for 1Q FY2019 mainly due to timing of recoverable expenses recovered from tenant.

Distributions to Unitholders for 2Q FY2019 stood at S$17.1 million, which was comparable to the distributions to Unitholders for 1Q FY2019.

Review of the performance for 2Q FY2019 vs. 2Q FY2018

Gross revenue for 2Q FY2019 of S$29.4 million was S$0.1 million lower than the gross revenue for 2Q FY2018. This was mainly due to lower rental contribution from 20 Gul Way (as two additional phases of the property reverted to multi-tenancy leases since September 2017), 27 Penjuru Lane and 1 Bukit Batok Street 22 as well as the loss of revenue from 10 Soon Lee Road following the divestment of the property on 29 March 2018. The drop was partially offset by maiden rental contribution from 51 Marsiling Road from 27 April 2018 and the rental contribution from 8 Tuas Avenue 20 as the property became income producing in 3Q FY2018.

Net property income for 2Q FY2019 stood at S$19.3 million, or S$0.1 million lower compared to 2Q FY2018.

Borrowing costs for 2Q FY2019 of S$4.6 million was S$0.3 million lower than borrowing costs for 2Q FY2018 mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019, respectively.

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. The lower contribution in 2Q FY2019 was mainly due to the strengthening of the Singapore Dollar against the Australian Dollar.

The distribution to Unitholders for 2Q FY2019 stood at S$17.1 million, an increase of S$0.8 million compared to 2Q FY2018 mainly due to temporary differences and other tax adjustments which resulted in lower Singapore taxable income in 2Q FY2018.

Review of the performance for 1H FY2019 vs. 1H FY2018

The gross revenue achieved for 1H FY2019 of S$58.3 million was S$1.7 million lower compared to the gross revenue for 1H FY2018 of S$60.0 million. This was mainly due to lower rental contribution from 20 Gul Way (as two additional phases of the property reverted to multi-tenancy leases since 30 September 2017), 27 Penjuru Lane and 1 Bukit Batok Street 22 as well as the loss of revenue from 10 Soon Lee Road following the divestment of the property on 29 March 2018. The drop was partially offset by maiden rental contribution from 51 Marsiling Road from 27 April 2018 and the rental contribution from 8 Tuas Avenue 20 as the property became income producing in 3Q FY2018.

Property operating expenses for 1H FY2019 of S$19.6 million were S$0.9 million lower than the property expenses for 1H FY2018 mainly due to lower costs incurred for the Group's portfolio of properties including lower costs incurred for 10 Soon Lee Road following its divestment on 29 March 2018 and lower costs incurred for 3 Tuas Avenue 2 following the commencement of the redevelopment in 1Q FY2019. This was being partially offset by higher property operating expenses at 51 Marsiling Road and 8 Tuas Avenue 20 which became income producing in 1Q FY2019 and 3Q FY2018 respectively.

Net property income for 1H FY2019 stood at S$38.7 million, or S$0.8 million lower compared to 1H FY2018.

Borrowing costs for 1H FY2019 of S$9.4 million was S$0.2 million lower than borrowing costs for the corresponding period in the previous year mainly due to the interest cost savings arising from the new secured loan facilities drawn down in July 2018 to refinance the secured loan facilities due in November 2018 and February 2019, respectively.

Other trust expenses for 1H FY2019 of S$1.0 million was S$0.2 million higher compared to the corresponding period in the previous financial year mainly due to costs associated with the administration of the distribution reinvestment plan.

Share of results of joint venture (net of tax) for 1H FY2019 of S$6.9 million was S$0.5 million lower compared to the corresponding period in the previous financial year mainly due to strengthening of Singapore dollar against Australian dollar.

Distributions to Unitholders for 1H FY2019 stood at S$34.3 million, an increase of S$2.0 million compared to 1H FY2018. This was mainly due to the partial retention of distribution to fund the working capital and/or capital expenditure requirements of the Trust as well as temporary differences and other tax adjustments which resulted in lower Singapore taxable income in 1H FY2018.

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

Based on advance estimates from the Ministry of Trade and Industry ("MTI") announced on 12 October 2018, the Singapore economy grew by 2.6% on a year-on-year ("y-o-y") basis in the third quarter of 2018 ("3Q 2018"), lower than the 4.1% growth in the second quarter of 2018 ("2Q 2018"). On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the Singapore economy expanded by 4.7%, faster than the 1.2% growth in the preceding quarter. The Singapore manufacturing sector grew by 4.5% on a y-o-y basis in 3Q 2018, slower than the 10.6% growth in the previous quarter, with output expansions in the electronics, biomedical manufacturing and transport engineering clusters supporting most of the sector's growth. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector expanded at a faster pace of 7.6% compared to the 2.9% growth in the preceding quarter.

MTI announced on 13 August 2018 that it expects the economic growth forecast for 2018 to be maintained at "2.5% to 3.5%", after taking into account the global and domestic economic environment, as well as the performance of the Singapore economy in the first half of 2018. In addition, based on its Monetary Policy Statement announced on 12 October 2018, the Monetary Authority of Singapore expects Singapore's growth should come in within the upper half of MTI's forecast range in 2018.

Based on JTC Corporation's market report for 2Q 2018 released on 26 July 2018, the occupancy rate of Singapore's overall industrial property market declined slightly by 0.3 percentage point to 88.7% from the preceding quarter. On a y-o-y basis, the occupancy rate remained unchanged. In 2Q 2018, the price index for the overall industrial property market remained unchanged while the rental index fell marginally by 0.1% compared to the previous quarter. Compared to a year ago, the price and rental indices fell by 2.1% and 1.4%, respectively. As new supply is expected to taper in the coming years, prices and rentals should stabilise in tandem with occupancy rates.

The global economic growth remained firm in the first half of 2018. While the US continued to grow robustly supported by domestic demand, the Eurozone grew at a more moderate pace. Growth in both markets are expected to ease for the rest of 2018. In Asia, the People's Republic of China expanded at a slower pace in 2Q 2018 and growth is projected to ease further in the second half of 2018, while growth in key ASEAN economies is expected to remain firm for the rest of 2018. The Singapore economy is expected to moderate in the second half of 2018 in tandem with the growth outlook of Singapore's key final demand markets, including the US, Eurozone and regional economies. At the same time, uncertainties and downside risks in the global economy have increased, including escalating trade conflicts between the US and its key trading partners and expected rising of interest rates, which may continue to cloud the outlook for the Singapore manufacturing sector.

Against this external backdrop, AA REIT will continue to focus on active asset and lease management and to optimise its portfolio through sector and tenant diversification across its portfolio of 26 properties, supported by a prudent capital management approach.

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes	
Name of distribution:	Fiftieth distribution, for the period from 1 July 2018 to 30 September 2018	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.30 cents per Unit
	Tax-Exempt Income	0.09 cents per Unit
	Capital Distribution	0.11 cents per Unit
	Total	2.50 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.

The Manager has determined that the AA REIT Distribution Reinvestment Plan will apply to the distribution for the period from 1 July 2018 to 30 September 2018.The Distribution Reinvestment Plan provides Unitholders with an option to elect to receive fully paid Units in AA REIT in lieu of the cash amount of any distribution (including any interim, final, special or other distribution) which is declared on the holding of Units held by them after the deduction of any applicable income tax. The Unitholders will receive a copy of the Notice of Election for their distribution election. The pricing of the DRP Units issued will be announced by the Manager on or around 5 November 2018.

(b) Corresponding period of the immediately preceding period

Any distributions declared for the previous corresponding financial period:	Yes	
Name of distribution:	Forty-fifth distribution, for the period from 1 July 2017 to 30 September 2017	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.35 cents per Unit
	Tax-Exempt Income	0.10 cents per Unit
	Capital Distribution	0.10 cents per Unit
	Total	2.55 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.

(c) Books closure date: 5 November 2018

(d) Date payable: 21 December 2018

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
25 October 2018