AIMS 宝泽 | AMP CAPITAL

AIMS AMP CAPITAL INDUSTRIAL REIT

AIMS AMP CAPITAL INDUSTRIAL REIT UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT THIRD QUARTER ENDED 31 DECEMBER 2018 ("3Q 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	3Q FY2019	2Q FY2019	+/(-)	3Q FY2018	+/(-)	YTD FY2019	YTD FY2018	+/(-)
		S$'000	S$'000	%	S$'000	%	S$'000	S$'000	%
Gross revenue	(a)	29,819	29,416	1.4	28,867	3.3	88,160	88,884	(0.8)
Net property income	(a)	19,447	19,292	0.8	19,233	1.1	58,170	58,748	(1.0)
Share of results of joint venture (net of tax)	(a)	3,471	3,549	(2.2)	3,654	(5.0)	10,359	11,055	(6.3)
Distributions to Unitholders	(b)	17,218	17,139	0.5	17,076	0.8	51,496	49,395	4.3
Distribution per Unit ("DPU") (cents)	(c)	2.50	2.50	-	2.62[3]	(4.6)	7.50	7.67	(2.2)

Notes:

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

(b) The Manager resolved to distribute S$17.2 million for 3Q FY2019, comprising (i) taxable income of S$15.8 million from Singapore operations; and (ii) tax-exempt income distribution of S$0.9 million and capital distribution of S$0.5 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

[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.

[3] DPU for 3Q FY2018 comprised 1.91 cents advanced distribution for the period from 1 October 2017 to 30 November 2017 and 0.71 cents distribution for the period from 1 December 2017 to 31 December 2017 due to a private placement of 42,145,000 Units in December 2017.

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 3Q FY2019, the Manager has resolved to distribute 98.2% of the Singapore taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

Distribution and Books Closure Date

Distribution	For 1 October 2018 to 31 December 2018	
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution[4]	
Distribution Rate	(a) Taxable Income Distribution:	2.30 cents per Unit
	(b) Tax-Exempt Income Distribution:	0.13 cents per Unit
	(c) Capital Distribution[4]:	0.07 cents per Unit
		2.50 cents per Unit
Books Closure Date	14 February 2019	
Payment Date	29 March 2019	

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

	Note	Group 3Q FY2019 S$'000	Group 3Q FY2018 S$'000	+/(-) %	Group YTD FY2019 S$'000	Group YTD FY2018 S$'000	+/(-) %
Gross revenue	(a)	29,819	28,867	3.3	88,160	88,884	(0.8)
Property operating expenses	(a)	(10,372)	(9,634)	7.7	(29,990)	(30,136)	(0.5)
Net property income	(a)	19,447	19,233	1.1	58,170	58,748	(1.0)
Foreign exchange loss	(b)	(105)	(27)	>100.0	(189)	(39)	>100.0
Interest and other income	(c)	46	20	>100.0	125	171	(26.9)
Borrowing costs	(a)	(4,677)	(4,920)	(4.9)	(14,081)	(14,563)	(3.3)
Manager's management fees		(1,861)	(1,881)	(1.1)	(5,556)	(5,563)	(0.1)
Other trust expenses	(a)	(536)	(520)	3.1	(1,557)	(1,385)	12.4
Non-property expenses		(7,074)	(7,321)	(3.4)	(21,194)	(21,511)	(1.5)
Net income before joint venture's results		12,314	11,905	3.4	36,912	37,369	(1.2)
Share of results of joint venture (net of tax)	(a),(d)	3,471	3,654	(5.0)	10,359	11,055	(6.3)
Net income		15,785	15,559	1.5	47,271	48,424	(2.4)
Net change in fair value of investment properties	(e)	-	8,000	>(100.0)	1,811	(6,761)	>(100.0)
Net change in fair value of derivative financial instruments	(f)	(1,702)	330	>(100.0)	(2,809)	(336)	>100.0
Total return before income tax		14,083	23,889	(41.0)	46,273	41,327	12.0
Income tax expense	(g)	(160)	(226)	(29.2)	(807)	(844)	(4.4)
Total return after income tax		13,923	23,663	(41.2)	45,466	40,483	12.3

[4] 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) The foreign exchange loss mainly relates to the exchange differences on the Trust’s Australian distribution income and Australian dollar cash and cash equivalents.

(c) Interest and other income in YTD FY2018 included proceeds of S$0.1 million from insurance claim on capital item for the property at 1A International Business Park.

(d) 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 3Q FY2019 and YTD FY2019 was mainly due to the strengthening of the Singapore dollar against the Australian dollar.

(e) Net change in fair value of investment properties of S$8.0 million for 3Q FY2018 related to the surplus on revaluation of 51 Marsiling Road development upon obtaining Temporary Occupation Permit (“TOP”) on 27 October 2017. The independent valuation of the property was carried out by CBRE Pte. Ltd. as at 27 October 2017. 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.

(f) 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.

(g) 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 3Q FY2019 S$'000	Group 3Q FY2018 S$'000	+/(-) %	Group YTD FY2019 S$'000	Group YTD FY2018 S$'000	+/(-) %
Total return before income tax		14,083	23,889	(41.0)	46,273	41,327	12.0
Net effect of tax adjustments	(a)	4,408	(5,757)	>(100.0)	8,096	12,513	(35.3)
Other adjustments	(b)	(2,361)	(2,053)	15.0	(6,606)	(6,295)	4.9
Amount available for distribution from Singapore taxable income		16,130	16,079	0.3	47,763	47,545	0.5
Distribution from Singapore taxable income	(c)	15,841	15,198	4.2	47,308	45,597	3.8
Distribution from tax-exempt income	(d)	895	713	25.5	2,198	1,673	31.4
Capital distribution	(e)	482	1,165	(58.6)	1,990	2,125	(6.4)
Distributions to Unitholders		17,218	17,076	0.8	51,496	49,395	4.3

Notes:

(a) Net effect of tax adjustments

	Group 3Q FY2019 S$'000	Group 3Q FY2018 S$'000	+/(-) %	Group YTD FY2019 S$'000	Group YTD FY2018 S$'000	+/(-) %
Amortisation and write-off of borrowing transaction costs	184	193	(4.7)	610	598	2.0
Foreign exchange loss	109	44	>100.0	200	50	>100.0
Manager’s management fees in Units	1,118	940	18.9	3,147	2,781	13.2
Net change in fair value of investment properties	-	(8,000)	>(100.0)	(1,811)	6,761	>(100.0)
Net change in fair value of derivative financial instruments	1,702	(330)	>(100.0)	2,809	336	>100.0
Net tax adjustment on foreign sourced income	736	575	28.0	1,988	1,807	10.0
Proceeds from insurance claims	-	-	-	-	(114)	(100.0)
Temporary differences and other tax adjustments	559	821	(31.9)	1,153	294	>100.0
Net effect of tax adjustments	4,408	(5,757)	>(100.0)	8,096	12,513	(35.3)

(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 3Q FY2019, the Manager has resolved to distribute 98.2% 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 31 December 2018 vs. 31 March 2018

	Note	Group 31 Dec 2018 S$'000	Group 31 Mar 2018 S$'000	+/(-) %	Trust 31 Dec 2018 S$'000	Trust 31 Mar 2018 S$'000	+/(-) %
Non-current assets							
Investment properties		1,215,374	1,210,100	0.4	1,215,374	1,210,100	0.4
Investment property under development	(a)	21,452	18,600	15.3	21,452	18,600	15.3
Subsidiaries	(b)	-	-	-	87,339	85,200	2.5
Joint venture	(c)	210,016	220,763	(4.9)	-	-	-
Trade and other receivables	(d)	3,866	3,569	8.3	3,866	3,569	8.3
Derivative financial instruments	(e)	256	512	(50.0)	256	512	(50.0)
		1,450,964	1,453,544	(0.2)	1,328,287	1,317,981	0.8
Current assets							
Trade and other receivables	(d)	5,829	6,525	(10.7)	5,428	6,037	(10.1)
Cash and cash equivalents	(f)	13,445	17,550	(23.4)	12,065	16,281	(25.9)
		19,274	24,075	(19.9)	17,493	22,318	(21.6)
Total assets		**1,470,238**	**1,477,619**	(0.5)	**1,345,780**	**1,340,299**	0.4
Non-current liabilities							
Trade and other payables	(g)	11,381	9,735	16.9	11,381	9,735	16.9
Interest-bearing borrowings	(h)	409,578	305,043	34.3	304,736	305,043	(0.1)
Derivative financial instruments	(e)	2,870	95	>100.0	2,870	95	>100.0
Deferred tax liabilities	(i)	6,396	6,411	(0.2)	-	-	-
		430,225	321,284	33.9	318,987	314,873	1.3
Current liabilities							
Trade and other payables	(j)	22,891	28,094	(18.5)	21,893	26,885	(18.6)
Interest-bearing borrowings	(h)	79,941	188,164	(57.5)	79,941	76,882	4.0
Derivative financial instruments	(e)	19	1,118	(98.3)	19	-	NM
		102,851	217,376	(52.7)	101,853	103,767	(1.8)
Total liabilities		**533,076**	**538,660**	(1.0)	**420,840**	**418,640**	0.5
Net assets		**937,162**	**938,959**	(0.2)	**924,940**	**921,659**	0.4
Represented by:							
Unitholders' funds		937,162	938,959	(0.2)	924,940	921,659	0.4
		937,162	**938,959**	(0.2)	**924,940**	**921,659**	0.4

NM: not meaningful.

Notes:

(a) As at 31 December 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$8.2 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 31 December 2018 of S$5.8 million was S$0.7 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 31 December 2018 were in relation to interest rate swap contracts with a total notional amount of S$297.1 million. As at 31 December 2018, approximately 86.8% 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 31 December 2018 of S$13.4 million were S$4.1 million lower compared to balances as at 31 March 2018. This was mainly attributable to the payments for capital expenditure on investment properties and investment property under development as well as 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 and renewal leases executed.

(h) 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.

The total borrowings of the Group as at 31 December 2018 of S$489.5 million was S$3.7 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$5.3 million to mainly fund the payment of retention sums and development costs of the Trust's recent development projects and other asset enhancement initiatives.

As at 31 December 2018, the current interest-bearing borrowings relate to the Trust's five-year Medium Term Notes of S$50.0 million and seven-year Medium Term Notes of S$30.0 million which are due to mature in May 2019 and December 2019 respectively. The Group and the Trust has undrawn committed facilities of S$151.0 million to fulfil their liabilities as and when they fall due.

(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 31 December 2018 included retention sum of S$1.4 million relating to the development of 8 Tuas Avenue 20, 51 Marsiling Road and 3 Tuas Avenue 2 and the asset enhancement initiative at 29 Woodlands Industrial Park E1 ("NorthTech") 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 and other payables. As at 31 December 2018, the Group and the Trust had undrawn committed facilities of S$151.0 million to fulfil their liabilities as and when they fall due.

1(b)(ii) Aggregate amount of borrowings

	Group 31 Dec 2018 S$'000	Group 31 Mar 2018 S$'000	Trust 31 Dec 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	80,000	-	80,000	-
	80,000	188,427	80,000	77,000
Less: Unamortised borrowing transaction costs	(59)	(263)	(59)	(118)
	79,941	188,164	79,941	76,882
Amount repayable after one year				
Secured				
Term loans	361,976	165,453	256,391	165,453
Revolving credit facility	-	11,000	-	11,000
	361,976	176,453	256,391	176,453
Unsecured				
Medium Term Notes	50,000	130,000	50,000	130,000
	411,976	306,453	306,391	306,453
Less: Unamortised borrowing transaction costs	(2,398)	(1,410)	(1,655)	(1,410)
	409,578	305,043	304,736	305,043
Total	489,519	493,207	384,677	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 31 December 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(c) Consolidated Statement of Cash Flows

	Group 3Q FY2019 S$'000	Group 3Q FY2018 S$'000	Group YTD FY2019 S$'000	Group YTD FY2018 S$'000
Cash flows from operating activities				
Total return after income tax	13,923	23,663	45,466	40,483
Adjustments for:				
Share of results of joint venture (net of tax)	(3,471)	(3,654)	(10,359)	(11,055)
Borrowing costs	4,677	4,920	14,081	14,563
Foreign exchange loss	105	27	189	39
Manager's management fees in Units	1,118	940	3,147	2,781
Net change in fair value of investment properties	-	(8,000)	(1,811)	6,761
Net change in fair value of derivative financial instruments	1,702	(330)	2,809	336
Income tax expense	160	226	807	844
Operating income before working capital changes	**18,214**	**17,792**	**54,329**	**54,752**
Changes in working capital				
Trade and other receivables	704	(1,047)	420	(1,729)
Trade and other payables	126	1,704	(605)	3,204
Cash generated from operations	19,044	18,449	54,144	56,227
Income tax paid	(343)	(226)	(822)	(596)
Net cash from operating activities	**18,701**	**18,223**	**53,322**	**55,631**
Cash flows from investing activities				
Capital expenditure on investment properties and investment properties under development	(4,382)	(8,734)	(8,585)	(31,162)
Investment in a joint venture	(580)	-	(580)	-
Distributions from a joint venture	3,845	4,026	11,361	11,769
Net cash (used in)/from investing activities	**(1,117)**	**(4,708)**	**2,196**	**(19,393)**
Cash flows from financing activities				
Distributions to Unitholders	(15,114)	(16,339)	(49,515)	(50,187)
Proceeds from interest-bearing borrowings	4,000	106,350	218,063	141,850
Repayments of interest-bearing borrowings	(2,000)	(151,928)	(212,724)	(168,228)
Borrowing costs paid	(4,898)	(6,128)	(15,215)	(15,645)
Proceeds from placement	-	54,999	-	54,999
Issue expenses paid	-	(1,005)	-	(1,005)
Net cash used in financing activities	**(18,012)**	**(14,051)**	**(59,391)**	**(38,216)**
Net decrease in cash and cash equivalents	**(428)**	**(536)**	**(3,873)**	**(1,978)**
Cash and cash equivalents at beginning of the period	**14,013**	**10,277**	**17,550**	**11,727**
Effect of exchange rate fluctuations on cash held	(140)	(39)	(232)	(47)
Cash and cash equivalents at end of the period	**13,445**	**9,702**	**13,445**	**9,702**

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.

(iii) In 3Q FY2019, the Trust issued an aggregate 1,534,829 new Units amounting to S$2.0 million as part payment of the distributions for 2Q FY2019 pursuant to the AIMS AMP Capital Industrial REIT Distribution Reinvestment Plan (the "AA REIT DRP"). Please refer to details in section 1(d).

1(d)(i) Statements of Movements in Unitholders' Funds (3Q FY2019 vs. 3Q FY2018)

	Group 3Q FY2019 S$'000	Group 3Q FY2018 S$'000	Trust 3Q FY2019 S$'000	Trust 3Q FY2018 S$'000
Balance at beginning of the period	938,653	873,930	923,232	853,038
Operations				
Total return after income tax	13,923	23,663	15,880	25,169
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(1,242)	(771)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	(158)	272	(158)	23
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Private placement	-	54,999	-	54,999
- Distribution Reinvestment Plan	2,007	-	2,007	-
- Manager's management fees	1,118	940	1,118	940
Distributions to Unitholders	(17,139)	(28,543)	(17,139)	(28,543)
Issue expenses	-	(1,005)	-	(1,005)
Change in Unitholders' funds resulting from Unitholders' transactions	(14,014)	26,391	(14,014)	26,391
Total (decrease)/increase in Unitholders' funds	(1,491)	49,555	1,708	51,583
Balance at end of the period	937,162	923,485	924,940	904,621

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

	Group YTD FY2019 S$'000	Group YTD FY2018 S$'000	Trust YTD FY2019 S$'000	Trust YTD FY2018 S$'000
Balance at beginning of the period	938,959	888,447	921,659	867,220
Operations				
Total return after income tax	45,466	40,483	49,533	42,900
Foreign currency translation reserve				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	(2,406)	(874)	-	-
Hedging reserve				
Effective portion of changes in fair value of cash flow hedges	1,155	951	(240)	23
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Private placement	-	54,999	-	54,999
- Distribution Reinvestment Plan	2,007	-	2,007	-
- Manager's management fees	3,147	2,781	3,147	2,781
- Property Manager's fees	1,087	-	1,087	-
Distributions to Unitholders	(52,253)	(62,297)	(52,253)	(62,297)
Issue expenses	-	(1,005)	-	(1,005)
Change in Unitholders' fund resulting from Unitholders' transactions	(46,012)	(5,522)	(46,012)	(5,522)
Total (decrease)/increase in Unitholders' funds	(1,797)	35,038	3,281	37,401
Balance at end of the period	937,162	923,485	924,940	904,621

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

	Note	Trust 3Q FY2019 Units '000	Trust 3Q FY2018 Units '000	Trust YTD FY2019 Units '000	Trust YTD FY2018 Units '000
Units in issue at beginning of the period		685,566	639,980	683,452	638,658
Issue of new Units relating to:					
- Manager's management fees	(a)	-	-	1,328	1,322
- Marketing service fees	(b)	-	-	786	-
- Placement Units	(c)	-	42,145	-	42,145
- Distribution Reinvestment Plan	(d)	1,535	-	1,535	-
Units in issue at end of the period		687,101	682,125	687,101	682,125
Units to be issued:					
Manager's base fees	(e)	1,619	1,327	1,619	1,327
Total Units in issue and to be issued at end of the period		688,720	683,452	688,720	683,452

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

(d) On 21 December 2018, the Trust issued 1,534,829 new Units at an issue price of S$1.3065 per Unit to eligible Unitholders who elected to participate in the AA REIT DRP in respect of the 2Q FY2019 distribution.

(e) The new Units to be issued relate to 1,619,540 Units issued to the Manager on 17 January 2019 as partial payment of the base fee element of the Manager's management fees incurred for the period from 1 July 2018 to 31 December 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 3Q FY2019	**Group 3Q FY2018**	**Group YTD FY2019**	**Group YTD FY2018**
Basic EPU				
Weighted average number of Units ('000)	685,749	654,181	684,851	644,164
Earnings per Unit (cents)	2.03	3.62	6.64	6.28
Diluted EPU				
Weighted average number of Units ('000)	686,775	655,061	685,270	644,533
Earnings per Unit (cents)	2.03	3.61	6.63	6.28

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 31 December 2018.

The decrease in the EPU for the current period was mainly due to a larger net change in fair value of investment properties recorded in 3Q 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 3Q FY2019	**Group 3Q FY2018**	**Group YTD FY2019**	**Group YTD FY2018**
Number of Units in issue at end of period ('000)	687,101	682,125	687,101	682,125
Number of Units to be issued before the Books Closure Date ('000)	1,619	1,327	1,619	1,327
Applicable number of Units for calculation of DPU ('000)	688,720	683,452	688,720	683,452
Distribution per Unit (cents)	**2.50**	**2.62**	**7.50**	**7.67**

DPU for 3Q FY2018 comprised the following:

	DPU (Cents)
Advanced distribution for the period from 1 October 2017 to 30 November 2017	1.91
Distribution for the period from 1 December 2017 to 31 December 2017	0.71
	2.62

In connection with the private placement of new Units launched on 21 November 2017, the Manager declared an advanced distribution of 1.91 cents per Unit for the period from 1 October 2017 to 30 November 2017, being the day immediately prior to the date on which the new Units were issued. This was to ensure that the total amount available for distribution, accrued by AA REIT up to the day immediately prior to the date on which the new Units were issued, was only distributed to the existing Unitholders, as a means to ensure fairness to these Unitholders.

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

	Group 31 Dec 2018 S$	Group 31 Mar 2018 S$	Trust 31 Dec 2018 S$	Trust 31 Mar 2018 S$
Net asset value / net tangible asset per Unit[5]	1.36	1.37	1.34	1.35

8 Review of the performance

	Group 3Q FY2019 S$'000	Group 2Q FY2019 S$'000	Group 3Q FY2018 S$'000	Group YTD FY2019 S$'000	Group YTD FY2018 S$'000
Gross revenue	29,819	29,416	28,867	88,160	88,884
Property operating expenses	(10,372)	(10,124)	(9,634)	(29,990)	(30,136)
Net property income	19,447	19,292	19,233	58,170	58,748
Net property income margin	*65.2%*	*65.6%*	*66.6%*	*66.0%*	*66.1%*
Foreign exchange loss	(105)	(89)	(27)	(189)	(39)
Interest and other income	46	36	20	125	171
Borrowing costs	(4,677)	(4,583)	(4,920)	(14,081)	(14,563)
Manager's management fees	(1,861)	(1,857)	(1,881)	(5,556)	(5,563)
Other trust expenses	(536)	(570)	(520)	(1,557)	(1,385)
Non-property expenses	(7,074)	(7,010)	(7,321)	(21,194)	(21,511)
Net income before joint venture's results	12,314	12,229	11,905	36,912	37,369
Share of results of joint venture (net of tax)	3,471	3,549	3,654	10,359	11,055
Net income	15,785	15,778	15,559	47,271	48,424
Distributions to Unitholders	17,218	17,139	17,076	51,496	49,395

<u>Review of the performance for 3Q FY2019 vs. 2Q FY2019</u>

The gross revenue achieved for 3Q FY2019 of S$29.8 million was S$0.4 million higher than that of 2Q FY2019. This was mainly due to the increase in revenue contribution from NorthTech following the completion of tenant fit-out period and higher rental contribution from 8 & 10 Pandan Crescent. The increase was partially offset by lower revenue contribution from 27 Penjuru Lane mainly due to lower rental and occupancies.

Property operating expenses for 3Q FY2019 of S$10.4 million were S$0.2 million higher than the property expenses for 2Q FY2019 mainly due to higher repair and maintenance costs incurred for the property at 20 Gul Way.

Net property income for 3Q FY2019 stood at S$19.4 million, or S$0.2 million higher than 2Q FY2019.

[5] Based on Units in issue and to be issued at the end of the period.

Distributions to Unitholders for 3Q FY2019 stood at S$17.2 million, which was comparable to the distributions to Unitholders for 2Q FY2019.

Review of the performance for 3Q FY2019 vs. 3Q FY2018

Gross revenue for 3Q FY2019 of S$29.8 million was S$1.0 million higher than the gross revenue for 3Q FY2018 mainly due to maiden rental contribution from 51 Marsiling Road from 27 April 2018 and higher rental contribution and occupancy rates for the property at 8 Tuas Avenue 20 in 3Q FY2019 since the property became income producing from December 2017. This increase was partially offset by lower rental and occupancies for the property at 20 Gul Way (as six phases of the master leases had reverted to multi-tenancy leases), lower rental and occupancies at 27 Penjuru Lane as well as the loss of revenue from 10 Soon Lee Road following the divestment of the property on 29 March 2018.

Property operating expenses for 3Q FY2019 of S$10.4 million were S$0.7 million higher than the property operating expenses for 3Q FY2018 mainly due to the increase in property tax expense and repair and maintenance costs for the property at 20 Gul Way as six phases of the master leases had reverted to multi-tenancy leases. The increase in property operating expenses was also due to property expenses for the properties at 51 Marsiling Road and 8 Tuas Avenue 20 as the properties became income-producing from 27 April 2018 and December 2017 respectively.

Net property income for 3Q FY2019 stood at S$19.4 million, or S$0.2 million higher compared to 3Q FY2018.

Borrowing costs for 3Q FY2019 of S$4.7 million was S$0.2 million lower than borrowing costs for 3Q 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 and lower interest costs on the Australian dollar denominated borrowings as a result of the strengthening of the Singapore dollar against the Australian dollar.

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 3Q FY2019 was mainly due to the strengthening of the Singapore dollar against the Australian dollar.

Distributions to Unitholders for 3Q FY2019 stood at S$17.2 million, which was comparable to the distributions to Unitholders for 3Q FY2018.

Review of the performance for YTD FY2019 vs. YTD FY2018

The gross revenue achieved for YTD FY2019 of S$88.2 million was S$0.7 million lower compared to the gross revenue for YTD FY2018 of S$88.9 million. This was mainly due to lower rental and occupancies for the property at 20 Gul Way (as six phases of the master leases had reverted to multi-tenancy leases), lower rental and occupancies at 27 Penjuru Lane and lower rental contribution from 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 from December 2017.

Net property income for YTD FY2019 stood at S$58.2 million, or S$0.6 million lower compared to YTD FY2018 .

Borrowing costs for YTD FY2019 of S$14.1 million was S$0.5 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 and lower interest costs on the Australian dollar denominated borrowings as a result of the strengthening of the Singapore dollar against the Australian dollar.

Other trust expenses for YTD FY2019 of S$1.6 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 AA REIT DRP.

Share of results of joint venture (net of tax) for YTD FY2019 of S$10.4 million was S$0.7 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 YTD FY2019 stood at S$51.5 million, an increase of S$2.1 million compared to YTD 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 YTD 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 2 January 2019, the Singapore economy grew by 2.2% on a year-on-year ("y-o-y") basis in the fourth quarter of 2018 ("4Q 2018"), slightly lower than the 2.3% growth in the third quarter of 2018 ("3Q 2018"). On a quarter-on-quarter ("q-o-q") seasonally-adjusted annualised basis, the Singapore economy expanded at a slower pace of 1.6% as compared to the 3.5% growth in the preceding quarter. This took the full year economic growth for 2018 to 3.3%. The Singapore manufacturing sector grew by 5.5% on a y-o-y basis in 4Q 2018, faster than the 3.7% growth in the previous quarter, largely driven by robust output expansions in the electronics and biomedical manufacturing clusters. On a q-o-q seasonally-adjusted annualised basis, the manufacturing sector contracted by 8.7%, reversing from the 3.1% growth in the preceding quarter.

MTI announced on 22 November 2018 that it expects the Singapore economy to grow by "1.5% to 3.5%" in 2019, after taking into account the expected moderation in the pace of growth in 2019 across the global and domestic economies as compared to 2018.

Based on JTC Corporation's market report for 4Q 2018 released on 24 January 2019, the occupancy rate of Singapore's overall industrial property market rose marginally by 0.2 percentage point to 89.3% from the preceding quarter. On a y-o-y basis, the occupancy rate rose by 0.4 percentage point. Prices and rentals of industrial space remained stable. In 4Q 2018, both the price and rental indices for the overall industrial property market remained unchanged as compared to the previous quarter. Compared to a year ago, the price index remained unchanged while the rental index fell by 0.3%.

Although growth in both the US and Eurozone economies are projected to moderate in 2019, their respective private consumption and domestic demand are expected to provide support. In Asia, the People's Republic of China's ("PRC") growth is also projected to ease in 2019, and growth in the key ASEAN economies is expected to ease or remain unchanged in 2019, supported by resilient domestic demand. Similarly, the pace of growth for the Singapore economy is expected to moderate in 2019 as compared to 2018, with the manufacturing sector likely to see a more modest pace of expansion 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 further escalation of trade conflicts between the US and its key trading partners and expected rising of interest rates. In particular, trade tensions between US and the PRC remain elevated and, if prolonged, may cause disruptions to global supply chains, suppressing global trade and investment growth. The impact on the ASEAN economies may vary due to their different dependence on US-PRC trade. If overall regional trade flows decline due to trade tariffs, the Singapore economy will likely be impacted due to its dependence on trade and manufacturing activities. But being a regional hub, Singapore could potentially capitalise from the possibility of businesses reassessing their supply chains and sourcing locations.

Against this external backdrop, the Manager will continue to stay the course on active asset and lease management and to optimise AA REIT's 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:	Fifty-first distribution, for the period from 1 October 2018 to 31 December 2018	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	2.30 cents per Unit
	Tax-Exempt Income	0.13 cents per Unit
	Capital Distribution	0.07 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 October 2018 to 31 December 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 14 February 2019.

(b) Corresponding period of the immediately preceding period

Any distributions declared for the previous corresponding financial period:	Yes	
Name of distribution:	Forty-sixth distribution, for the period from 1 October 2017 to 30 November 2017	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	1.67 cents per Unit
	Tax-Exempt Income	0.09 cents per Unit
	Capital Distribution	0.15 cents per Unit
	Total	1.91 cents per Unit
Par value of units:	Not applicable	
Name of distribution:	Forty-seventh distribution, for the period from 1 December 2017 to 31 December 2017	
Distribution Type:	Taxable Income Tax-Exempt Income Capital Distribution	
Distribution Rate:	Taxable Income	0.66 cents per Unit
	Tax-Exempt Income	0.02 cents per Unit
	Capital Distribution	0.03 cents per Unit
	Total	0.71 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: 14 February 2019

(d) Date payable: 29 March 2019

12 If no distribution has been declared (recommended), a statement to that effect and the reason(s) for the decision

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
1 February 2019