



Media Release

AIMS AMP Capital Industrial REIT announces DPU of 2.78 cents in 4Q FY2017

Singapore, 27 April 2017 – AIMS AMP Capital Industrial REIT Management Limited (the Manager) as manager of AIMS AMP Capital Industrial REIT (AA REIT) today announced the fourth quarter and full year financial results, which saw a 0.4 per cent quarter-on-quarter increase in Distribution Per Unit (DPU) to 2.78 cents for the quarter ended 31 March 2017.

This brings the total DPU for FY2017 to 11.05 cents, with total distributable income for the full year amounting to S\$70.5 million.

Gross revenue and net property income also rose marginally by 0.8 per cent and 0.9 per cent respectively quarter-on-quarter, mainly due to the maiden contribution from the newly completed property at 30 Tuas West Road from 27 February 2017.

The Manager's Chief Executive Officer, Koh Wee Lih, said, "While there is continued headwinds across the industry with rents under pressure from the oversupply situation in the Singapore industrial market, data from the first quarter of 2017 is reflecting early signs of recovery and providing some optimism. Amidst the uncertain economic outlook, our results show that we remain steadfast on our strategy to deliver stable earnings for our Unitholders."

"We do this by continuing to proactively manage our assets and lease expiries with tenant retention as the top priority. In addition, we remain focused on asset enhancement and redevelopment strategies to future proof our asset portfolio given the changing tenant needs," said Mr Koh.

In 4Q FY2017, the Manager executed 27 new and renewal leases representing 36,884.3 sqm at a weighted average rental increase of 0.6 per cent on the renewals. These included the second phase of master lease at 20 Gul Way, AA REIT's largest asset, which is fully leased out following the expiry in February 2017. The Manager has also successfully extended the master lease of CIT Cosmeceutical Pte Ltd, a top 10 tenant, ahead of its lease expiry in FY2018. Portfolio occupancy remains healthy at 94.6 per cent – above the industry average of 89.5 per cent.

Mr Koh added, "We're rounding up FY2017 with a strong capital structure because of our prudent approach to capital and risk management. 84.4 per cent of our interest rates are now fixed with the recent issuance of a S\$50 million 5-year fixed rate notes. Furthermore, in April, we've received commitment from our lenders to refinance the existing secured facility due in November 2017. Post this refinancing, the weighted average debt maturity will increase to 2.7 years (on a proforma basis) from 2.3 years."

"Lastly, we're also pleased to note that in April, Standard & Poor's reaffirmed AA REIT's investment grade rating of 'BBB-', with a stable outlook. This is a clear recognition of our

ongoing strategy to continue to create long-term value and deliver stable returns for our stakeholders even amidst the challenging market conditions.”

Key highlights for 4Q FY2017 are:

- DPU of 2.78 cents per unit for the quarter (increase of 0.4 per cent from last quarter);
- DPU of 11.05 cents for FY2017;
- Increased gross revenue and net property income mainly due to the maiden contribution from the newly completed property at 30 Tuas West Road from 27 February 2017;
- Executed 27 new and renewal leases in 4Q FY2017, representing 36,884.3 sqm at a weighted average rental increase of 0.6 per cent on the renewals;
- Increased portfolio occupancy to 94.6 per cent from 94.0 per cent in the last quarter, exceeding the industrial average of 89.5 per cent;
- Successfully leased out 100 per cent of the second phase of master lease at 20 Gul Way (9,160.4 sqm of net lettable area), AA REIT’s largest asset, which expired in February 2017;
- Successfully extended the master lease of CIT Cosmeceutical Pte Ltd (6,255.0 sqm of net lettable area), a top 10 tenant, ahead of its lease expiry in FY2018.

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

- 84.4 per cent of the portfolio’s interest rate is fixed taking into account interest rate swap contracts and fixed rate notes;
- Fourth issuance of S\$50 million 5-year fixed rate notes at attractive rate of 3.6 per cent to extend debt maturity;
- Reduced overall blended funding cost of 3.7 per cent from 4.2 per cent a year ago;
- Maintained aggregate leverage at 36.1 per cent;
- In April 2017, AA REIT received commitment from a syndicate of five financial institutions to refinance its existing secured facility due in November 2017;
- Current weighted average debt maturity of 2.3 years. Post refinancing, weighted average debt maturity (on a proforma basis) will increase to 2.7 years;
- Standard & Poor’s reaffirmed AA REIT’s investment grade rating of ‘BBB-’ with stable outlook.

Outlook

Given the uncertain macroeconomic and geopolitical outlook and the industrial oversupply situation in Singapore, rentals will continue to be under pressure. AA REIT is focused on active asset management, and unlocking organic value within the portfolio through asset enhancement initiatives and redevelopments. AA REIT currently has two ongoing development projects (namely: 8 & 10 Tuas Avenue 20 and greenfield development at Marsiling) which are targeted to complete in the second half of 2017.

The current capital structure of the Group is well positioned with an increased weighted average debt maturity of 2.3 years as at 31 March 2017 from 2.1 years as at 31 December 2016 due to the issuance of a S\$50 million 5-year fixed rate notes. Furthermore, 84.4 per cent of the Group’s borrowings were on fixed rates taking into account the interest rate swaps and fixed rate notes. AA REIT will continue to remain focused on managing risks through prudent capital management and to optimise the portfolio through sector and tenant diversification across its portfolio of 27 properties.

Summary of AIMS AMP Capital Industrial REIT Group results

	Note	4Q FY2017	3Q FY2017	+/(-)	4Q FY2016	+/(-)	FY2017	FY2016	+/(-)
		S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(a)	30,606	30,369	0.8	30,287	1.1	120,119	124,389	(3.4)
Net property income	(a)	19,973	19,789	0.9	20,372	(2.0)	79,433	82,329	(3.5)
Share of results of joint venture (net of tax)	(a)	4,119	3,714	10.9	10,720	(61.6)	14,758	36,769	(59.9)
Distribution to Unitholders	(b)	17,755	17,690	0.4	18,743	(5.3)	70,497	72,062	(2.2)
Distribution per Unit ("DPU") (cents)		2.78	2.77	0.4	2.95	(5.8)	11.05	11.35	(2.6)

Notes:

- (a) Please refer to section 8 of AA REIT's unaudited financial statement on "Review of the performance" for explanation of the variances.
- (b) The Manager resolved to distribute S\$17.8 million for 4Q FY2017, comprising (i) taxable income of S\$16.8 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.6 million and capital distribution of S\$0.4 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, NSW, Australia.

AA REIT's distribution policy is to distribute at least 90.0 per cent of the Trust's Singapore taxable income for the full financial year. For FY2017, the Manager has resolved to distribute 100.0 per cent of the Singapore taxable income available for distribution to the Unitholders.

Distribution and Books Closure Date

Distribution	For 1 January 2017 to 31 March 2017
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution ¹
Distribution Rate	(a) Taxable Income Distribution: 2.62 cents per Unit (b) Tax-Exempt Income Distribution: 0.10 cents per Unit (b) Capital Distribution ¹ : <u>0.06 cents per Unit</u> <u>2.78 cents per Unit</u>
Books Closure Date	9 May 2017
Payment Date	22 June 2017

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¹ This relates to the tax deferred component arising from the distributions remitted from the Group's investment in Optus Centre, Macquarie Park, New South Wales, Australia.

Important Notice

The value of units of AIMS AMP Capital Industrial REIT (“**AA REIT**”) (“**Units**”) and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, AIMS AMP Capital Industrial REIT Management Limited (“**Manager**”), or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of AA REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of AA REIT is not necessarily indicative of the future performance of AA REIT.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager’s view of future events.

About AIMS AMP Capital Industrial REIT

Managed by the Manager, AA REIT was established with the principal investment objective of owning and investing in a diversified portfolio of income-producing industrial real estate located throughout the Asia Pacific that is used for industrial purposes, including, but not limited to warehousing and distribution activities, business park activities and manufacturing activities. The principal sponsors of AA REIT are the AIMS Financial Group (“**AIMS**”) and AMP Capital, part of the AMP Group, one of Australia’s largest retail and corporate pension providers and one of the region’s most significant investment managers. AA REIT’s existing portfolio consists of 27 industrial properties, 26 of which are located throughout Singapore (including 1 greenfield development at Marsiling) with a total value of S\$1.21 billion based on valuations obtained as at 31 March 2017. AA REIT also has 49.0% interest in one business park property, Optus Centre, which is located in Macquarie Park, New South Wales, Australia, and is valued at A\$445.0 million as at 31 March 2017.

About AIMS Financial Group

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

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

AIMS has actively introduced a number of international investors into the Australian markets and to date has attracted in excess of A\$1.0 billion of investment funding into Australia from overseas investors. AIMS is the investment manager for AIMS’ funds, which amount to circa A\$2 billion as at 30 November 2016.

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

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

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

About AMP Capital

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

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

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