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AIMS AMP CAPITAL INDUSTRIAL REIT

**AIMS AMP CAPITAL INDUSTRIAL REIT
MANAGEMENT LIMITED**

As Manager of AIMS AMP Capital Industrial REIT
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Media Release

AIMS AMP Capital Industrial REIT achieves 0.7 per cent quarter-on-quarter increase in DPU to 2.77 cents for 3Q FY2017

Singapore, 9 February 2017 – AIMS AMP Capital Industrial REIT Management Limited (the Manager) as manager of AIMS AMP Capital Industrial REIT (AA REIT) today announced the third quarter results ended 31 December 2016 (3Q FY2017), which saw a 0.7 per cent quarter-on-quarter (q-o-q) increase in distribution per unit (DPU) to 2.77 cents.

Distribution to Unitholders rose 0.9 per cent q-o-q to S\$17.7 million for the quarter ended 31 December 2016. Gross revenue grew 1.5 per cent against the last quarter to S\$30.4 million, while net property income rose 2.7 per cent to S\$19.8 million.

During the period, the Manager executed 19 new and renewal leases, representing 82,149.3 sqm or 13.1 per cent of net lettable area. The first phase of master lease at 20 Gul Way, AA REIT's largest asset, which expired on 28 December 2016 has been 100 per cent leased out during the same period.

The Manager's Chief Executive Officer, Koh Wee Lih said, "The results reflect the steady progress of AA REIT in executing on its strategy of active and prudent management of its assets, leases and capital."

"As a result of our focus on long-term tenant relationships and prioritising tenant retention, our portfolio occupancy is at 94.0 per cent, and we continue to be above the industry average of 89.5 per cent," Mr Koh said.

Moving forward, Mr Koh said the Manager remains focused on delivering more value for its Unitholders either from unlocking organic value within the portfolio or real estate opportunities in the market. AA REIT currently has approximately 760,000 sqft of under-utilised gross floor area in the portfolio.

Most recently, AA REIT obtained the temporary occupation permit (TOP) of its third redevelopment property at 30 Tuas West Road on 27 December 2016, on time and below budget, delivering better financial returns than previously announced. Fully leased to master tenant CWT Limited, the property will generate S\$4.15 million in rental income in the first year, with partial income contribution expected in the quarter ending March 2017. Due to the recognition of the development profit of 30 Tuas West Road, net asset value per Unit has increased to S\$1.48 from S\$1.47 in the preceding quarter.

"With more of Singapore's port facilities shifting to Tuas and increased infrastructure and connectivity in the area, we foresee that there will be an increased demand for production and warehouse facilities. Redevelopments such as the newly completed 30 Tuas West Road and our ongoing 8 & 10 Tuas Avenue 20 will put us in a good position to tap into rising industrial demand in Tuas," concluded Mr Koh.

Key highlights for 3Q FY2017 are:

- DPU of 2.77 cents per unit for the quarter (increase of 0.7 per cent from last quarter);
- Increased gross revenue and net property income for 3Q FY2017 by 1.5 per cent and 2.7 per cent respectively q-o-q;
- Executed 19 new and renewal leases in 3Q FY2017, representing 82,149.3 sqm (13.1 per cent of net lettable area);
- Portfolio occupancy of 94.0 per cent, above the industrial average of 89.5 per cent;
- Achieved TOP of third redevelopment property at 30 Tuas West Road on 27 December 2016, on time and below budget, delivering better financial returns than previously announced. Partial income contribution from the property will commence in March 2017 quarter, with full quarter income contribution in 1Q FY2018;
- Increased Net Asset Value per Unit to S\$1.48 from S\$1.47 in the preceding quarter mainly due to recognition of the development profit of 30 Tuas West Road.

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

- 84.0 per cent of the portfolio's interest rate is fixed taking into account interest rate swap contracts and fixed rate notes with weighted average debt maturity of 2.1 years;
- Reduced overall blended funding cost (including funding of the Australian asset with Australian dollar loan) of 3.7 per cent from 4.2 per cent a year ago;
- Aggregate leverage as at 31 December 2016 is at 34.6 per cent.

Outlook

Given the uncertain macroeconomic and geopolitical outlook and the industrial oversupply situation in Singapore, rentals continue to be under pressure. To overcome this and to create a sustainable future for the REIT, AA REIT is proactively managing its lease expiries with tenant retention as the top priority.

In addition, AA REIT is focused on asset enhancement opportunities within its portfolios to rejuvenate the older assets to better support its tenants' needs and to attract and retain quality tenants. 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 a weighted average debt maturity of 2.1 years. Furthermore, 84.0 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 diversification across its portfolio of 27 properties.

Financial results summary

	Note	3Q FY2017	2Q FY2017	+/(-)	3Q FY2016	+/(-)	YTD FY2017	YTD FY2016	+/(-)
		S\$'000	S\$'000	%	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	(a)	30,369	29,910	1.5	32,547	(6.7)	89,513	94,102	(4.9)
Net property income	(a)	19,789	19,266	2.7	21,055	(6.0)	59,460	61,957	(4.0)
Share of results of joint venture (net of tax)	(b)	3,714	3,320	11.9	3,539	4.9	10,639	26,049	(59.2)
Distribution to Unitholders	(c)	17,691	17,526	0.9	18,108	(2.3)	52,742	53,319	(1.1)
Distribution per Unit ("DPU") (cents)		2.77	2.75	0.7	2.85	(2.8)	8.27	8.40	(1.5)

- a) Please refer to section 8 of AA REIT's unaudited financial statement announcement on "Review of the performance" for explanation of the variances.
- b) The share of results of joint venture (net of tax) comprised contribution from the Group's 49.0 per cent interest in Optus Centre which is located in Macquarie Park, NSW, Australia. The share of results of joint venture (net of tax) was broadly in line with YTD FY2016, except for the share of revaluation surplus of S\$15.3 million recognised from the valuation of Optus Centre appraised by independent valuer, CBRE Valuations Pty Limited as at 30 September 2015.
- c) The Manager resolved to distribute S\$17.7 million for 3Q FY2017, comprising (i) taxable income of S\$16.6 million from Singapore operations; and (ii) tax-exempt income distribution of S\$0.6 million and capital distribution of S\$0.5 million from distributions remitted from the Group's investment in Optus Centre, Macquarie Park, New South Wales (NSW), Australia.

AA REIT's distribution policy is to distribute at least 90.0 per cent of AA REIT's Singapore taxable income for the full financial year. For 3Q FY2017, the Manager has resolved to distribute 98.8 per cent of the Singapore taxable income available for distribution to the Unitholders.

Distribution and Books Closure Date

Distribution	For 1 October 2016 to 31 December 2016
Distribution Type	(a) Taxable Income (b) Tax-Exempt Income (c) Capital Distribution ¹
Distribution Rate	(a) Taxable Income: 2.60 cents per Unit (b) Tax-Exempt Income: 0.10 cents per Unit (c) Capital Distribution ¹ : <u>0.07 cents per Unit</u> <u>2.77 cents per Unit</u>
Books Closure Date	17 February 2017
Payment Date	23 March 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, NSW, Australia.

Important Notice

The value of units of 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, the 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 AIMS AMP Capital Industrial REIT Management Limited, 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 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 26 industrial properties, 25 of which are located throughout Singapore with a total value of S\$1.23 billion based on valuations obtained as at 30 September 2016 and 1 greenfield development at Marsiling which land was purchased on 16 November 2016. AA REIT has 49.0% interest in one business park property, Optus Centre located in Macquarie Park, New South Wales, Australia valued at A\$445.0 million as at 31 March 2016.

About AIMS Financial Group (“AIMS”)

Established in 1991, AIMS Financial Group (“AIMS”) is a diversified financial services and investment group, active in the areas of mortgage lending, securitisation, investment banking, funds management, property investment and stock broking. AIMS also 100% owns Sydney Stock Exchange.

Since 1999, AIMS has raised approximately A\$4.0 billion in funds from the capital markets. This includes both residential mortgage-backed securities and investments into Australia from overseas investors. AIMS is also the investment manager for AIMS Fund Management and manages approximately A\$1.8 billion as at 31 March 2016. Since 2009 after the global financial crisis, AIMS Group had a total acquisition and investment amount of over A\$2.0 billion assets.

AIMS’ head office is in Sydney, Australia, 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 China across various sectors.

About AMP Capital

AMP Capital is committed to delivering outstanding investment outcomes for clients with contemporary solutions in fixed income, equities, real estate, infrastructure and multi-asset portfolios. Sharing a heritage with AMP that spans more than 160 years, AMP Capital is one of the largest investment managers in the Asia Pacific region. A home strength in Australia and New Zealand has enabled AMP Capital to grow internationally, and operations are now established in Bahrain, China, Hong Kong, India, Japan, Luxembourg, the United Kingdom and the United States.

AMP Capital collaborates with a network of global investment partners, leveraging insights to provide greater access to new investment opportunities across a range of single sector and diversified funds. For more information, please visit: ampcapital.com.au