

 AIMS 宝泽 AIMS AMP CAPITAL INDUSTRIAL REIT	AIMS AMP CAPITAL INDUSTRIAL REIT MANAGEMENT LIMITED As manager of AIMS AMP Capital Industrial REIT One George Street, #23-03 Singapore 049145
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(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 5 December 2006 (as amended))

SGX Announcement

PROPOSED BUILD-TO-SUIT TRANSACTION

1. INTRODUCTION

AIMS AMP Capital Industrial REIT Management Limited, as manager of AIMS AMP Capital Industrial REIT (“**AA REIT**” and as manager of AA REIT, the “**Manager**”), is pleased to announce that in connection with the proposed build-to-suit (“**BTS**”) transaction (the “**BTS Transaction**”), HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of AA REIT (the “**Trustee**”) has on 3 August 2016 entered into:

- (i) an option agreement (the “**Option Agreement**”) with Seiko Instruments Singapore Pte Ltd (“**Seiko**”) to grant to the Trustee an option to purchase the whole of Lot 6242K of Mukim 13 (“**Development Land**”), forming part of Lot 6143C of Mukim 13 located at 2 Marsiling Lane, Singapore 739144 (“**Seiko Land**”) (with the attached form of the purchase conditions (the “**Purchase Conditions**”) and the agreed form of the option exercise notice (the “**Option Exercise Notice**”) attached to the Option Agreement);
- (ii) an agreement to develop and lease (the “**Agreement to Develop and Lease**”) with Beyonics International Pte Ltd (“**Beyonics**”) in relation to the development of a BTS facility located at the Development Land (the “**BTS Development**”) and the entry into a long-term lease in escrow of the BTS Development with Beyonics (with the form of the lease in escrow (“**Lease in Escrow**”) attached to the Agreement to Develop and Lease); and
- (iii) a contract for the design and construction of the works relating to the BTS Development (the “**Design and Construction Contract**”) with Boustead Projects Limited (“**Boustead**”).

2. DETAILS OF THE DEVELOPMENT LAND AND THE BTS DEVELOPMENT

The Development Land is situated on a land area of approximately 8,611.6 square metres. The BTS Development to be developed on the Development Land will be a BTS facility for lease to Beyonics. It is located at part of 2 Marsiling Lane, Singapore 739144 (which is at the junction of Marsiling Road and Marsiling Lane). Seiko is the registered lessee of the

Seiko Land for the existing Housing Development Board (“**HDB**”) lease term of 60 years commencing from 1 March 1974 (the “**Existing HDB Lease Term**”), upon the terms and conditions set out in the HDB Lease. Seiko is currently in the process of obtaining approval from the HDB to extend the Existing HDB Lease Term to 31 July 2044.

Pursuant to the Option Agreement, it is proposed that Seiko will sell the Development Land to the Trustee for a purchase consideration of S\$7.125 million (the “**Purchase Consideration**”), subject to adjustments in accordance with the terms of the Purchase Conditions, upon the fulfilment of the relevant conditions (the “**Relevant Conditions**”) of the Option Agreement.

In arriving at the Purchase Consideration of S\$7.125 million for the Development Land, AA REIT took into account the valuation of the Development Land carried out by CBRE Pte. Ltd. who was appointed by the Trustee which stated the value of the Development Land is S\$7.35 million based on the residual land method, capitalisation approach and discounted cashflow analysis.

The BTS Development, when completed, will be a five-storey single-user industrial building with an estimated gross floor area (“**GFA**”) of 231,738 square feet.

Completion for the BTS Development is targeted to take place in the second half of 2017.

The total cost of the BTS Transaction, comprising the purchase consideration of the Development Land, the awarded contract sum for the Design and Construction Contract and associated transaction costs, amounts to approximately S\$39.4 million. The development costs of the BTS Development, together with the development costs of the other property redevelopment works currently being undertaken by AA REIT, are within the 10 per cent development threshold for AA REIT.

The Design and Construction Contract was entered into with Boustead, a qualified and well-established contractor founded in 1996. Boustead has undertaken many construction projects for the public and private sectors.

3. CERTAIN PRINCIPAL TERMS OF THE BTS TRANSACTION

3.1 Option Agreement

Pursuant to the Option Agreement, Seiko would grant to the Trustee the option to purchase the Development Land (with the attached Purchase Conditions and the form of the Option Exercise Notice), subject to the fulfilment of the Relevant Conditions of the Option Agreement. The Relevant Conditions include, but are not limited, to the following:

3.1.1 Seiko obtaining:

- (i) the approval of the HDB and, where required by HDB, the competent authorities, to the sale of the Development Land by Seiko to AA REIT (the “**HDB Sale Approval**”);
- (ii) the approval of HDB to extend the HDB lease to 31 July 2044;
- (iii) approval from HDB or any relevant competent authority or governmental authority to subdivide the Seiko Land;
- (iv) HDB’s written confirmation that there is no subsisting breach by Seiko of

the HDB lease and that Seiko has, at the date of such written confirmation, performed and complied in all respects with the terms and conditions contained therein;

- 3.1.2 the HDB Extended Lease having being executed by the Trustee and HDB in accordance with the provisions of the Option Agreement;
- 3.1.3 the Trustee obtaining the approval of the HDB or any competent authorities for the BTS Development and the proposed use of the Development Land for the purpose of production and other ancillary usage; and
- 3.1.4 the Trustee obtaining the approval of the HDB to lease the Development Land to Beyonics.

3.2 Design and Construction Contract

Pursuant to the Design and Construction Contract, Boustead is required to complete the works relating to the BTS Development within 15 months from the date of the signing of the Design and Construction Contract.

3.3 Agreement to Develop and Lease

Pursuant to the Agreement to Develop and Lease, AA REIT will lease the BTS Development upon completion ("**Completion**") to Beyonics.

The offer of the lease of the BTS Development is subject to and conditional upon the Relevant Conditions being satisfied and the successful acquisition of the Development Land no later than 31 October 2016, or such later date as the parties may mutually agree ("**Acquisition Long Stop Date**").

The Lease in Escrow will commence on the day falling immediately after the date of expiry of the fitting-out period granted to Beyonics or the date Beyonics receives the qualified person sign-off, whichever is the later (the "**QP Sign Off**", and commencement date of the lease, the "**Commencement Date**") and will be for the lease term of 10 years, with two options to renew for (i) another five years commencing on the date immediately after the expiry of the term ("**First Option Term**") and (ii) five years commencing on the date immediately after the expiry of the First Option Term (the "**Second Option Term**"), subject to the approval of the HDB. Annual rental escalations apply throughout the initial 10 year lease term. After Completion, Beyonics will occupy the entire BTS Development.

4 RATIONALE FOR AND BENEFITS OF THE BTS TRANSACTION

The Manager believes that the BTS Transaction will bring the following key benefits to Unitholders:

4.1 The BTS Transaction is in line with AA REIT's investment and growth strategy

The BTS Transaction will be AA REIT's first third-party greenfield development project and demonstrates AA REIT's ability to tap into different growth opportunities. In addition, the development reaffirms AA REIT's strong development capabilities as this will be the fifth development project in its portfolio. This is also in line with the Manager's investment strategy of investing on a long-term basis, directly or indirectly, in a portfolio of income-producing real estate used primarily for industrial purposes so as to deliver stable

distributions and sustainable total returns to the Unitholders.

4.2 Strategic location and good connectivity

The BTS Development is strategically located at part of 2 Marsiling Lane, Singapore 739144 in an area zoned for industrial usage.

The BTS Development is well served by major arterial roads and expressways such as Marsiling Road, Bukit Timah Expressway and Seletar Expressway. It is in close proximity to the Johor-Singapore causeway.

4.3 Master leased to a quality tenant

Beyonics is in the business of manufacturing precision-engineered components and providing turnkey electronics sub-assembly and complete product manufacturing. Following its merger with Chosen Holdings in April 2016, Beyonics (the merged entity) has 1.4 million square feet across 14 factories located in Singapore, China, Malaysia and Thailand, a combined staff of 4,800 and US\$250 million in group sales turnover.

4.4 Accretive transaction

On a pro forma basis, the BTS Development is expected to be accretive to AA REIT's distribution per unit ("**Units**") and distribution per Unit, "**DPU**") upon completion of the BTS Development and once rental revenue is stabilised.

Assuming AA REIT had completed, held and operated the BTS Development for the whole of the financial year ended 31 March 2016 and the proposed development was fully funded with debt, the DPU impact from the first year of rental income is approximately 0.30 Singapore cents¹.

4.5 Increased portfolio weighted average lease to expiry and improved lease expiry profile

Assuming that AA REIT had completed, held and operated the BTS Development for the three months ended 30 June 2016, the BTS Development will lengthen the portfolio's weighted average lease to expiry from 2.81 years² to 3.04 years³ and the master lease exposure will also increase from 49.9 per cent² to 51.6 per cent³.

5 METHOD OF FINANCING AND FINANCIAL EFFECTS

The Manager intends to adopt an optimal financing plan to finance the BTS Transaction, so as to ensure that the BTS Transaction will provide overall yield accretion to Unitholders.

The Manager intends to set aside approximately S\$14.7 million of the proceeds raised from the rights issue on 20 March 2014 (the "**2014 Rights Issue**") (which is equivalent to approximately 14.7 per cent of the gross proceeds from the 2014 Rights Issue) to partially

1 The DPU impact set out in this announcement is for illustration purposes only and purely on a pro forma basis based on the assumptions that AA REIT had completed, held and operated the proposed BTS Development for the whole of the financial year ended 31 March 2016, the proposed BTS Development was fully funded with debt and based on Units in issue of 635,366,206 as at 31 March 2016.

2 Based on the gross rental income of AA REIT for the three months ended 30 June 2016.

3 Based on the gross rental income of AA REIT for the three months ended 30 June 2016 together with the pro forma rental income from the BTS Development for the three months ended 30 June 2016.

fund the proposed BTS Transaction. The balance of the BTS Transaction will be funded via a debt facility and/or internal cash.

Assuming that AA REIT had on 31 March 2016 completed, held and operated the proposed BTS Transaction and drawn down S\$39.4 million to finance the proposed BTS Transaction, the aggregate leverage of AA REIT is expected to increase from 32.4 per cent to 34.1 per cent⁴. Post-BTS Transaction, the Manager intends to maintain the aggregate leverage within AA REIT's long term target of between 30 to 45 per cent.

6 INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

None of the Directors or the Substantial Unitholders⁵ have an interest, direct or indirect, in the BTS Transaction.

7 OTHER INFORMATION

7.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the BTS Transaction or any other transactions contemplated in relation to the BTS Transaction.

7.2 Disclosure under Rule 1010(13) of the Listing Manual

Chapter 10 of the Listing Manual classifies transactions by AA REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following applicable bases of comparison set out in Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual:

- (i) the net profits attributable to the assets acquired, compared with AA REIT's net profits;
- (ii) the aggregate value of the consideration given, compared with AA REIT's capitalisation; and
- (iii) the number of Units to be issued by AA REIT as consideration for an acquisition compared with the number of Units previously in issue (not applicable for the BTS Transaction).

Where any of the relative figures computed on the bases set out above exceeds 5.0 per cent but does not exceed 20.0 per cent or more, the transaction is classified as a "discloseable transaction" under Rule 1010 of the Listing Manual which requires the Manager to announce the BTS Transaction, unless such transaction is in the ordinary course of AA REIT's business.

⁴ Assuming further that the redevelopment of 30 & 32 Tuas West Road and 8 & 10 Tuas Avenue 20 are also completed on 31 March 2016, the aggregate leverage of AA REIT is expected to increase to 36.0 per cent.

⁵ A "Substantial Unitholder" refers to a person with an interest in Units constituting not less than 5.0 per cent of all Units in issue.

None of the relative figures in relation to the BTS Transaction computed on the bases set out above exceed 5.0 per cent.

7.3 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager⁶ at 1 George Street #23-03 Singapore 049145 from the date of this announcement up to and including the date falling three months after the date of this announcement:

- (i) the Option Agreement (which contains the form of the Purchase Conditions and the Option Exercise Notice);
- (ii) the Design and Construction Contract;
- (iii) the Agreement to Develop and Lease (which contains the form of the Lease in Escrow); and
- (iv) the valuation report by CBRE Pte. Ltd. dated 3 August 2016.

The trust deed dated 5 December 2006 constituting AA REIT, as amended, varied or supplemented from time to time will also be available for inspection at the registered office of the Manager for so long as AA REIT continues to be in existence.

BY ORDER OF THE BOARD

AIMS AMP Capital Industrial REIT Management Limited

(as manager of AIMS AMP Capital Industrial REIT)

(Company Registration no.: 200615904N)

Koh Wee Lih

Chief Executive Officer

4 August 2016

⁶ Prior appointment with the Manager will be appreciated.

Important Notice

The value of 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 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 Investors International Holdings Limited, 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 appraised value of S\$1.22 billion based on valuations obtained as at 31 March 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