AIMS AMP CAPITAL INDUSTRIAL REIT
UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT
FIRST QUARTER ENDED 30 JUNE 2014
("1Q FY2015")

Introduction

AIMS AMP Capital Industrial REIT ("AACI 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. The principal investment objective of AACI REIT 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 1 business park in Sydney, Australia[2].

Summary of AIMS AMP Capital Industrial REIT Group results

	Note	1Q FY2015	4Q FY2014	+/(-)	1Q FY2014	+/(-)
		S$'000	S$'000	%	S$'000	%
Gross revenue	(a)	27,360	29,473	(7.2)	24,524	11.6
Net property income	(a)	19,493	19,260	1.2	15,734	23.9
Distribution to Unitholders	(b)	15,849	15,591	1.7	12,488	26.9
Distribution per Unit ("DPU") (cents)		2.55	2.51	1.6	2.50	2.0

Notes:

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

(b) The Manager resolved to distribute S$15.8 million for 1Q FY2015, comprising the Trust's taxable income of S$15.0 million from Singapore operations and a capital distribution of S$0.8 million relating to the tax deferred component arising from distributions remitted for the quarter from the Group's investment in Optus Centre, Sydney, Australia.

AACI REIT's distribution policy is to distribute at least 90.0% of the Trust's taxable income for the full financial year. For 1Q FY2015, the Manager has resolved to distribute 99.1% of the taxable income available for distribution to the Unitholders. Please refer to details in section 1(a)(ii) for the distribution statement.

[1] The Group comprises AIMS AMP Capital Industrial REIT and its wholly-owned subsidiaries.

[2] AACI REIT has a 49% interest in Optus Centre located in Sydney, Australia.

Distribution and Books Closure Date

Distribution	For 1 April 2014 to 30 June 2014
Distribution Type	(a) Taxable Income (b) Capital Distribution
Distribution Rate	(a) Taxable Income Distribution: 2.42 cents per Unit (b) Capital Distribution: 0.13 cents per Unit 2.55 cents per Unit
Books Closure Date	7 August 2014
Payment Date	23 September 2014

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

	Note	Group 1Q FY2015 S$'000	Group 1Q FY2014 S$'000	+/(-) %
Gross revenue	(a)	27,360	24,524	11.6
Property operating expenses	(a)	(7,867)	(8,790)	(10.5)
Net property income	(a)	19,493	15,734	23.9
Foreign exchange gain		9	-	NM
Interest income		14	7	100.0
Borrowing costs	(a)	(5,233)	(3,217)	62.7
Manager's management fees	(a)	(1,769)	(1,357)	30.4
Other trust expenses	(a)	(420)	(439)	(4.3)
Non-property expenses		(7,422)	(5,013)	48.1
Net income before joint venture's results		12,094	10,728	12.7
Share of joint venture's results	(a),(b)	3,722	-	NM
Net income		15,816	10,728	47.4
Net change in fair value of investment properties and investment properties under development	(c)	9,408	10,931	(13.9)
Net change in fair value of financial derivatives	(d)	(500)	2,587	>(100.0)
Total return before income tax		24,724	24,246	2.0
Income tax expense	(e)	(144)	-*	>100.0
Total return after income tax		24,580	24,246	1.4

NM : not meaningful

* : less than S$1,000.

Notes:

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

(b) The share of joint venture’s results for 1Q FY2015 comprised a full quarter’s contribution from the Group’s 49.0% interest in Optus Centre, which is located in Sydney, Australia.

(c) Net change in fair value of investment properties of S$9.4 million for 1Q FY2015 relates to surplus on revaluation of 103 Defu Lane 10 and 20 Gul Way Phase Two Extension (“2E”) upon obtaining their temporary occupation permits on 28 May 2014 and 14 June 2014 respectively. The assessment was carried out by independent valuers, Knight Frank Pte Ltd for 103 Defu Lane 10 as at 28 May 2014, and Colliers International Consultancy & Valuation (Singapore) Pte Ltd for 20 Gul Way Phase 2E as at 14 June 2014.

The net change in fair value of investment properties of S$10.9 million for 1Q FY2014 relates to surplus on revaluation of Phase Two of the 20 Gul Way development upon obtaining temporary occupation permit on 7 May 2013. The valuation was assessed by an independent valuer, CBRE Pte. Ltd. as at 31 March 2013 for the entire development (Phase One and Phase Two) on an “as if complete” basis at S$217.0 million.

The net change in fair value of investment properties and investment properties under development is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(d) This relates to changes in fair value due to the revaluation of interest rate swap contracts in accordance with Financial Reporting Standard (“FRS”) 39. Please refer to note (e) of section 1(b)(i) for further details of the swap contracts. The net change in fair value of financial derivatives registered an unfavourable change in 1Q FY2015. This was mainly due to lower Singapore dollar interest rates as at the end of 1Q FY2015 as compared to the previous quarter. The net change in fair value of financial derivatives is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

(e) Income tax expense relates to withholding tax paid / payable by the Trust on the distribution and interest income from Australia as well as income tax payable by the Trust’s wholly-owned subsidiary, AACI REIT MTN Pte Ltd (“AACI REIT MTN”).

1(a)(ii) Distribution Statement

	Note	Group 1Q FY2015 S$'000	Group 1Q FY2014 S$'000	+/(-) %
Total return before income tax		24,724	24,246	2.0
Net effect of tax adjustments	(a)	(7,582)	(11,680)	(35.1)
Other adjustments	(b)	(1,964)	-	NM
Amount available for distribution from taxable income		15,178	12,566	20.8
Distribution from taxable income	(c)	15,041	12,488	20.4
Capital distribution	(d)	808	-	NM
Distribution to Unitholders		15,849	12,488	26.9

Notes:

(a) Net effect of tax adjustments

	Group 1Q FY2015 S$'000	Group 1Q FY2014 S$'000	+/(-) %
Amortisation and write-off of borrowing transaction costs	320	252	27.0
Foreign exchange gain	(1)	-	NM
Manager's management fees in Units	530	1,018	(47.9)
Net change in fair value of investment properties and investment properties under development	(9,408)	(10,931)	(13.9)
Net change in fair value of financial derivatives	500	(2,587)	>(100.0)
Prepayment fee on borrowings	66	-	NM
Temporary differences and other tax adjustments	411	568	(27.6)
Net effect of tax adjustments	(7,582)	(11,680)	(35.1)

NM: not meaningful

(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 taxable income for the full financial year. For 1Q FY2015, the Manager has resolved to distribute 99.1% of the taxable income available for distribution to the Unitholders.

(d) This relates to the tax deferred component arising from the distributions remitted for the quarter from the Group's investment in Optus Centre, Sydney, Australia.

1(b)(i) Statements of Financial Position as at 30 June 2014 vs. 31 March 2014

	Note	Group 30 Jun 2014 S$'000	Group 31 Mar 2014 S$'000	+/(-) %	Trust 30 Jun 2014 S$'000	Trust 31 Mar 2014 S$'000	+/(-) %
Non-current assets							
Investment properties	(a)	1,151,079	1,085,500	6.0	1,151,079	1,085,500	6.0
Investment properties under development	(b)	44,442	72,000	(38.3)	44,442	72,000	(38.3)
Subsidiaries	(c)	-	-	-	87,493	87,185	0.4
Joint venture	(d)	217,149	215,186	0.9	-	-	-
Trade and other receivables		3,370	3,365	0.1	3,370	3,365	0.1
Derivative financial instruments	(e)	-	177	(100.0)	-	177	(100.0)
Plant and equipment		20	26	(23.1)	20	26	(23.1)
		1,416,060	1,376,254	2.9	1,286,404	1,248,253	3.1
Current assets							
Trade and other receivables		7,336	7,178	2.2	6,627	6,585	0.6
Cash at banks and in hand	(f)	8,998	21,809	(58.7)	8,982	21,414	(58.1)
		16,334	28,987	(43.7)	15,609	27,999	(44.3)
Total assets		**1,432,394**	**1,405,241**	1.9	**1,302,013**	**1,276,252**	2.0
Current liabilities							
Trade and other payables	(g)	46,902	39,099	20.0	45,606	37,579	21.4
Derivative financial instruments	(e)	93	49	89.8	93	49	89.8
		46,995	39,148	20.0	45,699	37,628	21.4
Non-current liabilities							
Rental deposits		5,191	5,221	(0.6)	5,191	5,221	(0.6)
Trade and other payables		2,167	5,587	(61.2)	2,167	5,587	(61.2)
Interest-bearing borrowings	(h)	454,970	442,120	2.9	325,901	314,336	3.7
Derivative financial instruments	(e)	2,792	1,277	>100.0	1,016	737	37.9
		465,120	454,205	2.4	334,275	325,881	2.6
Total liabilities		**512,115**	**493,353**	3.8	**379,974**	**363,509**	4.5
Net assets		**920,279**	**911,888**	0.9	**922,039**	**912,743**	1.0
Represented by:							
Unitholders' funds		920,279	911,888	0.9	922,039	912,743	1.0
		920,279	**911,888**	0.9	**922,039**	**912,743**	1.0

Notes:

(a) The increase in investment properties was primarily due to the transfer of S$65.3 million (which included revaluation gain of S$9.4 million) from investment properties under development for 103 Defu Lane 10 and 20 Gul Way Phase 2E upon obtaining their temporary occupation permits on 28 May 2014 and 14 June 2014 respectively.

(b) As at 30 June 2014, investment properties under development refer to the further development of Phase Three of 20 Gul Way.

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

(d) This relates to the Group's 49.0% interest in Macquarie Park Trust, the Australian unit trust which holds Optus Centre, located in Sydney, Australia.

(e) The derivative financial instruments as at 30 June 2014 were in relation to interest rate swap contracts with a total notional amount of S$163.0 million. As at 30 June 2014, approximately 74.8% of the Group's borrowings were on fixed rates taking into account (i) the interest rate swaps entered into and (ii) the medium term notes. Under the interest rate swap contracts, the Group pays fixed interest rates of between 0.748% to 3.825% per annum and receives interest at the three-month Singapore dollar swap offer rate or at the three-month Australia bank bill swap bid rates, as the case may be. The net change in fair value of financial derivatives registered an unfavourable change in 1Q FY2015 due to lower Singapore dollar and Australia dollar interest rates as at the end of 1Q FY2015 as compared to the previous quarter.

(f) Cash at banks and in hand as at 30 June 2014 was S$9.0 million which was S$12.8 million lower compared to balances as at 31 March 2014. This was mainly attributable to funding of development costs at 20 Gul Way Phase 2E and Phase Three and 103 Defu Lane 10, borrowing costs and distributions paid. The above was partially offset by net cash flows generated from operating activities and borrowings from loan facilities.

(g) Trade and other payables as at 30 June 2014 included development costs payable of S$14.6 million and retention sum of S$5.6 million relating to the redevelopment of 20 Gul Way and 103 Defu Lane 10. (31 March 2014: included development costs payable of S$10.6 million and retention sum of S$2.2 million relating to the redevelopment of 20 Gul Way and 103 Defu Lane 10). These development costs are to be funded by the loan facilities of the Trust.

On 30 June 2014, the Group and the Trust have undrawn committed facilities of S$95.4 million to fulfil their liabilities as and when they fall due.

(h) The increase in interest-bearing borrowings of the Group by S$12.9 million as at 30 June 2014 was mainly due to the draw down to fund the development costs incurred on the Trust's development of 20 Gul Way and 103 Defu Lane 10.

Please refer to the details of interest-bearing borrowings in section 1(b)(ii).

1(b)(ii) Aggregate amount of borrowings

	Group 30 Jun 2014 S$'000	Group 31 Mar 2014 S$'000	Trust 30 Jun 2014 S$'000	Trust 31 Mar 2014 S$'000
Interest-bearing borrowings				
Amount repayable after one year				
Secured				
Term loans	202,029	239,932	72,009	111,161
Revolving credit facility	76,534	75,800	76,534	75,800
	278,563	315,732	148,543	186,961
Unsecured				
Medium Term Notes	180,000	130,000	180,000	130,000
	458,563	445,732	328,543	316,961
Less : Unamortised borrowing transaction costs	(3,593)	(3,612)	(2,642)	(2,625)
	454,970	442,120	325,901	314,336

Details of borrowings and collateral

(a) Secured borrowings

The Trust has a debt facility from a syndicate of five financial institutions secured by the collateral described below. The facility comprised the following:

- S$150.0 million development loans to partially finance the redevelopment of Phase One and Phase Two of 20 Gul Way. As at 30 June 2014, the Trust has prepaid S$126.0 million of the outstanding loan using the proceeds from the rights issue in March 2014 and the issuance of medium term notes in May 2014. The remaining outstanding loan balance is S$23.0 million as at 30 June 2014;
- S$100.0 million term loan facility which was prepaid using the proceeds from the private placement. The Trust can redraw under this term loan facility to fund development costs and acquisitions. As at 30 June 2014, the Trust has drawn down S$49.0 million under this term loan facility for the redevelopment of the property at 103 Defu Lane 10 and the further development of Phase 2E and Phase Three of 20 Gul Way; and
- dual currency SGD or AUD revolving credit facility of S$120.0 million. As at 30 June 2014, the Trust has drawn down A$65.1 million (S$76.5 million) under this revolving credit facility to fund the acquisition of the 49.0% interest in Optus Centre.

The details of the collateral for the facility are as follows:

- first legal mortgage over 17 investment properties of the Trust;
- assignment of rights, title and interest in leases, insurances, contracts and rental proceeds of the related mortgaged investment properties; and
- a fixed and floating charge over certain assets arising out of or in connection with the mortgaged properties.

As at 30 June 2014, the Trust's lenders have granted consent to the discharge of security of 5 investment properties with a total value of S$280.5 million. After the discharge, the number of unencumbered investment properties of the Trust would increase from 8 to 13 with a total value of S$522.2 million.

On 7 February 2014, 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) (the "Borrower") entered into a A$110,655,000 syndicated facility agreement with two financial institutions for a five year debt facility to partially fund the acquisition of the 49.0% interest in Optus Centre.

The details of the collateral are as follows:

- first ranking general security agreement over the current and future assets and undertakings of the Borrower, including the Borrower's units in Macquarie Park Trust; and
- first ranking specific security agreement from AMP Capital Investors Limited in its capacity as trustee for AIMS AMP Capital Industrial REIT (Australia) Trust over the units of the Borrower and all present and future rights and property interests in respect of the units in the Borrower.

The Group and the Trust have undrawn committed facilities of S$95.4 million (31 March 2014: S$107.0 million) to fulfil their liabilities as and when they fall due.

(b) Unsecured borrowings

On 25 July 2012, the Trust, through its subsidiary AACI REIT MTN, established a S$500 million Multi-currency Medium Term Note Programme ("MTN Programme").

On 21 May 2014, AACI REIT MTN issued S$50.0 million five year fixed rate notes due 2019 under its S$500 million MTN Programme. The notes will mature on 21 May 2019 and bear interest at a fixed rate of 3.80% per annum payable semi-annually in arrears. AACI REIT MTN has on-lent to the Trust the proceeds from the issuance of the notes to enable the Trust to repay a term loan of S$50.0 million which was due to expire in October 2015.

As at 30 June 2014, S$180.0 million medium term notes ("Medium Term Notes") had been issued comprising:

(i) S$100.0 million four year Medium Term Notes with a fixed rate of 4.90% per annum, payable semi-annually in arrears and will mature on 8 August 2016;
(ii) 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; and
(iii) 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.

1(c) Consolidated Statement of Cash Flows

	Group 1Q FY2015 S$'000	Group 1Q FY2014 S$'000
Cash flows from operating activities		
Total return after income tax	24,580	24,246
Adjustments for:		
Share of joint venture's results	(3,722)	-
Borrowing costs	5,233	3,217
Depreciation	6	13
Foreign exchange gain	(9)	-
Manager's management fees in Units	530	1,018
Net change in fair value of financial derivatives	500	(2,587)
Net change in fair value of investment properties	(9,408)	(10,931)
Income tax expense	144	-*
Operating income before working capital changes	**17,854**	**14,976**
Changes in working capital		
Rental and security deposits	1,005	1,936
Trade and other receivables	1,814	(557)
Trade and other payables	(1,930)	(7)
Income tax paid	(144)	-
Cash from operating activities	**18,599**	**16,348**
Cash flows from investing activities		
Capital expenditure on investment properties and investment properties under development	(22,371)	(21,932)
Distributions from a joint venture	2,452	-
Net cash used in investing activities	**(19,919)**	**(21,932)**
Cash flows from financing activities		
Borrowing costs paid	(4,504)	(2,930)
Distributions to Unitholders	(15,541)	(12,680)
Proceeds from interest-bearing borrowings	60,848	19,791
Repayments of interest-bearing borrowings	(50,000)	(100,000)
Proceeds from placement	-	110,000
Issue expenses paid	(2,304)	(2,747)
Net cash (used in)/from financing activities	**(11,501)**	**11,434**
Net (decrease)/increase in cash at banks and in hand	**(12,821)**	**5,850**
Cash at banks and in hand at beginning of the period	**21,809**	**2,975**
Effect of exchange rate fluctuation	10	-
Cash at banks and in hand at end of the period	**8,998**	**8,825**

* : less than S$1,000.

1(d)(i) Statement of Movements in Unitholders' Funds (1Q FY2015 vs. 1Q FY2014)

	Group 1Q FY2015 S$'000	Group 1Q FY2014 S$'000	Trust 1Q FY2015 S$'000	Trust 1Q FY2014 S$'000
Balance at beginning of the period	911,888	665,336	912,743	665,335
Operations				
Total return after income tax	24,580	24,246	24,363	24,246
Foreign currency translation reserves				
Translation differences relating to financial statements of foreign subsidiaries and net investment in foreign operations	113	-	-	-
Hedging reserves				
Effective portion of changes in fair value of cash flow hedges	(1,235)	-	-	-
Unitholders' transactions				
Issuance of Units (including units to be issued):				
- Manager's management fees	530	1,018	530	1,018
- Placement	-	110,000	-	110,000
- Distribution Reinvestment Plan	-	4,918	-	4,918
- Property Manager's fees in Units	-	3,453	-	3,453
Distributions to Unitholders	(15,591)	(17,931)	(15,591)	(17,931)
Issue expenses	(6)	(2,747)	(6)	(2,747)
Change in Unitholders' fund resulting from Unitholders' transactions	(15,067)	98,711	(15,067)	98,711
Total increase in Unitholders' funds	8,391	122,957	9,296	122,957
Balance at end of the period	920,279	788,293	922,039	788,292

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

	Note	Trust 1Q FY2015 Units '000	Trust 1Q FY2014 Units '000
Units in issue at beginning of the period		621,156	449,399
Issue of new Units			
- Units issued pursuant to placement		-	68,750
- Units issued as payment of Manager's performance fees		-	671
- Units issued as payment of Property Manager's fees		-	2,122
- Units issued pursuant to Distribution Reinvestment Plan		-	2,940
Units in issue at end of the period		621,156	523,882
Units to be issued:			
Manager's management fees	(a)	370	1,428
Total Units in issue and to be issued at end of the period		621,526	525,310

(a) The new Units to be issued relate to 370,140 Units to be issued to the Manager as partial payment of the base fee element of the management fee incurred for the period from 1 April 2014 to 30 June 2014.

The issue price for management 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 accrued.

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.

On 1 April 2014, the Group adopted Singapore Financial Reporting Standard ("FRS") 111 *Joint Arrangements* and FRS 112 *Disclosures of Interests in Other Entities* issued by the Institute of Singapore Chartered Accountants. The adoption of the new standards did not have a significant impact to the financial position or performance of the Group and the Trust. The accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those disclosed in the audited financial statements for the year ended 31 March 2014.

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.

Not applicable.

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

The EPU is computed using total return after income tax over the weighted average number of Units for the period. The diluted EPU is the same as the basic EPU as there were no dilutive instruments in issue as at the end of the period. The prior period comparatives have been restated for the effect of the rights issue.

	Group 1Q FY2015	**Group 1Q FY2014**
Weighted average number of Units ('000)	621,161	510,798
Earnings per Unit (cents) - basic and diluted	3.96	4.75

EPU was lower in 1Q FY2015 vis-à-vis 1Q FY2014 mainly due to the enlarged Units in issue arising from the rights issue in March 2014.

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

	Group 1 April 2014 to 30 June 2014	Group 1 April 2013 to 1 May 2013	Group 2 May 2013 to 30 June 2013
Number of Units in issue at end of period ('000)	621,156	449,399	523,882
Number of Units to be issued before the Books Closure Date ('000)	370	-	1,428
Applicable number of Units for calculation of DPU ('000)	621,526	449,399	525,310
Distribution per Unit (cents)	2.55	0.85	1.65

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

	Group 30 Jun 2014 S$	Group 31 Mar 2014 S$	Trust 30 Jun 2014 S$	Trust 31 Mar 2014 S$
Net asset value per Unit	1.4807	1.4680	1.4835	1.4694

8 Review of the performance

	Group 1Q FY2015 S$'000	Group 4Q FY2014 S$'000	Group 1Q FY2014 S$'000
Gross revenue	27,360	29,473	24,524
Property operating expenses	(7,867)	(10,213)	(8,790)
Net property income	19,493	19,260	15,734
Foreign exchange gain	9	370	-
Interest income	14	65	7
Borrowing costs	(5,233)	(4,452)	(3,217)
Manager's management fees	(1,769)	(1,613)	(1,357)
Other trust expenses	(420)	(702)	(439)
Non-property expenses	(7,422)	(6,767)	(5,013)
Net income before share of joint venture's results	12,094	12,928	10,728
Share of joint venture's results	3,722	(476)	-
Net income	15,816	12,452	10,728
Distribution to the Unitholders	15,849	15,591	12,488

Review of the performance for 1Q FY2015 vs. 4Q FY2014

Gross revenue for 1Q FY2015 of S$27.4 million was broadly in line with the gross revenue for 4Q FY2014 of S$27.7 million (excluding additional property tax of S$1.8 million[3]).

Net property income for 1Q FY2015 of S$19.5 million was broadly in line with the net property income for 4Q FY2014.

The foreign exchange gain in 4Q FY2014 was mainly due to the transfer of the unrealised exchange differences to the foreign currency translation reserves for its foreign currency loan that is considered to form part of the Group's net investment in a foreign operation. Foreign exchange gain/loss is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

Borrowing costs for 1Q FY2015 of S$5.2 million was S$0.8 million higher than the borrowing costs in the preceding quarter. This was mainly due to interest expense incurred for the full quarter on the AUD borrowings to fund the acquisition of the Group's 49.0% interest in Optus Centre which is located in Sydney, Australia.

Manager's management fees were higher in 1Q FY2015 vis-à-vis 4Q FY2014 as a result in the net increase in value of the Group's portfolio.

Other trust expenses for 1Q FY2015 was S$0.4 million which was S$0.3 million lower compared to the preceding quarter of S$0.7 million. This was mainly due to the legal and professional fees incurred in relation to the renewal of the property management agreements with the Property Manager in the previous quarter.

The share of joint venture's results for 1Q FY2015 comprised a full quarter's contribution from the Group's 49.0% interest in Optus Centre which is located in Sydney, Australia. The share of joint venture's results in 4Q FY2014 included the share of profits from Optus Centre for the period from 7 February 2014 to 31 March 2014 and offset by a write-off of acquisition costs incurred in relation to this acquisition.

The distribution to the Unitholders for 1Q FY2015 stood at S$15.8 million, an increase of S$0.3 million compared to 4Q FY2014. The increase was mainly due to the increase in net property income and the full quarter contribution from distributions remitted in relation to the Group's interest in Optus Centre, Sydney, Australia. This was partly offset by the release of an amount of S$0.6 million in 4Q FY2014 retained in the previous quarters of FY2014.

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[3] For 4Q FY2014, the gross revenue of S$29.5 million included an additional property tax of S$1.8 million at 20 Gul Way for the period from 29 October 2012 to 31 December 2013. The additional property tax was due to the change in annual value assessed by Inland Revenue Authority of Singapore which was fully recovered from the master tenant, CWT Limited. Excluding this additional recovery, gross revenue and property expenses for 4Q FY2014 would have been S$27.7 million and S$8.4 million respectively.

Review of the performance for 1Q FY2015 vs. 1Q FY2014

The gross revenue achieved for 1Q FY2015 of S$27.4 million was S$2.8 million higher than the corresponding quarter in the previous year mainly due to:

(i) rental contribution from 20 Gul Way as Phase Two of the development became income-producing since 7 July 2013; and

(ii) higher revenue from 56 Serangoon North Avenue 4 due to the increase in occupancy rates.

Despite the increase in gross revenue, the property operating expenses for 1Q FY2015 was S$0.9 million lower compared to 1Q FY2014 mainly due to lower expenditure incurred for the Group's portfolio of properties.

Net property income for 1Q FY2015 stood at S$19.5 million which was S$3.8 million higher compared to 1Q FY2014 in line with the increase in gross revenue and lower expenditure incurred for the Group's portfolio of properties.

Borrowing costs of S$5.2 million were S$2.0 million higher than 1Q FY2014 largely due to the additional interest expense of S$2.5 million incurred on the AUD borrowings to fund the acquisition of the Group's 49.0% interest in Optus Centre. This was partly offset by interest cost savings from the repayment of a S$100.0 million term loan facility on 3 May 2013 using the proceeds from the private placement and the repayment of a S$76.0 million development loan on 20 March 2014 using the proceeds from the rights issue, pending the deployment of such funds for their intended use.

Manager's management fees were higher in 1Q FY2015 vis-à-vis 1Q FY2014 as a result of the net increase in value of the Group's portfolio.

The distribution to the Unitholders for 1Q FY2015 stood at S$15.8 million, an increase of S$3.4 million compared to 1Q FY2014. The increase was mainly due to the increase in amount available for distribution from taxable income and distributions remitted from Optus Centre, Sydney, Australia of S$0.8 million.

9 Variance between Forecast / Prospect Statement

The current results are broadly in line with the guidance provided in the previous quarter.

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, the Ministry of Trade and Industry ("MTI") announced on 14 July 2014[4] that the Singapore economy grew by 2.1% on a year-on-year basis in the second quarter of 2014, slower than the 4.7% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 0.8%, a reversal from the 1.6% growth in the preceding quarter.

On a year-on-year basis, the manufacturing sector grew by 0.2% in the second quarter of 2014, moderating from the 9.9%

[4] Source: www.mti.gov.sg

growth in the preceding quarter. The deceleration in growth was largely due to contraction in electronics output and slower growth in transport engineering output. The construction sector expanded by 5.0% on a year-on-year basis, slightly down from the 6.4% growth in the previous quarter. The lower rate of growth was due to a slowdown in private sector construction activities. The services producing industries grew by 2.8% on a year-on-year basis in the second quarter, easing from the 3.9% growth in the preceding quarter. The moderation in growth was mainly due to slower expansion in the wholesale & retail trade and transportation & storage sectors.

JTC Corporation ("JTC") also recently announced new policy to raise the anchor tenant requirement to 70% of the total gross floor area with effect from 1 October 2014. However, JTC will give a three-year grace period until end 2017 for full compliance. This measure may make redevelopment or asset enhancement initiatives more challenging as REITs now need to ensure at least 70% anchor tenant pre-commitment.

Based on JTC 2Q 2014 statistics released on 24 July 2014[5], overall occupancy rates of Singapore's industrial property market fell by 0.9 percentage points on a quarter-on-quarter basis to 90.7%. On a year-on-year basis, occupancy rates of the overall industrial property market fell from 92.4% to 90.7%. This decline in occupancy follows an increase in the supply of industrial land and space by the government in recent years, occupancy rates in 2Q 2014 have reached its lowest levels since late 2007. Prices of industrial spaces also continued to stabilise in 2Q 2014, rising marginally by 0.7% on a quarter-on-quarter basis. On a year-on-year basis, prices for industrial space rose by 3.9% in 2Q 2014, significantly slower than the average increase of 18.8% per year over the past 4 years. Rentals of industrial space have moderated in 2Q 2014, falling by 0.1% on a quarter-on-quarter basis. On a year-on-year basis, rentals of industrial space rose by 5.0% in 2Q 2014, significantly slower than the average increase of 10.2% per year over the past 4 years. The Group's portfolio occupancy of 95.5% as at 30 June 2014 continued to be above the industry average.

Outlook for financial year ending 31 March 2015

It was reported in early July that the US Federal Reserve's regional bank presidents are debating whether to push interest rates up from zero sooner than planned because of recent improvements in the US job market. Most Fed officials had earlier expected to see rate increases only in the second half of 2015. Against this backdrop, the market is expecting interest rates to rise which will ultimately affect funding costs of all borrowers. The Group's existing capital structure is well positioned with no debt due for refinancing until October 2015, with 74.8% of the Group's borrowings were on fixed rates taking into account the interest rate swaps and fixed rate notes.

The rental market is expected to become more active in subsequent quarters, as industrialists seek space to capitalise on the improving global economic conditions. However, rental rates are less likely to increase, as supply is increasing and businesses are still in process of adapting to labour and cost issues.

Barring any unforeseen event, AACI REIT is well positioned to maintain a stable performance for the financial year ending 31 March 2015.

[5] Source: www.jtc.gov.sg

11 Distributions

(a) Current financial period

Any distributions declared for the current financial period:	Yes	
Name of distribution:	Thirty-second distribution, for the period from 1 April 2014 to 30 June 2014	
Distribution Type:	Taxable Income Capital Distribution	
Distribution Rate:	Taxable Income	2.42 cents per Unit
	Capital Distribution	0.13 cents per Unit
	Total	2.55 cents per Unit
Par value of units:	Not applicable	

Tax Rate:

Taxable Income Distributions

Taxable income distributions are made out of AACI 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.

Capital Distribution

Capital Distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of AACI REIT Units, the amount of capital distribution will be applied to reduce the cost base of their AACI 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 AACI REIT Distribution Reinvestment Plan ("DRP") will apply to the distribution for the period from 1 April 2014 to 30 June 2014.

The AACI REIT DRP provides Unitholders with an option to elect to receive fully paid Units in AACI 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 7 August 2014.

(b) Corresponding period of the immediately preceding period

Any distributions declared for the previous corresponding financial period:	Yes
Name of distribution:	Twenty-seventh distribution, for the period from 1 April 2013 to 1 May 2013
Distribution Type:	Income
Distribution Rate:	0.85 cents per Unit
Par value of units:	Not applicable
Tax Rate:	These distributions are made out of AACI 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.
Name of distribution:	Twenty-eighth distribution, for the period from 2 May 2013 to 30 June 2013
Distribution Type:	Income
Distribution Rate:	1.65 cents per Unit
Par value of units:	Not applicable
Tax Rate:	These distributions are made out of AACI 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.

(c) Books closure date: 7 August 2014

(d) Date payable: 23 September 2014

12 If no distribution has been declared (recommended), a statement to that effect

Not applicable

13 Interested Person Transactions

The Trust has not required nor obtained a general mandate from Unitholders for Interested Person Transactions.

14 Confirmation by the board pursuant to Rule 705(5) of the Listing Manual

We confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of AIMS AMP Capital Industrial REIT Management Limited (as Manager of AACI REIT) which may render these interim financial results 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
Director

Koh Wee Lih
Director

This release 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, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

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
30 July 2014