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|---|---|
| AIMS AMP CAPITAL INDUSTRIAL REIT | **AIMS AMP CAPITAL INDUSTRIAL REIT UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT THIRD QUARTER ENDED 31 DECEMBER 2013 ("3Q FY2014")** |

**Introduction**

The investment policy of AIMS AMP Capital Industrial REIT ("AACI REIT" or the "Trust") is to invest in industrial real estate assets in Singapore and Asia Pacific. The Manager's key objectives are to deliver stable distributions to Unitholders and to provide long-term capital growth.

The Trust has a portfolio of 25 properties in Singapore as at 31 December 2013.

**Summary of AIMS AMP Capital Industrial REIT Group[1] results**

| | Note | 3Q FY2014 | 2Q FY2014 | +/(-) | 3Q FY2013 | +/(-) | YTD FY2014 | YTD FY2013 | +/(-) |
|---|---|---|---|---|---|---|---|---|---|
| | | S$'000 | S$'000 | % | S$'000 | % | S$'000 | S$'000 | % |
| Gross revenue | (a) | 27,317 | 26,926 | 1.5 | 25,741 | 6.1 | 78,767 | 68,272 | 15.4 |
| Net property income | (a) | 18,677 | 18,224 | 2.5 | 14,754 | 26.6 | 52,635 | 44,380 | 18.6 |
| Distribution to Unitholders | (b) | 14,643 | 14,481 | 1.1 | 11,595 | 26.3 | 41,612 | 33,951 | 22.6 |
| Distribution per Unit ("**DPU**") (cents) | | 2.770 | 2.750 | 0.7 | 2.580 | 7.4 | 8.020 | 7.580 | 5.8 |

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

(b) The Trust achieved an amount available for distribution of S$15.0 million for 3Q FY2014. AACI REIT's distribution policy is to distribute at least 90.0% of the Trust's taxable income for the full financial year. For 3Q FY2014, the Manager has resolved to distribute 97.4% of the 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 2013 to 31 December 2013 |
| Distribution Rate | 2.770 cents per Unit |
| Books Closure Date | 10 February 2014 |
| Payment Date | 27 March 2014 |

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

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

| | Note | Group 3Q FY2014 S$'000 | Group 3Q FY2013 S$'000 | +/(-) % | Group YTD FY2014 S$'000 | Group YTD FY2013 S$'000 | +/(-) % |
|---|---|---|---|---|---|---|---|
| Gross revenue | (a) | 27,317 | 25,741 | 6.1 | 78,767 | 68,272 | 15.4 |
| Property operating expenses | (a) | (8,640) | (10,987) | (21.4) | (26,132) | (23,892) | 9.4 |
| **Net property income** | (a) | 18,677 | 14,754 | 26.6 | 52,635 | 44,380 | 18.6 |
| Interest and other income | | 6 | 2 | >100.0 | 16 | 9 | 77.8 |
| Foreign exchange loss | (a) | (368) | - | NM | (368) | - | NM |
| Borrowing costs | (a) | (3,088) | (3,747) | (17.6) | (9,358) | (10,286) | (9.0) |
| Manager's management fees | (a) | (1,439) | (1,298) | 10.9 | (4,190) | (3,667) | 14.3 |
| Other trust expenses | (a) | (411) | (394) | 4.3 | (1,239) | (861) | 43.9 |
| Non-property expenses | | (4,938) | (5,439) | (9.2) | (14,787) | (14,814) | (0.2) |
| **Net income** | | 13,377 | 9,317 | 43.6 | 37,496 | 29,575 | 26.8 |
| Net change in fair value of investment properties | (b) | - | 14,133 | (100.0) | 16,822 | 35,657 | (52.8) |
| Net change in fair value of financial derivatives | (c) | 364 | (307) | >(100.0) | 2,568 | (1,710) | >(100.0) |
| Gain on liquidation of a subsidiary | (d) | - | - | - | - | 1,411 | (100.0) |
| **Total return before income tax** | | 13,741 | 23,143 | (40.6) | 56,886 | 64,933 | (12.4) |
| Income tax expense | (e) | - | - | - | -* | - | NM |
| **Total return after income tax** | | 13,741 | 23,143 | (40.6) | 56,886 | 64,933 | (12.4) |

NM : not meaningful

* : less than $1,000

**Notes:**

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

(b) The net change in fair value of investment properties of S$14.1 million for 3Q FY2013 relates to the surplus on revaluation of Phase One of the 20 Gul Way development upon achieving Temporary Occupation Permit ("TOP") on 29 October 2012.

For YTD FY2014, the net change in fair value of investment properties of S$16.8 million included a S$10.9 million surplus on revaluation of Phase Two of the 20 Gul Way development upon achieving TOP on 7 May 2013 and a S$5.9 million surplus on revaluation of 24 properties which were valued as at 30 September 2013. The independent valuation of these properties was carried out by CBRE Pte. Ltd.. Investment properties under development relates to redevelopment of 103 Defu Lane 10 and the extension of development at 20 Gul Way which are carried at fair value based on directors' valuation.

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.

(c) 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 (d) of section 1(b)(i) for further details of the swap contracts. The net change in fair value of financial derivatives registered a favourable change in 3Q FY2014. This was mainly due to higher Singapore dollar interest rates as at the end of 3Q FY2014 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.

(d) The gain on liquidation of a subsidiary in YTD FY2013 relates to the Trust's investment in its wholly-owned subsidiary, Japan Industrial Property Pte Ltd ("JIP"), a company incorporated in Singapore. The liquidation of JIP was completed on 8 August 2012 and resulted in the realisation of a translation gain. JIP was dormant following the liquidation of its Japanese subsidiary, Guodou Kaisha Bayside in November 2011.

(e) Income tax expense is payable by the Trust's wholly-owned subsidiary, AACI REIT MTN Pte Ltd ("AACI REIT MTN").

**1(a)(ii) Distribution Statement**

| | Note | Group 3Q FY2014 S$'000 | Group 3Q FY2013 S$'000 | +/(-) % | Group YTD FY2014 S$'000 | Group YTD FY2013 S$'000 | +/(-) % |
|---|---|---|---|---|---|---|---|
| Total return after income tax | | 13,741 | 23,143 | (40.6) | 56,886 | 64,933 | (12.4) |
| Net effect of tax adjustments | (a) | 1,173 | (11,597) | >(100.0) | (14,813) | (30,586) | (51.6) |
| Other adjustments | (b) | 121 | 53 | >100.0 | 120 | (1) | >(100.0) |
| Amount available for distribution to Unitholders | | 15,035 | 11,599 | 29.6 | 42,193 | 34,346 | 22.8 |
| Distribution to Unitholders | (c) | 14,643 | 11,595 | 26.3 | 41,612 | 33,951 | 22.6 |

**Notes:**

(a) Net effect of tax adjustments

| | Group 3Q FY2014 S$'000 | Group 3Q FY2013 S$'000 | +/(-) % | Group YTD FY2014 S$'000 | Group YTD FY2013 S$'000 | +/(-) % |
|---|---|---|---|---|---|---|
| Amortisation and write-off of borrowing costs | 295 | 807 | (63.4) | 763 | 2,840 | (73.1) |
| Foreign exchange loss | 368 | - | NM | 368 | - | NM |
| Manager's management fees in Units | 473 | 872 | (45.8) | 2,188 | 1,275 | 71.6 |
| Net change in fair value of investment properties | - | (14,133) | (100.0) | (16,822) | (35,657) | (52.8) |
| Net change in fair value of financial derivatives | (364) | 307 | >(100.0) | (2,568) | 1,710 | >(100.0) |
| Prepayment fee on borrowings | - | 22 | (100.0) | - | 147 | (100.0) |
| Gain on liquidation of a subsidiary | - | - | - | - | (1,411) | (100.0) |
| Industrial building allowance | - | - | - | - | 112 | (100.0) |
| Temporary differences and other tax adjustments | 401 | 528 | (24.1) | 1,258 | 398 | >100.0 |
| Net effect of tax adjustments | 1,173 | (11,597) | >(100.0) | (14,813) | (30,586) | (51.6) |

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 3Q FY2014, the Manager has resolved to distribute 97.4% of the taxable income available for distribution to the Unitholders.

**1(b)(i) Statements of Financial Position as at 31 December 2013 vs. 31 March 2013**

| | Note | Group 31 Dec 2013 S$'000 | Group 31 Mar 2013 S$'000 | +/(-) % | Trust 31 Dec 2013 S$'000 | Trust 31 Mar 2013 S$'000 | +/(-) % |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Investment properties | (a) | 1,071,947 | 971,040 | 10.4 | 1,071,947 | 971,040 | 10.4 |
| Investment properties under development | (b) | 56,580 | 73,945 | (23.5) | 56,580 | 73,945 | (23.5) |
| Trade and other receivables | (c) | 3,730 | - | NM | 14,188 | - | NM |
| Derivative financial instruments | (d) | 258 | - | NM | 258 | - | NM |
| Subsidiaries | (e) | - | - | NM | -* | -* | >100.0 |
| Plant and equipment | | 32 | 71 | (54.9) | 32 | 71 | (54.9) |
| | | 1,132,547 | 1,045,056 | 8.4 | 1,143,005 | 1,045,056 | 9.4 |
| **Current assets** | | | | | | | |
| Trade and other receivables | (f) | 17,623 | 8,217 | >100.0 | 7,259 | 8,210 | (11.6) |
| Cash at banks and in hand | (g) | 9,008 | 2,975 | >100.0 | 9,006 | 2,974 | >100.0 |
| | | 26,631 | 11,192 | >100.0 | 16,265 | 11,184 | 45.4 |
| **Total assets** | | **1,159,178** | **1,056,248** | 9.7 | **1,159,270** | **1,056,240** | 9.8 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | (h) | 38,489 | 19,659 | 95.8 | 38,463 | 19,652 | 95.7 |
| Derivative financial instruments | (d) | 103 | 534 | (80.7) | 103 | 534 | (80.7) |
| | | 38,592 | 20,193 | 91.1 | 38,566 | 20,186 | 91.1 |
| **Non-current liabilities** | | | | | | | |
| Rental deposits | | 5,621 | 7,276 | (22.7) | 5,621 | 7,276 | (22.7) |
| Trade and other payables | | 6,738 | 3,481 | 93.6 | 6,738 | 3,481 | 93.6 |
| Interest-bearing borrowings | (i) | 304,687 | 356,860 | (14.6) | 304,687 | 356,860 | (14.6) |
| Derivative financial instruments | (d) | 882 | 3,102 | (71.6) | 882 | 3,102 | (71.6) |
| | | 317,928 | 370,719 | (14.2) | 317,928 | 370,719 | (14.2) |
| **Total liabilities** | | **356,520** | **390,912** | (8.8) | **356,494** | **390,905** | (8.8) |
| **Net assets** | | **802,658** | **665,336** | 20.6 | **802,776** | **665,335** | 20.7 |
| Represented by: | | | | | | | |
| Unitholders' funds | | 802,658 | 665,336 | 20.6 | 802,776 | 665,335 | 20.7 |
| | | **802,658** | **665,336** | 20.6 | **802,776** | **665,335** | 20.7 |

NM: not meaningful
*: less than $1,000

**Notes:**

(a) The increase in investment properties was primarily due to:

   (i) the transfer of S$91.4 million (which included revaluation gain of S$10.9 million recognised in 1Q FY2014) from investment properties under development for Phase Two of the 20 Gul Way development upon achieving TOP on 7 May 2013;

   (ii) revaluation surplus of S$5.9 million recognised in September 2013; and

   (iii) capital expenditure capitalised on asset enhancement work of S$3.6 million.

(b) As at 31 December 2013, investment properties under development refers to the redevelopment at 103 Defu Lane 10 and costs incurred on Phase 2 Extension ("2E") and Phase Three of the 20 Gul Way development.

The redevelopment of 103 Defu Lane 10 will see the site transform into a six storey industrial facility with an estimated gross floor area of approximately 202,900 square feet. The redevelopment is expected to complete in May 2014.

On 5 September 2013, the Trust announced that it will commence development of Phase 2E and Phase Three of 20 Gul Way following the satisfaction of all conditions precedent to the second development agreement with CWT Limited and Indeco Engineers (Pte) Ltd. The development will add 496,949 square feet of gross floor area ("GFA") to 20 Gul Way, bringing the total GFA to approximately 1,656,485 square feet. The construction is expected to take approximately 17 months.

The estimated redevelopment costs of 103 Defu Lane 10 and Phase 2E and Phase Three of 20 Gul Way are approximately S$25.4 million and S$77.2 million respectively, which are expected to be funded mainly by the proceeds from the private placement in May 2013.

(c) Trade and other receivables (non-current) of the Group relate to marketing services commissions incurred. The commissions are amortised over the respective tenors of the leases. The unamortised portion of the marketing services commission for leases with tenors of more than 12 months have been reclassified from current assets to non-current assets.

Trade and other receivables of the Trust relate to marketing services commission incurred as well as a loan receivable from its wholly-owned subsidiary, AIMS AMP Capital Industrial REIT (Australia) Trust.

(d) The derivative financial instruments as at 31 December 2013 were in relation to interest rate swap contracts for a total notional amount of S$126.8 million. For the main movements in the value of the derivative financial instruments, please refer to note 1(a)(i)(c). As at 31 December 2013, approximately 83.5% 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 Trust pays fixed interest rates of between 0.748% to 1.86% per annum and receives interest at the three-month Singapore dollar swap offer rate.

(e) This relates to the Trust's investment in its wholly-owned subsidiaries, AACI REIT MTN Pte. Ltd., AIMS AMP Capital Industrial REIT (Australia) Trust ("AACI REIT MIT") and AACI REIT Opera Pte. Ltd. AACI REIT MIT and AACI REIT Opera Pte. Ltd. were established for the purpose of the acquisition of a 49.0% interest in Optus Centre which is located at Macquarie Park, Sydney, Australia, through the acquisition of 172,867,925 fully paid ordinary units in Macquarie Park Trust (comprising 49.0% of the units in Macquarie Park Trust, an Australian unit trust holding the legal title to the property). On 16 January 2014, the Trust obtained Unitholders' approval of this acquisition and the completion of the acquisition is expected to take place on or around 7 February 2014.

(f) Trade and other receivables (current) as at 31 December 2013 stood at S$17.6 million. This was S$9.4 million higher compared to balances as at 31 March 2013 mainly due a refundable deposit paid of A$9,187,500 (S$10.7 million) for the proposed acquisition of a 49.0% interest in Optus Centre, Sydney, Australia and a net GST recoverable of S$1.2 million from IRAS as a result of input tax from the progress billing of properties under development. This was partially offset by the reclassification of marketing services commissions to trade and other receivables (non-current) as mentioned in note (c) above.

(g) Cash at banks and in hand as at 31 December 2013 was S$9.0 million which was S$6.0 million higher compared to balances as at 31 March 2013 mainly due to the balance proceeds of S$110.0 million received from the private placement of 68,750,000 new Units in the Trust on 2 May 2013. The proceeds were substantially used to repay outstanding term loan facility (including interest accrued) of S$100.2 million. The Trust can redraw under the S$100.0 million term loan facility to fund the redevelopment of 103 Defu Lane 10, Phase 2E and Phase Three of 20 Gul Way and acquisitions.

(h) Trade and other payables as at 31 December 2013 included development costs payable of S$17.2 million and retention sum of S$0.8 million relating to the redevelopment of 20 Gul Way and 103 Defu Lane 10. (31 March 2013: included retention sum of S$1.4 million relating to the redevelopment of 20 Gul Way). These development costs are to be funded by the loan facility of the Trust.

On 31 December 2013, the Trust has undrawn revolving credit facility of S$113.0 million to fulfil its liabilities as and when they fall due.

(i) The decrease in interest-bearing borrowings by S$52.2 million as at 31 December 2013 was mainly due to the repayment of a S$100.0 million term loan facility using the proceeds received from the private placement. This was partially offset by the drawdown of S$41.1 million for the development costs incurred on the Trust's development of 20 Gul Way and 103 Defu Lane 10, as well as the utilisation of the Trust's revolving credit facility during the quarter.

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

**1(b)(ii) Aggregate amount of borrowings**

| | Group and Trust | |
|---|---|---|
| **Interest-bearing borrowings** | **31 Dec 2013 S$'000** | **31 Mar 2013 S$'000** |
| Amount repayable after one year | | |
| **Secured** | | |
| Term loans | 177,382 | 229,257 |
| **Unsecured** | | |
| Medium Term Notes | 130,000 | 130,000 |
| | 307,382 | 359,257 |
| Less : Unamortised borrowing transaction costs | (2,695) | (2,397) |
| | 304,687 | 356,860 |

**Details of borrowings and collateral**

**(a) Secured borrowings**

The Trust has a S$370.0 million 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") is to be used to partially finance the redevelopment of Phase One and Phase Two of 20 Gul Way. As at 31 December 2013, the Trust has drawn down S$149.1 million under the development loans;
- 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 31 December 2013, the Trust has drawn down S$21.3 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.
- dual currency SGD/AUD revolving credit facility of S$120.0 million. As at 31 December 2013, the Trust has drawn down S$7.0 million under this revolving credit facility.

The details of the collateral for the S$370.0 million 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.

The Trust has undrawn committed facilities of S$192.6 million (31 March 2013: S$100.7 million) to fulfil its liabilities as and when they fall due.

**1(b)(ii) Aggregate amount of borrowings (continued)**

**(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"). As at 31 December 2013, S$130.0 million medium term notes ("Medium Term Notes") have 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$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 3Q FY2014 S$'000 | Group 3Q FY2013 S$'000 | Group YTD FY2014 S$'000 | Group YTD FY2013 S$'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Total return before income tax | 13,741 | 23,143 | 56,886 | 64,933 |
| **Adjustments for:** | | | | |
| Borrowing costs | 3,088 | 3,747 | 9,358 | 10,286 |
| Depreciation | 11 | 14 | 39 | 42 |
| Foreign exchange loss | 368 | - | 368 | - |
| Gain on liquidation of a subsidiary | - | - | - | (1,411) |
| Manager's management fees in Units | 473 | 872 | 2,188 | 1,275 |
| Net change in fair value of financial derivatives | (364) | 307 | (2,568) | 1,710 |
| Net change in fair value of investment properties | - | (14,133) | (16,822) | (35,657) |
| **Operating income before working capital changes** | **17,317** | **13,950** | **49,449** | **41,178** |
| | | | | |
| **Changes in working capital** | | | | |
| Rental deposits | 756 | 346 | 1,234 | 2,183 |
| Trade and other receivables | 257 | (343) | 217 | (1,972) |
| Trade and other payables | 220 | 2,436 | (101) | 1,881 |
| **Cash from operating activities** | **18,550** | **16,389** | **50,799** | **43,270** |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Capital expenditure on investment properties and investment properties under development | (20,586) | (42,034) | (45,937) | (83,246) |
| Refundable deposit paid[2] | (10,711) | - | (10,711) | - |
| Proceeds from divestment of investment properties | - | - | - | 15,938 |
| Purchase of plant and equipment | - | - | - | (76) |
| **Net cash used in investing activities** | **(31,297)** | **(42,034)** | **(56,648)** | **(67,384)** |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Borrowing costs paid | (3,119) | (2,290) | (9,777) | (8,532) |
| Distributions to Unitholders | (12,033) | (10,922) | (33,670) | (30,658) |
| Proceeds from interest-bearing borrowings | 28,333 | 79,582 | 48,124 | 234,897 |
| Repayments of interest-bearing borrowings | - | (34,700) | (100,000) | (164,300) |
| Proceeds from placements | - | - | 110,000 | - |
| Issue expenses paid | (58) | (5) | (2,795) | (15) |
| **Net cash from financing activities** | **13,123** | **31,665** | **11,882** | **31,392** |
| | | | | |
| **Net increase in cash at banks and in hand** | **376** | **6,020** | **6,033** | **7,278** |
| **Cash at banks and in hand at beginning of the period** | **8,632** | **4,838** | **2,975** | **3,580** |
| **Cash at banks and in hand at end of the period** | **9,008** | **10,858** | **9,008** | **10,858** |

[2] The refundable deposit paid was in relation to the proposed acquisition of a 49.0% interest in Optus Centre, to be acquired by the Group through the acquisition of 172,867,925 fully paid ordinary units in Macquarie Park Trust (comprising 49.0% of the units in Macquarie Park Trust, an Australian unit trust holding the legal title to the property). On 16 January 2014, the Trust obtained Unitholders' approval of this acquisition and the completion of the acquisition is expected to take place on or around 7 February 2014.

**1(c)(a) Significant non-cash transactions**

There were the following significant non-cash transactions:

(i) On 27 May 2013, the Group issued an aggregate of 671,102 new Units amounting to S$1.1 million as payment for the performance component of the Manager's management fees for the year ended 31 March 2013.

(ii) On 30 July 2013, the Group issued an aggregate of 1,428,430 new Units amounting to S$2.3 million as partial payment for the base fee element of the Manager's management fees incurred for the period from 1 January 2013 to 30 June 2013.

(iii) In YTD FY2014, the Group issued an aggregate of 4,360,350 new Units amounting to S$7.1 million as part payment of the distributions for 4Q FY2013, 1Q FY2014 and 2Q FY2014, pursuant to the distribution reinvestment plan (the "AACI REIT DRP"). Please refer to details in section 1(d).

(iv) In YTD FY2014, the Group issued an aggregate of 3,259,877 new Units amounting to S$5.0 million to AIMS AMP Capital Property Management Pte. Ltd. ("Property Manager") as payment for marketing services provided by the Property Manager in respect of securing tenants at three industrial properties, namely 20 Gul Way Phase One and Phase Two, 27 Penjuru Lane and 103 Defu Lane 10.

**1(d)(i) Statement of Movements in Unitholders' Funds (3Q FY2014 vs. 3Q FY2013)**

| | Group 3Q FY2014 S$'000 | Group 3Q FY2013 S$'000 | Trust 3Q FY2014 S$'000 | Trust 3Q FY2013 S$'000 |
|---|---|---|---|---|
| **Balance at beginning of the period** | 801,012 | 647,283 | 801,010 | 647,229 |
| **Operations** | | | | |
| Total return after income tax | 13,741 | 23,143 | 13,874 | 23,196 |
| **Foreign currency translation reserve** | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | 13 | - | - | - |
| Exchange difference realised on liquidation of a subsidiary | - | - | - | - |
| **Unitholders' transactions** | | | | |
| Issuance of Units (including units to be issued): | | | | |
| - Manager's management fees | 473 | 872 | 473 | 872 |
| - Distribution Reinvestment Plan | 1,958 | 279 | 1,958 | 279 |
| Distributions to Unitholders | (14,481) | (11,208) | (14,481) | (11,208) |
| Issue expenses | (58) | (5) | (58) | (5) |
| Change in Unitholders' funds resulting from Unitholders' transactions | (12,108) | (10,062) | (12,108) | (10,062) |
| Total increase in Unitholders' funds | 1,646 | 13,081 | 1,766 | 13,134 |
| **Balance at end of the period** | 802,658 | 660,364 | 802,776 | 660,363 |

**1(d)(i) Statement of Movements in Unitholders' Funds (YTD FY2014 vs. YTD FY2013)**

| | Group YTD FY2014 S$'000 | Group YTD FY2013 S$'000 | Trust YTD FY2014 S$'000 | Trust YTD FY2013 S$'000 |
|---|---|---|---|---|
| **Balance at beginning of the period** | 665,336 | 626,237 | 665,335 | 626,237 |
| **Operations** | | | | |
| Total return after income tax | 56,886 | 64,933 | 57,018 | 63,521 |
| **Foreign currency translation reserve** | | | | |
| Translation differences relating to financial statements of foreign subsidiaries | 13 | - | - | - |
| Exchange difference realised on liquidation of a subsidiary | - | (1,411) | - | - |
| **Unitholders' transactions** | | | | |
| Issuance of Units (including units to be issued): | | | | |
| - Manager's management fees | 2,188 | 1,275 | 2,188 | 1,275 |
| - Placements | 110,000 | - | 110,000 | - |
| - Distribution Reinvestment Plan | 7,075 | 3,686 | 7,075 | 3,686 |
| - Property Manager's fees in Units | 5,035 | - | 5,035 | - |
| Distributions to Unitholders | (41,080) | (34,341) | (41,080) | (34,341) |
| Issue expenses | (2,795) | (15) | (2,795) | (15) |
| Change in Unitholders' funds resulting from Unitholders' transactions | 80,423 | (29,395) | 80,423 | (29,395) |
| Total increase in Unitholders' funds | 137,322 | 34,127 | 137,441 | 34,126 |
| **Balance at end of the period** | 802,658 | 660,364 | 802,776 | 660,363 |

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

| | Note | Trust 3Q FY2014 Units '000 | Trust 3Q FY2013 Units '000 | Trust YTD FY2014 Units '000 | Trust YTD FY2013 Units '000 |
|---|---|---|---|---|---|
| Units in issue at beginning of the period | | 526,575 | 448,307 | 449,399 | 443,852 |
| <u>Issue of new Units:</u> | | | | | |
| - Placements | (a) | - | - | 68,750 | - |
| - Manager's performance fees | (b) | - | - | 671 | 1,686 |
| - Manager's management fees | (c) | - | - | 1,428 | - |
| - Distribution Reinvestment Plan | (d) | 1,293 | 194 | 4,360 | 2,963 |
| - Property Manager's fees | (e) | - | - | 3,260 | - |
| Units in issue at end of the period | | 527,868 | 448,501 | 527,868 | 448,501 |
| <u>Units to be issued</u>: | | | | | |
| Manager's management fees | (f) | 775 | 898 | 775 | 898 |
| **Total Units in issue and to be issued at end of the period** | | 528,643 | 449,399 | 528,643 | 449,399 |

(a) On 2 May 2013, the Trust issued 68,750,000 new Units at an issue price of S$1.60 per Unit by way of private placement, raising gross proceeds of S$110.0 million.

(b) On 27 May 2013, the Trust issued 671,102 new Units at an issue price of S$1.5739 per Unit as payment of the performance component of the Manager's management fee for the year ended 31 March 2013.

(c) On 30 July 2013, the Trust issued 1,428,430 new Units at an average issue price of S$1.6186 per Unit as partial payment of the base fee element of the management fee incurred for the period from 1 January 2013 to 30 June 2013.

(d) During the current financial period, there were the following issuances of Units pursuant to the AACI REIT DRP:
- (i) 2,939,794 new Units on 18 June 2013 at an issue price of S$1.6727 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the AACI REIT DRP in respect of the 4Q FY2013 distribution;
- (ii) 127,298 new Units on 20 September 2013 at an issue price of S$1.5598 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the AACI REIT DRP in respect of the 1Q FY2014 distribution;
- (iii) 1,293,258 new Units on 18 December 2013 at an issue price of S$1.5134 per Unit. The new Units were issued to eligible Unitholders who elected to participate in the AACI REIT DRP in respect of the 2Q FY2014 distribution.

(e) During the current financial period, there were the following issuances of Units to the Property Manager:
- (i) 2,121,777 new Units on 28 June 2013 at an issue price of S$1.6276 per Unit as payment of the marketing services provided by the Property Manager in respect of securing tenants at two properties, namely 20 Gul Way Phase One and 27 Penjuru Lane; and
- (ii) 1,138,100 new Units on 13 September 2013 at an issue price of S$1.3895 per Unit as payment of the marketing services provided by the Property Manager in respect of securing tenants at two properties, namely 20 Gul Way Phase Two and 103 Defu Lane 10.

(f) The new Units to be issued relate to 775,010 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 July 2013 to 31 December 2013.

The issue price for management fees and marketing services fee 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 2013, the Group adopted the revised version of the Statement of Recommended Accounting Practice ("RAP") 7 (2012) and Singapore Financial Reporting Standard ("FRS") 113 *Fair Value Measurement* issued by the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore). The adoption of RAP 7 (2012) and FRS 113 has no significant impact to the financial statements 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 2013.

**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.

| | **Group 3Q FY2014** | **Group 3Q FY2013** | **Group YTD FY2014** | **Group YTD FY2013** |
|---|---|---|---|---|
| Weighted average number of Units ('000) | 526,781 | 448,342 | 515,859 | 446,415 |
| **Earnings per Unit (cents) - basic and diluted** | 2.61 | 5.16 | 11.03 | 14.55 |

Earnings per Unit was lower in 3Q FY2014 vis-à-vis 3Q FY2013 as 3Q FY2013 included a surplus on revaluation of investment properties of S$14.1 million from the revaluation of 20 Gul Way Phase One upon obtaining TOP on 29 October 2012. Earnings per Unit was lower in YTD FY2014 vis-à-vis YTD FY2013 mainly due to the lower surplus on revaluation of investment properties in YTD FY2014 of S$16.8 million compared to YTD FY2013 of S$35.7 million. In addition, the weighted average number of Units has increased in 3Q FY2014 and YTD FY2014 mainly due to the private placement of new Units issued in May 2013.

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

| | **Group 3Q FY2014** | **Group 3Q FY2013** | **Group YTD FY2014** | **Group YTD FY2013** |
|---|---|---|---|---|
| Number of Units in issue at end of period ('000) | 527,868 | 448,501 | 527,868 | 448,501 |
| Number of Units to be issued before the Books Closure Date ('000) | 775 | 898 | 775 | 898 |
| Applicable number of Units for calculation of DPU | 528,643 | 449,399 | 528,643 | 449,399 |
| **Distribution per Unit (cents)** | 2.770 | 2.580 | 8.020 | 7.580 |

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

| | **Group 31 Dec 2013 S$** | **Group 31 Mar 2013 S$** | **Trust 31 Dec 2013 S$** | **Trust 31 Mar 2013 S$** |
|---|---|---|---|---|
| Net asset value per Unit | 1.5183 | 1.4756 | 1.5186 | 1.4756 |

## 8 Review of the performance

| | **Group 3Q FY2014 S$'000** | **Group 2Q FY2014 S$'000** | **Group 3Q FY2013 S$'000** | **Group YTD FY2014 S$'000** | **Group YTD FY2013 S$'000** |
|---|---|---|---|---|---|
| Gross revenue | 27,317 | 26,926 | 25,741 | 78,767 | 68,272 |
| Property operating expenses | (8,640) | (8,702) | (10,987) | (26,132) | (23,892) |
| **Net property income** | 18,677 | 18,224 | 14,754 | 52,635 | 44,380 |
| | | | | | |
| Interest and other income | 6 | 3 | 2 | 16 | 9 |
| Foreign exchange loss | (368) | - | - | (368) | - |
| | | | | | |
| Borrowing costs | (3,088) | (3,053) | (3,747) | (9,358) | (10,286) |
| Manager's management fees | (1,439) | (1,394) | (1,298) | (4,190) | (3,667) |
| Other trust expenses | (411) | (389) | (394) | (1,239) | (861) |
| Non-property expenses | (4,938) | (4,836) | (5,439) | (14,787) | (14,814) |
| **Net Income** | 13,377 | 13,391 | 9,317 | 37,496 | 29,575 |
| **Distribution to the Unitholders** | 14,643 | 14,481 | 11,595 | 41,612 | 33,951 |

**Review of the performance for 3Q FY2014 vs. 2Q FY2014**

Gross revenue for 3Q FY2014 of S$27.3 million was S$0.4 million higher than the 2Q FY2014 gross revenue of S$26.9 million. This was mainly due to the full quarter rental contribution from Phase Two of 20 Gul Way as it became income producing from 7 July 2013 as well as higher rental from new and renewal leases within the Trust's property portfolio.

Net property income for 3Q FY2014 of S$18.7 million was S$0.5 million higher than the net property income of 2Q FY2014, mainly in line with the higher gross revenue achieved and lower expenditure incurred.

The foreign exchange loss recognised in 3Q FY2014 was due to an unrealised exchange loss in relation to a refundable AUD deposit paid[3], as a result of the appreciation of the SGD against AUD as at 31 December 2013. The foreign exchange loss is a non-tax chargeable/deductible item and has no impact on the taxable income and distributable income to the Unitholders.

Manager's management fees were higher in 3Q FY2014 vis-à-vis 2Q FY2014 as a result in the net increase in size of the Trust's portfolio.

The distribution to the Unitholders for 3Q FY2014 stood at S$14.6 million, an increase of S$0.2 million compared to 2Q FY2014.

**Review of the performance for 3Q FY2014 vs. 3Q FY2013**

The gross revenue achieved for 3Q FY2014 of S$27.3 million was S$5.7 million higher than the corresponding quarter in the previous year (excluding one-off additional property tax recovery of S$4.1 million[4]) mainly due to:

(i) rental contribution from 20 Gul Way as Phase One and Phase Two of the development became income-producing from 29 December 2012 and 7 July 2013, respectively; and
(ii) higher rental rates and recoveries achieved of S$0.9 million from 27 Penjuru Lane as the property reverted to multi-tenancy leases from 12 December 2012;

Property operating expenses for 3Q FY2014 were S$1.8 million higher than 3Q FY2013 (excluding one-off additional property tax recovery of S$4.1 million[4]), which was consistent with the net increase in revenue and the reversion of 27 Penjuru Lane to a multi-tenancy property.

[3] The refundable deposit paid in relation to the proposed acquisition of a 49.0% interest in Optus Centre, to be acquired by the Group through the acquisition of 172,867,925 fully paid ordinary units in Macquarie Park Trust (comprising 49.0% of the units in Macquarie Park Trust, an Australian unit trust holding the legal title to the property). ). On 16 January 2014, the Trust obtained Unitholders' approval of this acquisition and the completion of the acquisition is expected to take place on or around 7 February 2014.

[4] For 3Q FY2013, the gross revenue of S$25.7 million included a one-off additional property tax assessment of S$4.1 million at 27 Penjuru Lane for the period from 10 April 2007 to 11 December 2012. The additional property tax was due to the change in the prior years' annual value assessed by Inland Revenue Authority of Singapore which was fully recovered from the head tenant, C&P Holdings Pte Ltd. Excluding the one-off additional property tax, gross revenue and property operating expenses for 3Q FY 2013 would have been S$21.6 million and S$6.8 million respectively.

Net property income for 3Q FY2014 stood at S$18.7 million which was S$3.9 million higher compared to 3Q FY2013.

Borrowing costs of S$3.1 million were S$0.7 million lower than 3Q FY2013 largely due to:

(i) accelerated recognition of unamortised loan transaction costs and prepayment fee of S$0.4 million in 3Q FY2013 as a result of early refinancing of the secured borrowings due in February 2014 with the proceeds from the issuance of the Medium Term Notes on 5 December 2012; and

(ii) 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, pending the deployment of such funds for their intended use.

Manager's management fees were higher in 3Q FY2014 vis-à-vis 3Q FY2013 as a result of the net increase in size of the Trust's property portfolio.

The distribution to the Unitholders for 3Q FY2014 stood at S$14.6 million, an increase of S$3.0 million as compared to 3Q FY2013 mainly in line with positive net contributions referred to above.

**Review of the performance for YTD FY2014 vs. YTD FY2013**

The gross revenue achieved for YTD FY2014 of S$78.8 million was S$14.7 million higher than the corresponding period in the previous year (excluding one-off additional property tax recovery of S$4.1[5] million) mainly due to:

(i) increase in rental contribution from 20 Gul Way as Phase One and Phase Two of the development became income-producing from 29 December 2012 and 7 July 2013, respectively;

(ii) higher rental rates and recoveries achieved from 27 Penjuru Lane and 8 and 10 Pandan Crescent as the properties reverted to multi-tenancy leases on 12 December 2012 and 19 April 2012 respectively; and

(iii) higher rental rates and recoveries achieved for new and renewal leases at 29 Woodlands Industrial Park E1.

This was partly offset by the loss in revenue due to the redevelopment of 103 Defu Lane 10.

Property operating expenses for YTD FY2014 were S$6.4 million higher than YTD FY2013 (excluding one-off additional property tax recovery of S$4.1 million[5]), which was consistent with the increase in revenue and the reversion of certain single tenant properties to multi-tenancy properties.

Net property income for YTD FY2014 stood at S$52.6 million which was S$8.3 million higher compared to YTD FY2013.

Borrowing costs of S$9.4 million were S$0.9 million lower than YTD FY2013 largely due:

(i) accelerated recognition of unamortised loan transaction costs and prepayment fee of S$1.5 million in YTD FY2013 as a result of early refinancing of the secured borrowings due in October 2013 and February 2014 with the proceeds from the issuance of the Medium Term Notes on 8 August 2012 and 5 December 2012 respectively; and

[5] For YTD FY2013, the gross revenue of S$68.3 million included a one-off additional property tax assessment of S$4.1 million at 27 Penjuru Lane for the period from 10 April 2007 to 11 December 2012. The additional property tax was due to the change in the prior years' annual value assessed by Inland Revenue Authority of Singapore which was fully recovered from the head tenant, C&P Holdings Pte Ltd. Excluding the one-off additional property tax, gross revenue and property operating expenses for YTD FY2013 would have been S$64.1 million and S$19.7 million respectively.

(ii) 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, pending the deployment of such funds for their intended use.

However, this was offset by:

(i) borrowing costs incurred on the drawdown of development loans to finance the Phase One and Phase Two of the property at 20 Gul Way, and borrowing costs that were previously capitalised whilst the property was under development but are now expensed following the achievement of TOP; and

(ii) higher interest rates on the S$100.0 million four-year fixed rate notes due 2016 and S$30.0 million seven-year fixed rate notes due 2019 which were issued under the Group's S$500 million MTN Programme. The Programme was established to provide the Group with more diversified funding sources and to extend the loan tenor of the Group's existing debt portfolio.

Manager's management fees were higher in YTD FY2014 vis-à-vis YTD FY2013 as a result of the net increase in size of the Trust's property portfolio.

Other trust expenses of S$1.2 million was S$0.4 million higher than YTD FY2013. This was largely due to the increase in operating costs in line with the increase in the Trust's size and investor base and costs associated with the distribution reinvestment plan.

The distribution to the Unitholders for YTD FY2014 stood at S$41.6 million, an increase of S$7.7 million as compared to YTD FY2013 mainly in line with positive net contributions referred to above.

## 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 2 January 2014[6] that the Singapore economy grew by 4.4% on a year-on-year basis in the fourth quarter of 2013, compared to 5.9% in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 2.7%, contrary to the 2.2% expansion in the previous quarter. For the whole of 2013, the economy is estimated to have grown by 3.7%. This is in line with MTI's growth forecast of 3.5% to 4.0%.

On a year-on-year basis, the manufacturing sector grew by 3.5% in the fourth quarter of 2013, lower than the 5.3% growth in the preceding quarter. The moderation in growth was mainly due to a sharper contraction in biomedical manufacturing output and a slower pace of growth in transport engineering output. The construction sector grew by 4.7% on a year-on-year basis, moderating from the 5.8% growth in the previous quarter. The slowdown was mainly due to a moderation in the growth of construction activities in the private sector. The services producing industries also grew by 5.5% on a year-on-

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

year basis, easing from the 6.5% growth in the preceding quarter.

Taking over from the Urban Redevelopment Authority as the government agency overseeing the collection and dissemination of data on industrial property, Jurong Town Corporation's ("JTC") 4Q 2013 statistics released on 24 January 2014[7] indicated that overall occupancy rates of Singapore's industrial property market fell by 0.8 percentage points on a quarter-on-quarter basis to 91.9% in the fourth quarter 2013, as a 1.5% increase in supply outstripped a 0.6% increase in demand. This decline in occupancy follows an increase in the supply of industrial land and space by the government in recent years, in response to escalating prices and rentals after the Singapore economy recovered from the Global Financial Crisis. Prices of industrial spaces fell by 3.3% quarter-on-quarter, reversing the 2.8% gain in the previous quarter. Rentals also moderated significantly, rising marginally by only 0.2% compared to the 4.4% rise in the previous quarter. The Trust's portfolio occupancy of 98.2% as at 31 December 2013 continued to be above the industry average.

In November 2013, Jurong Town Corporation announced two new rulings on asset divestment and minimum occupation period of JTC-leased industrial properties aimed to dampen speculation. The new rules included (i) increased investment period for industrial lessees and (ii) increased minimum occupation period of anchor tenants in Build-to-Suit and Sale-and-Leaseback properties. Both rulings will apply to all new and renewed assignments commencing 15 November 2013. While these new rulings may decrease the pool of available industrial assets for acquisition, industrial REITs may benefit from acquisitions that will come with longer leases.

**Outlook for financial year ending 31 March 2014**

In December 2013, the US Federal Reserve announced the start of its tapering of quantitative easing programme. For a start, the quantitative easing programme continues, albeit at a marginally slower pace of US$75 billion a month rather than US$85 billion. In addition, the Fed has indicated that interest rates will remain low until there is improvements in employment rates. There continues to be fear of interest rates rising, which will ultimately affect funding costs of real estate vehicles such as REITs. The Trust's existing capital structure is well positioned with no debt due for refinancing until October 2015, with 83.5% of the Group's borrowings were on fixed rates taking into account the interest rate swaps and the Medium Term Notes.

The Singapore industrial property market entered a relatively steady state in 4Q 2013 with rents moderating significantly. Similar to the previous quarter, leasing activity in 4Q 2013 was driven by renewals. Barring any unforeseen event, AACI REIT is well positioned to maintain a stable performance for the financial year ending 31 March 2014.

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

**11 Distributions**

**(a) Current financial period**

| | |
|---|---|
| Any distributions declared for the current financial period: | Yes |
| Name of distribution: | Thirtieth distribution, for the period from 1 October 2013 to 31 December 2013 |
| Distribution Type: | Income |
| Distribution Rate: | 2.77 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).<br>Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution. |

**(b) Corresponding period of the immediately preceding period**

| | |
|---|---|
| Any distributions declared for the previous corresponding financial period: | Yes |
| Name of distribution: | Twenty-fifth distribution, for the period from 1 October 2012 to 31 December 2012 |
| Distribution Type: | Income |
| Distribution rate: | 2.58 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).<br>Unitholders should consult their own tax advisers concerning the tax consequences of their particular situation with regard to the distribution. |

**(c) Books closure date:** 10 February 2014

**(d) Date payable:** 27 March 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

Nicholas Paul McGrath
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
29 January 2014