

## A-REIT's Total Available for Distribution for FY15/16 grew by 7.7% y-o-y to S\$378.3 million

### Highlights:

1. FY15/16 Distribution per Unit<sup>(2)(3)</sup> (DPU) grew by 5.2% y-o-y to 15.357 cents.
2. Performance boosted mainly by new acquisitions of 27 logistics properties in Australia, Aperia, The Kendall, Hyflux Innovation Centre and ONE@Changi City.
3. Achieved average positive rental reversion of 7.0% for the Singapore portfolio in FY15/16.

### Summary of A-REIT's Group Results (For the financial year ended 31 March)

	FY15/16	FY14/15	Variance
Number of Properties	133 <sup>(1)</sup>	107	+26
Gross revenue (S\$ million)	761.0	673.5	+13.0%
Net property income (S\$ million)	533.7	462.7	+15.3%
Total amount available for distribution (S\$ million)	378.3	351.1	+7.7%
<b>DPU after performance fees</b>			
DPU for the financial year (cents) <sup>(2)(3)</sup>	15.357	14.600	+5.2%
DPU for the 4 <sup>th</sup> quarter (cents) <sup>(2)(3)</sup>	3.410	3.710	-8.1%
<b>DPU before performance fees</b>			
DPU for the financial year (cents) <sup>(2)(3)</sup>	16.053	14.600	+10.0%
DPU for the 4 <sup>th</sup> quarter (cents) <sup>(2)(3)</sup>	3.759	3.710	+1.3%

**Notes:**

- (1) As at 31 March 2016, A-REIT has 103 properties in Singapore, 27 properties in Australia and 3 properties in China.
- (2) As at the date of this announcement, A-REIT has received a notice of exchange ("Exchange Notice") amounting to S\$14.0 million in relation to the Exchangeable Collateralised Securities ("ECS") and new Units will be issued. Any new Units issued (or to be issued) in exchange for the ECS will rank *pari passu* in all respects with the Units in issue on the day immediately following the date of the Exchange Notice, including the entitlement to distributions by A-REIT for the period preceding the date of issue of the Units. The estimated DPU for 4Q FY15/16 and FY15/16 have been computed on the basis that no further ECS will be exchanged into Units before the books closure date. Accordingly, the actual quantum of DPU may differ if A-REIT receives additional Exchange Notices before the books closure date.

(3) *The estimated DPU for 4Q FY15/16 and FY15/16 have been computed after taking into consideration the Units issued as partial consideration for the acquisition of ONE@Changi City ("Consideration Units"). The Consideration Units will only be entitled to distributions from the date of their issue to the end of the semi-annual financial period in which the Consideration Units are issued, as well as all distributions thereafter.*

**5 May 2016, Singapore** – The Board of Directors of Ascendas Funds Management (S) Limited (the Manager), the Manager of Ascendas Real Estate Investment Trust (A-REIT), is pleased to report that for FY15/16, A-REIT's total amount available for distribution grew 7.7% year-on year (y-o-y) to S\$378.3 million.

Estimated DPU rose 5.2% y-o-y to 15.357 cents from 14.600 cents in the previous financial year. This was mainly due to higher contributions from new acquisitions such as the 27 logistics properties in Australia, and Aperia, The Kendall, Hyflux Innovation Centre and ONE@Changi City in Singapore.

4QFY15/16 estimated DPU declined 8.1% y-o-y due mainly to performance fees of S\$9.0 million. Otherwise, 4Q estimated DPU would have increased by 1.3%, mainly due to contribution from new acquisitions but partially diluted by the higher number of A-REIT Units in issue.

Mr Chia Nam Toon, Chief Executive Officer and Executive Director of the Manager said, "We are pleased to report a strong set of results. In addition, assets under management has grown to S\$9.9 billion, boosted by acquisitions in Australia and Singapore. We are however mindful of the current challenging environment and will work at delivering a stable performance in the year ahead."

### **Value-adding Investments**

During the year, the Manager completed about S\$1.5 billion worth of acquisitions, S\$43.9 million worth of development projects and S\$96.0 million of asset enhancement projects.

The acquisitions included the entry into Australia via the purchase of 27 logistics properties in Australia, a credible platform from which to grow. In Singapore, the Manager also completed the purchase of ONE@Changi City (see appendix for details of these acquisitions).

## Press Release



The development of A-REIT Jiashan Logistics Centre, located in the south western border of Shanghai, China, was completed in March 2016 for S\$22.1 million<sup>1</sup> (RMB 105.2 million). Negotiations with potential tenants are underway. In April 2015, the development of DBS Asia Hub Phase 2 was completed and fully leased to DBS Bank.

The Manager continues to focus on improving returns from existing buildings via asset enhancement initiatives. A total of five enhancement projects were completed during FY15/16. There are another five on-going projects as at 31 March 2016, including two new asset enhancement projects which commenced in 4Q FY15/16. The two projects are at The Aries and Akzo Nobel House, and the enhancement works will cost approximately S\$4.7 million and S\$6.5 million respectively. Common lobby spaces, drop-off points and restrooms will be upgraded or redesigned to make them up-to-date and improve the marketability of these properties.

### Capital Recycling

In FY15/16, the Manager completed two divestments - 26 Senoko Way and BBR Building for S\$24.8 million and S\$13.9 million respectively. Total capital gains of S\$15.7 million were realised over the original cost of investments, after transaction costs.

On 29 April 2016, the Manager divested Four Acres Singapore to Unilever Asia Pacific Private Limited. Four Acres Singapore is a purpose built global development & training centre for Unilever Asia Private Limited. The sale price of S\$34.0 million is 10.4% higher than the development cost of S\$30.8 million. The proforma impact of the divestment on A-REIT's distribution per unit for the financial year ended 31 March 2016 is approximately 0.11 cents, assuming the divestment was completed on 1 April 2015.

The Manager will continue to selectively divest properties that have reached a stage which offers limited scope for further income growth and to recycle capital and optimise A-REIT's portfolio.

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<sup>1</sup> Based on exchange rate of RMB1.00 = SGD 0.2097

### **A Well Diversified and Resilient Portfolio**

As at 31 March 2016, A-REIT owns a portfolio of properties with long and short term leases (27.4% and 72.6% by property value respectively). A-REIT's portfolio has a weighted average lease to expiry (WALE) of about 3.7 years.

In Singapore, occupancy declined to 87.9% from 88.9% (Dec 2015) mainly due to the single tenant building lease expiry at IDS Logistics Corporate HQ. The Manager has plans to redevelop the building to enhance the potential of the site.

Overall portfolio occupancy rate also fell to 87.6% from 89.2% (Dec 2015). In addition to the lease expiry at IDS Logistics Corporate HQ, the completion of A-REIT Jiashan Logistics Centre, which is currently unoccupied, also contributed to the lower occupancy. Excluding these two properties, the portfolio occupancy would be 89.2%.

Positive rental reversion was achieved across all segments of the Singapore portfolio. A weighted average rental reversion of 5.1% was achieved for leases renewed in 4Q FY15/16 and 7.0% for the whole of FY15/16.

Tenants from the transport and storage sector accounted for the largest proportion of new demand (28.7%) based on gross income for the year.

In FY16/17, about 19.4% of A-REIT's gross revenue will be due for renewal, of which 3.3% are leases of single-tenant buildings and 16.1% are leases of multi-tenant buildings. The Manager is proactively working on the renewal of these leases.

### **Proactive Capital Management**

To support the acquisitions, a record S\$1.5 billion funds were raised by tapping various diversified funding sources such as Australian dollar syndicated term loan, medium term notes, perpetual securities, private equity placement, a preferential offering and issuing of consideration units.

## Press Release



Aggregate leverage stood at 37.2% and weighted average all-in cost of borrowing remained stable at 2.8% as at 31 March 2016. About 71.9% of A-REIT's interest rate risk exposure is hedged with a weighted average duration of 3.3 years remaining.

The debt maturity profile remains well-spread and weighted average tenure of debt outstanding is 3.4 years.

We continue to enjoy the A3 credit rating by Moody's.

### Outlook for FY16/17

A-REIT is well-diversified in terms of rental income. The customer base is about 1,470 tenants spread over 103 properties in Singapore, 27 in Australia and 3 in China. No single property accounts for more than 5.4% of A-REIT's monthly gross revenue. The stability of A-REIT's future performance is underpinned by the diversity and depth of its portfolio.

### Singapore

Leases for about 19.4% of A-REIT's gross revenue are due for renewal in FY16/17. Modest rental reversion can be expected as the average passing rental rates are close to the current market rates.

The industrial property market condition in Singapore is expected to remain challenging. With significant new supply and tepid economic growth both in Singapore and globally, there may be pressure on occupancy growth in Singapore.

With 12.1% vacant space in the Singapore portfolio, there is potential upside when the space is leased.

A-REIT continues to have access to the Ascendas-Singbridge Group's pipeline of more than S\$1 billion worth of business and science park properties. This will enable A-REIT to maintain a market leading portfolio in Singapore.

**Australia**

The acquisition 27 logistics properties in Australia, worth about A\$1.0 billion has enabled A-REIT to gain a strategic footprint in the logistics market there. A-REIT will continue to evaluate and seek growth opportunities to expand this footprint. Demand for logistics space is expected to be strong, backed by a healthy jobs market, low interest rates, weaker Australian dollar and firm consumer spending.

Barring any unforeseen events and any weakening of the economic environment, the Manager expects A-REIT to maintain a stable performance for the financial year ending 31 March 2017.

## APPENDIX

### Acquisitions made in FY15/16

- 1) The maiden acquisition in Australia for A\$1,013.0 million (S\$1,047.6 million<sup>2</sup>), comprising of 26 freehold logistics properties, was completed in November 2015. The portfolio is 94.4% occupied as at 31 March 2016. The leases have an average built-in rental escalation of approximately 3.3% per annum and a WALE of 5.1 years as at March 2016.
- 2) 6-20 Clunies Ross Street in Sydney was acquired for A\$76.6 million (S\$79.2 million<sup>2</sup>) in February 2016. The portfolio is 100% occupied, has a WALE of 5.7 years as at March 2016 and step-up rental escalation of between 3.5% to 4% per annum.
- 3) The acquisition of ONE@Changi City was completed in March 2016 for S\$420.0 million. This high-quality, well-located property is 97.8% occupied with anchor tenants such as Credit Suisse and J.P. Morgan. WALE stood at 4.1 years as at 31 March 2016.

- End -

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<sup>2</sup> Based on end Mar 16 exchange rate of AUD 1.00 = SGD1.0342

**About A-REIT ([www.a-reit.com](http://www.a-reit.com))**

A-REIT is Singapore's first and largest listed business space and industrial real estate investment trust. It has a diversified portfolio of 103 properties in Singapore, comprising business and science park properties, hi-specs industrial properties, light industrial properties, logistics and distribution centres, integrated development, amenities and retail properties. In Australia, A-REIT owns 27 logistics properties and in China it owns two business park properties and one logistics property. As at 31 March 2016, total assets amount to about S\$9.9 billion. These properties house a tenant base of around 1,470 international and local companies from a wide range of industries and activities, including research and development, life sciences, information technology, engineering, light manufacturing, logistics service providers, electronics, telecommunications, manufacturing services and back-room office support in service industries. Major tenants include SingTel, Siemens, Honeywell, Zuellig Pharma, Citibank N.A., OSIM International, DBS Bank, Federal Express, Baidu, Inc., Johnson & Johnson, RSH, Infineon Technologies, Cold Storage and Hyflux.

A-REIT is listed in several indices. These include the FTSE Straits Times Index (with effect from 4 June 2014), the Morgan Stanley Capital International, Inc (MSCI) Index, the European Public Real Estate Association/National Association of Real Estate Investment Trusts (EPRA/NAREIT) Global Real Estate Index and Global Property Research (GPR) Asia 250. A-REIT has an issuer rating of "A3" by Moody's Investor Services.

A-REIT is managed by Ascendas Funds Management (S) Limited (in its capacity as manager of A-REIT), a wholly-owned subsidiary of the Singapore-based Ascendas Group and a member of the Ascendas-Singbridge Group.

**About Ascendas-Singbridge Group ([www.ascendas-singbridge.com](http://www.ascendas-singbridge.com))**

Ascendas-Singbridge Group is Asia's leading provider of sustainable urban solutions. With the combined capabilities of Ascendas and Singbridge, the group is uniquely placed to undertake urbanisation projects spanning townships, mixed-use developments and business/industrial parks. Headquartered in Singapore, Ascendas-Singbridge has projects in 29 cities across 10 countries in Asia, including Australia, China, India, Indonesia, Singapore and South Korea.

Ascendas-Singbridge Group has a substantial interest in and also manages three Singapore-listed funds under its subsidiary Ascendas. Besides these listed funds – Ascendas REIT, Ascendas India Trust (a-iTrust) and Ascendas Hospitality Trust (A-HTRUST), Ascendas also manages a series of private real estate funds, which hold commercial and industrial assets across Asia.

Jointly owned by Temasek and JTC Corporation (JTC) through a 51:49 partnership, Ascendas-Singbridge Group is the asset and investment holding arm of the integrated urban solutions platform formed by Temasek and JTC to capitalise on urbanisation trends in the region.

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## Press Release



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### Important Notice

The value of A-REIT's Units ("**Units**") and the income derived from them may fall as well as rise. 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 A-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.

The past performance of A-REIT is not necessarily indicative of the future performance of A-REIT.

This release may contain forward-looking statements that involve assumptions, 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 and occupancy, 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 A-REIT's future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.