Press Release
27 July 2017

Ascendas Reit's Total Amount Available for Distribution for 1Q FY17/18 grew 10.9% y-o-y to S$118.5 million

Highlights:

1. 1Q FY17/18 Distribution per Unit (DPU) grew by 4.3% year-on-year (y-o-y) to 4.049 cents.

2. Gross revenue rose +2.7% y-o-y to S$213.3 million, mainly attributable to newly acquired properties in Singapore and Australia.

3. Portfolio occupancy improved to 91.6% from 90.2% a quarter ago and portfolio rental reversion of +1.7% was achieved.

Summary of Ascendas Reit's Group Results (For the financial periods ended 30 June)

	1Q FY17/18	1Q FY16/17	Variance
Number of Properties	132 (1)	131	
Gross revenue (S$ million)	213.3	207.6	2.7%
Net property income (S$ million)	153.4	149.5	2.6%
Total amount available for distribution (S$ million)	118.5 (2)	106.9	10.9%
DPU for the 1st quarter (cents)	4.049 (3)	3.882 (4)	4.3%

Notes:
(1) As at 30 June 2017, Ascendas Reit has 103 properties in Singapore and 29 properties in Australia.
(2) Included a rollover adjustment amounting to S$5.9 million from prior years which arose mainly from a ruling by IRAS on the non-deductibility of certain upfront fees for certain credit facilities incurred in FY11/12.
(3) Includes taxable, and capital distributions of 3.822 cents and 0.227 cents respectively.
(4) Includes taxable, tax exempt and capital distributions of 3.709 cents, 0.156 cents and 0.017 cents respectively.

27 July 2017, Singapore – The Board of Directors of Ascendas Funds Management (S) Limited (the Manager), the Manager of Ascendas Real Estate Investment Trust (Ascendas Reit), is pleased to report that 1Q FY17/18 DPU grew by 4.3% y-o-y to 4.049 cents.

Net property income rose by 2.6% y-o-y to S$153.4 million. This was mainly driven by higher gross revenue, which rose 2.7% y-o-y to S$213.3 million. The increase was a result of contributions from new acquisitions, namely, 12, 14 and 16 Science Park Drive in Singapore, 197-201 Coward Street in Sydney and 52 Fox Drive Dandenong South (formerly Stage 4 Power Park Estate) in Melbourne, partially offset by the loss of income from the divestments of the properties in China and the decommissioning of 50 Kallang Avenue for asset enhancement works.

Mr Chia Nam Toon, Chief Executive Officer and Executive Director of the Manager said, “We are pleased to report an improvement in portfolio occupancy together with a slight positive rental reversion in Singapore. However, Singapore’s industrial property market still remains soft amid the intense competition for tenants. Potential new supply of industrial space for the remaining of 2017 is expected to put pressure on rental rates and occupancy.

We are continually investing in growth whilst reshaping our portfolio to enhance returns to Unitholders. This is evident through our recent acquisition in Melbourne, re-development and asset enhancement projects in Singapore, as well as divestment to recycle capital.”

Value-adding Investments

During the year, the Manager completed the acquisition of 52 Fox Drive, Dandenong South, (formerly Stage 4 Power Park Estate) in Melbourne, Australia, for S$26.5 million[1] (A$24.8 million). The single-storey modern logistics facility is a newly completed freehold development located in the Power Park Industrial Estate in the established industrial suburb of Dandenong South.

Asset enhancement and redevelopment projects are undertaken to enhance the returns of Ascendas Reit’s existing portfolio. In June 2017, 50 Kallang Avenue, which was redeveloped for S$45.2 million, was handed over and fully leased to a multi-national company.

The Manager embarked on a new asset enhancement initiative at 21 Changi South Avenue 2 for S$4.5 million. As at 30 June 2017, two asset enhancement projects and one re-development project worth $73.5 million were still on-going.

[1] Based on the announcement on 3 April 2017

Capital Recycling

On 12 July 2017, 10 Woodlands Link was divested to Sengkang Import & Export Pte Ltd for S$19.28 million. The gain on divestment compared to the initial cost of acquisition would be approximately S$7.3 million. The divestment is in line with the Manager's proactive asset management strategy to redeploy capital and optimise returns for Unitholders.

A Well Diversified and Resilient Portfolio

Ascendas Reit has a well-diversified portfolio comprising properties across five industrial sub-segments[2]. As at 30 June 2017, the customer base of about 1,380 tenants is spread over 103 properties in Singapore and 29 properties in Australia. Singapore accounts for 86% of Ascendas Reit's portfolio by asset value while Australia makes up the remaining 14%.

No single property accounts for more than 5.4% of Ascendas Reit's monthly gross revenue. The stability of Ascendas Reit's future performance is underpinned by the diversity and depth of its portfolio.

Ascendas Reit portfolio comprises 25.6% of single-tenant and 74.4% of multi-tenant properties by property value. The portfolio has a weighted average lease expiry of about 4.3 years.

Overall portfolio occupancy rate improved quarter-on-quarter and y-o-y to 91.6% (31 March 2017: 90.2%, 30 June 2016: 88.2%).

The Singapore portfolio occupancy rate improved to 89.2% (as at 30 June 2017) from 88.6% (as at 31 March 2017) mainly due to higher occupancies at 50 Kallang Avenue, 40 Penjuru Lane and Pioneer Hub.

In Australia, new leases were secured at 494-500 Great Western Highway in Sydney and 62 Stradbroke Street in Brisbane. Both properties are now 100% occupied. As a result, the Australian portfolio occupancy rate improved to 99.8% from 96.3% a quarter ago.

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[2] The five major industrial sub-segments are business & science park, integrated development, amenities & retail, high-specifications industrial properties/data centres, light industrial properties/flatted factories and logistics & distribution centres.

The Manager is actively marketing the vacant space in the portfolio.

Positive rent reversion[3] of about 1.7% was achieved for renewed leases in multi-tenant buildings during 1Q FY17/18 (Singapore +1.1%, Australia +3.5%).

Based on new leases signed during 1Q FY17/18, tenants from the transport and storage sector accounted for the largest proportion of new demand (39.8%) by gross income.

About 11.8% of Ascendas Reit's gross revenue will be due for renewal in the remaining of FY17/18. Of these expiring leases, 1.0% are from single-tenant buildings and 10.8% are from multi-tenant buildings. The Manager has been proactively working on the renewal of the leases expiring in FY17/18.

Proactive Capital Management

As at 30 June 2017, aggregate leverage stood at 33.9% and weighted average all-in cost of borrowing at 2.9%. About 72.2% of Ascendas Reit's borrowings are on fixed rates for an average term of 3.2 years.

The debt maturity profile remains well-spread and weighted average tenure of debt outstanding is 3.1 years.

Ascendas Reit continues to enjoy the A3 credit rating by Moody's.

Outlook for FY17/18

Singapore

The Manager continues to see various prevailing economic uncertainties created by the potentially inward looking trade policies of the USA government, geopolitical tensions,

[3] Average gross rents over the lease period of the renewed leases divided by the preceding average gross rents (weighted by area renewed). Takes into account renewed leases that were signed in the respective periods.

continuous discords between UK and the EU on the Brexit negotiations, plus an uncertain future growth for the ASEAN countries due to the demise of the TPP without US participation.

However, there is growing optimism over global economic prospects with consolidation of trade initiatives among EU, China and Japan. Some economists are optimistic that the world economies are slowly on the way to recovery.

In Singapore, Ascendas Reit is faced with some headwinds. The Singapore government maintained its GDP forecast at 1.0% to 3.0% in 2017 (source: Ministry of Trade and Industry). Currently, companies continue to place a strong focus on improving efficiency and have remained conservative with their business expansion plans. With island-wide vacancy for industrial property at 11.3% as at June 2017, the incoming supply of about 1.4 million sq m of industrial space (source: JTC) in the second half of 2017 will put pressure on rental rates and occupancy.

The current trend is for the government to sell shorter leases of industrial land i.e. previously with a 60 year tenure to generally a tenure now of 30 years or less. The shorter land leases render the development of investment properties less feasible due to the gap between rental expectations and the reluctance of tenants to sign on longer lease terms in this uncertain economic climate.

The Manager will actively evaluate the third party market for high-quality accretive investments. In addition, Ascendas Reit continues to have access to the Sponsor's pipeline, comprising over S$1 billion of business and science park properties in Singapore.

Australia

Consensus 2017 GDP growth is forecast to be stable at about 2.5% as the Australian economy continues to make a transition from resources to a broader range of industries (e.g. housing, tourism, agricultural exports and educational services).

The resilient Australian economy and the recently concluded free-trade agreements with China, Japan and Korea should lend support for demand of logistics space. New supply in

Sydney and Melbourne remains largely pre-committed. Jones Lang LaSalle expects prime rents in precincts such as the Outer Central West Sydney and West Melbourne to rise by a compound annual growth rate of 2.5% and 2.1% respectively between 2017 and 2021.

High-quality investment assets remain attractive to investors on the back of positive property fundamentals. Prime yields have reached record lows in Sydney and Melbourne but are expected to compress further in the near term in view of the strong investment appetite. With increasing investment outlay, this may result in potentially lower yields for new acquisitions.

Others

The US Federal Reserve remained dovish in its recent announcement in view of the weakening US inflation data. Prospects of another interest rate hike by the end of the year have dimmed. As interest rates are not expected to rise as fast as expected, there may be a lower impact on DPU.

Conclusion

Although the outlook of the global economy has improved, uncertainties remain. Ascendas Reit's performance for FY17/18 is expected to remain stable.

- End –

About Ascendas Reit (www.ascendas-reit.com)

Ascendas Reit is Singapore's first and largest listed business space and industrial real estate investment trust. As at 30 June 2017, total assets amount to about S$10.2 billion, comprising 103 properties in Singapore and 29 properties in Australia. The portfolio includes business and science park properties, hi-specs industrial properties, light industrial properties, logistics and distribution centres, integrated development, amenities and retail properties. These properties house a tenant base of around 1,380 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, DSO National Laboratories, DBS, Citibank, Wesfarmers, JPMorgan Ceva Logistics and Biomedical Sciences Institutes, to name a few.

Ascendas Reit is listed in several indices. These include the FTSE Straits Times Index, 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. Ascendas Reit has an issuer rating of "A3" by Moody's Investors Service.

Ascendas Reit is managed by Ascendas Funds Management (S) Limited (in its capacity as manager of Ascendas Reit), a wholly-owned subsidiary of the Singapore-based Ascendas-Singbridge Group. Ascendas REIT Australia and its sub-trusts, are managed by Ascendas Funds Management (Australia) Pty Ltd, which is a wholly-owned subsidiary of Ascendas Funds Management (S) Limited.

About Ascendas-Singbridge Group (www.ascendas-singbridge.com)

Ascendas-Singbridge Group is Asia's leading sustainable urban and business space solutions provider with Assets Under Management exceeding S$20 billion.

Jointly owned by Temasek Holdings and JTC Corporation through a 51:49 partnership, the Group undertakes urbanisation projects spanning townships, mixed-use developments and business/industrial parks. Headquartered in Singapore, Ascendas-Singbridge has projects in 28 cities across 9 countries in Asia, including Australia, China, India, Indonesia, Singapore and South Korea.

Ascendas-Singbridge holds commercial, hospitality and industrial assets across Asia Pacific. It has a substantial interest in and also manages three Singapore-listed funds under its subsidiary Ascendas, namely Ascendas Reit (a Straits Times Index component stock), Ascendas India Trust and Ascendas Hospitality Trust. Besides these listed funds, it also manages a series of private real estate funds.

For enquiries, please contact:

Yeow Kit Peng (Ms)
Head, Capital Markets & Corporate Development
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8822
Email: kitpeng.yeow@ascendas-singbridge.com

Wylyn Liu (Ms)
Senior Manager, Investor Relations & Communications
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8840
Email: wylyn.liu@ascendas-singbridge.com

Important Notice

The value of Ascendas 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 Ascendas 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 Ascendas Reit is not necessarily indicative of the future performance of Ascendas 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 Ascendas 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.