

PRESS RELEASE

For immediate release

Ascendas Reit and Ascendas-Singbridge Group make their first foray into Europe

- Ascendas Reit will acquire a portfolio of 12 logistics properties in the United Kingdom for £207.27 million¹
- Ascendas-Singbridge Group, as the sponsor, will provide Ascendas Reit with asset management and related services in the United Kingdom
- This latest transaction is aligned with Ascendas-Singbridge Group's plans to grow its international presence

Singapore, 26 July 2018 – Ascendas Funds Management (S) Limited (the “**Manager**”), as manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), is pleased to announce that Ascendas Reit is expanding its footprint beyond Asia and Australia, through the proposed acquisition (“**Proposed Acquisition**”) of a portfolio of 12 logistics properties (“**Properties**”) located in the United Kingdom (“**UK**”).

The Properties will be acquired from two third-party vendors, Oxenwood Catalina Midco Limited and Oxenwood Catalina II Midco Limited (together, the “**Vendors**”) for £207.27 million (S\$373.15 million)² (“**Agreed Portfolio Value**”). Completion is expected to take place in the third quarter of 2018. Post-completion of the Proposed Acquisition, Ascendas Management (UK) Ltd, a UK subsidiary of the sponsor of Ascendas Reit, Ascendas-Singbridge Pte Ltd (“**Ascendas-Singbridge Group**”), will provide Ascendas Reit with certain asset management services and other related services in respect of the Properties.

Strategically located in established distribution centres with good connections to core urban areas, the Properties are well-poised to capitalise on the growing demand for supply chain and logistics services in the UK market, as a result of booming e-commerce activities. The Proposed Acquisition provides Ascendas Reit an entry to UK logistics market, supported by Ascendas-Singbridge Group's asset management capabilities, and will position Ascendas Reit strategically to strengthen its presence in other key UK locations.

Mr William Tay, Executive Director and Chief Executive Officer of Ascendas Funds Management (S) Limited, the manager of Ascendas Reit said, “This acquisition is an important milestone as we continue to strengthen our franchise to meet the growth of Ascendas Reit. The investment presents an attractive and meaningful entry into the UK market. The portfolio has a long weighted average lease expiry (WALE) of 14.6 years and is largely comprised of freehold land. These are appealing attributes that will strengthen our

¹ Includes rental top-up provided by the Vendors for Unit 3, Brookfields, Rotherham, Yorkshire, S63 5DL, United Kingdom (the “**Rotherham Property**”) to primarily make good the shortfall in rent (equivalent to two years of the existing tenant's rent) arising from the vacant space as the existing tenant is currently under administration.

² An illustrative exchange rate of £1.00: S\$1.8003 is used for all conversions from Pound Sterling amounts into Singapore Dollar amounts in this press release.

existing portfolio. We are optimistic about this acquisition which will be DPU accretive, and are pleased to have the strong support from our sponsor, Ascendas-Singbridge Group, in our maiden UK investment.”

Ms He Jihong, Chief Investment Officer of Ascendas-Singbridge Group, said, “We are delighted with Ascendas Reit’s expansion into the UK. This fits well with Ascendas-Singbridge Group’s plans to widen our international presence. We remain highly selective in deciding on the right asset classes for our entry into new markets and will focus on those that play to our core strengths. We will continue to provide Ascendas Reit with the necessary support as they grow their portfolio.”

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About Ascendas Reit

Ascendas Reit is Singapore’s first and largest listed business space and industrial real estate investment trust. As at 31 March 2018, total assets were about S\$10.4 billion, comprising 100 properties in Singapore and 31 properties in Australia. The portfolio includes business and science park/suburban office 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 1,320 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, 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. www.ascendas-reit.com

About Ascendas-Singbridge Group

Ascendas-Singbridge Group is Asia’s leading sustainable urban development 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. www.ascendas-singbridge.com

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Proposed Acquisition Details

In connection with the Proposed Acquisition, Ascendas REIT (Europe Sub 1) Ltd. (the “**Purchaser**”), an indirect wholly-owned entity of HSBC Institutional Trust Services (Singapore) Limited, as trustee of Ascendas Reit, has today entered into a share purchase agreement with the Vendors to acquire all the shares in the capital of the 10 companies which own the Properties.

Ascendas Reit is expected to incur an estimated transaction cost of about £4.98 million (S\$8.97 million). This includes the acquisition fee of approximately £2.07 million (S\$3.73 million) payable to the Manager (being 1% of the Agreed Portfolio Value of £207.27 million) and professional fees, insurance premiums, and other fees and expenses of approximately £2.91 million (approximately S\$5.24 million) incurred by Ascendas Reit in connection with the Proposed Acquisition. The Proposed Acquisition is expected to generate a net property income yield³ of approximately 5.32% pre-transaction costs in the first year (5.22% post-transaction costs).

The annualised pro forma financial effect of the Proposed Acquisition on FY17/18 distribution per Unit (“**DPU**”) would be an improvement of 0.194⁴ Singapore cents.

The Proposed Acquisition is expected to complete in the third quarter of 2018.

Funding Arrangement

The Manager intends to fund the Proposed Acquisition with Pound Sterling denominated loans.

Funding the Proposed Acquisition with pound sterling debt is aimed at achieving a natural hedge against foreign exchange risk. The Manager may hedge the expected net income cash flow via appropriate hedging instruments. Ascendas Reit’s interest rates exposure will be managed at the portfolio level, and the Manager will be guided by the existing policy of maintaining 50% to 75% of borrowings on fixed interest rates. The Manager plans to maintain Ascendas Reit’s aggregate leverage ratio at a level below 40%.

Key Investment Merits for Ascendas Reit

- **Complementary to Ascendas Reit’s portfolio**

The real estate market in the UK is mature, transparent and provides opportunities for growth underpinned by domestic consumption. The Target Portfolio comprises of both

³ The net property income (NPI) yield is derived from the estimated net property income expected in the first year of acquisition and includes one year of rental top-up provided by the Vendors for the Rotherham Property.

⁴ The annualised pro forma DPU (for FY17/18) is calculated based on the following assumptions and bases: (a) the Proposed Acquisition had been completed on 1 April 2017 and Ascendas Reit held and operated the Target Portfolio for the financial year ended 31 March 2018, (b) the Proposed Acquisition is fully funded by debt (c) the distribution includes one-year of rental top-up provided by the Vendors for the Rotherham Property, and (d) the Manager elects to receive its base fee 80% in cash and 20% in units for the financial year ended 31 March 2018.

freehold and 999-year leasehold properties which will complement Ascendas Reit's current portfolio.

The 12 well-located Properties will serve as a good entry portfolio given their geographic spread in key distribution centres across the United Kingdom.

The Proposed Acquisition is in line with Ascendas Reit's disciplined value-adding investment strategy of acquiring good quality, income-producing assets with established tenants and will strengthen Ascendas Reit's ability to fulfil its mission to generate stable and predictable income streams and long term capital stability.

- **Diversification of Ascendas Reit's portfolio**

The Proposed Acquisition will benefit Ascendas Reit and its Unitholders with further diversification, both geographically and from an enlarged tenant base. The contribution of overseas investment (by asset value) is expected to increase from 15% to 17%. The tenant base of Ascendas Reit will also be enlarged to include more quality tenants such as DHL, Secretary of State for Communities and Local Government, Amazon and Howden Joinery⁵, just to name a few.

- **Opportunity to expand into the United Kingdom**

The logistics property market in the UK is expected to see a sustained period of rental growth driven by strong demand and constrained supply conditions. One of the key demand drivers is the structural shift towards online retail sales, which accounted for an average logistics take up of 20% between 2015 and 2017 compared to an average take up of 7% between 2009 and 2011⁶. This trend is expected to continue to benefit the logistics sector.

The addition of the 12 Properties under the Target Portfolio will hence provide Ascendas Reit with a sizeable presence in the UK's logistics property sector.

In addition, the Pound Sterling has depreciated against the Singapore dollar (-33% over the last 10 years and -10% over the last two years), making UK investments attractive.

- **Strengthens Ascendas Reit's Portfolio**

Following the completion of the Proposed Acquisition, the proportion of freehold properties (by asset value) of Ascendas Reit will increase from 16% to 19%.

The Target Portfolio's long weighted average lease to expiry (WALE) of 14.6 years will also extend Ascendas Reit's portfolio WALE of 4.2 years (as at 31 March 2018) to 4.4 years.

As the property space in the Target Portfolio is leased to tenants on a triple-net basis (where the tenant pays all statutory outgoings, operating and maintenance costs), operational demand will be minimal and this will ease Ascendas Reit's initial entry into the UK market.

⁵ Howden Joinery is UK's largest manufacturer and supplier of fitted kitchens, appliances and joinery products to local builders and trade professionals. The company is listed on the London Stock Exchange.

⁶ Source: CBRE

About the Target Portfolio

The 12 well-located logistics properties occupy a total gross internal area of 242,633 sqm. The Properties are sited on freehold and 999-year leasehold land in established industrial areas across various regions in the UK including Yorkshire and the Humber, North West England, East Midlands, West Midlands, South East England and East of England.

The Properties are well accessible to the major motorways such as the M1 and M6, providing good connections to a large catchment of UK’s population.

With the Proposed Acquisition, Ascendas Reit will own a total of 99 properties in Singapore, 32 properties in Australia and 12 properties in the UK.

For more details about the Proposed Acquisition and the individual Properties, please refer to the accompanying (1) announcement, (ii) investor presentation titled “Proposed Acquisition of UK Logistics Portfolio” dated 26 July 2018.

Portfolio Statistics	
Location & Number of Properties	12 logistics properties Yorkshire & the Humber – 3 properties North West England – 2 properties East Midlands – 2 properties West Midlands – 2 properties South East England – 2 properties East of England – 1 property
Land Area	549,201 sqm
Land Tenure	Freehold (10 properties) and 999-year leasehold (2 properties)
Gross Internal Area (“GIA”)	242,633 sqm
WALE	14.6 years
Occupancy Rate	100% ⁷
Total Number of Leases	12 (with 9 customers) ⁸
Lease Structure	Tenant pays all statutory outgoings, operating and maintenance expenses (triple-net)

⁷ Physical occupancy rate is 92% if the rental top-up is excluded.

⁸ Excludes lease at the Rotherham Property.

Important Notice

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.

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