



12, 14 & 16 Science Park Drive, Singapore



197-201 Coward Street, Sydney, Australia

**Review of FY16/17 Performance**  
**Annual General Meeting**  
**29 June 2017**



# Disclaimers

**This material shall be read in conjunction with Ascendas Reit's financial statements for the financial year ended 31 March 2017.**

This presentation 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 Units in Ascendas Reit ("Units") and the income derived from them, if any, 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 should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. 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 between the figures in the tables and charts and the listed amounts and totals thereof are due to rounding.

## Financial Performance & Key Highlights





Investment Management

Capital Management

Portfolio Management

Market Outlook

# Financial Performance

(S\$'000)	FY16/17	FY15/16	% fav/ (unfav)
Gross revenue	830,592	760,988	 9.1
Net property income	610,954	533,701	 14.5
Total amount available for distribution	446,304	378,321	 18.0
DPU after performance fee (cents)	15.743	15.357	 2.5

Note: Please refer to Ascendas Reit's financial announcement for the financial year ended 31 March 2017 for more information

## ■ Key growth drivers:

- Full year contributions from FY15/16 acquisitions:
  - Australian Logistics Portfolio
  - ONE@Changi City (Singapore)
- Maiden contributions from FY16/17 acquisitions:
  - 197-201 Coward Street (Australia)
  - 12, 14 & 16 Science Park Drive (DNV/DSO, Singapore)
- One-off property tax savings and lower utilities expense
- Positive rental reversion of +3.1%
- Higher portfolio occupancy of 90.2% (from 87.6% @ Mar 2016)

# Key Highlights

- **Assets under Management grew 3% to \$10.2 billion**
- **Stable Property Valuation**
  - Same-store valuation of 127 properties was stable at S\$9,276.2m (vs S\$9,176.6m @ 31 Mar 2016<sup>^</sup>)
  - Portfolio capitalisation rate at 6.29% (vs 6.34% @ 31 Mar 2016)
- **Proactive Capital Management**
  - Moody's A3 credit rating maintained
  - Aggregate leverage improved to 33.8%
  - 78.9% of borrowings is hedged for an average term of 3.2 years

<sup>^</sup> Excludes properties under re-development (50 Kallang Avenue and 20 Tuas Avenue 1) and divested properties (China portfolio and Four Acres Singapore)

Financial Performance & Key Highlights

## Investment Management

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# Investment Highlights

- Assets under Management grew 3% to \$10.2b

<b>Acquired S\$565.6m</b>	<b>Asset Enhancements/ Development \$150m</b>	<b>Divested \$436m</b>
12, 14, 16 Science Park Drive (\$420m)	Completed: 5 projects (S\$36m)	3 China properties (S\$408m)
197-201 Coward Street, Sydney (\$145.6m) <sup>#</sup>	Ongoing: 3 projects (S\$114m)	Four Acres Spore (S\$34m)

# Based on announcement dated 9 Sep 2016



# High Quality Science Park Acquisition: 12, 14 & 16 Science Park Drive (DNV/DSO)

Purchase Consideration	S\$420.0m
Acquisition Fee, Stamp Duty and Other transaction costs	S\$17.5m
Total Acquisition Cost	S\$437.5m
Vendor	Ascendas Land (Singapore) Pte Ltd
Valuation (as at 31 March 2017)	S\$440.0m
Land Area	39,436 sqm
Land Tenure (as at 31 March 2017)	64.2 years remaining
Net Lettable Area	78,871 sqm
Occupancy	100%
Weighted Average Lease to Expiry	16.0 years
Key Tenants	DSO National Laboratories, DNV GL Singapore Pte Ltd
Initial NPI Yield	6.3% (or 6.0% post-cost yield)

Acquired on 16 Feb 2017



LHS: DSO National Laboratories, RHS: DNV GL Technology Centre

**Property:** Comprises 3 built-to-suit blocks

- DSO National Laboratories Phase 1 & 2 - two 8-storey buildings
- DNV GL Technology Centre - 7-storey building

**Location:** Within Singapore Science Park 1, off South Buona Vista Road, accessible via Ayer Rajah Expressway and Kent Ridge MRT

**Tenants:**

- DSO National Laboratories – Singapore’s national defence R&D organisation
- DNV GL Singapore Pte Ltd– world-leading classification society and risk management company

# First Australian Business Park Acquisition: 197-201 Coward Street, Mascot, Sydney

Purchase Consideration	A\$143.4m
Acquisition Fee, Stamp Duty and Other transaction costs	A\$10.0m
Total Acquisition Cost	A\$153.4m
Vendor	Frasers Property Australia
Valuation (as at 31 March 2017)	A\$148.0m by Knight Frank
Land Area	6,714 sqm
Land Tenure	Freehold
Net Lettable Area	22,628 sqm
Occupancy	100%
Weighted Average Lease to Expiry	4.5 years
Key Tenants	Leighton Contractors, TNT, Avis
Initial NPI Yield	6.9% (or 6.5% post-cost yield)

Acquired on 9 Sep 2016



**Property:** Comprises two 8-storey A-grade office park towers and a multi-storey carpark. Completed in 2003.

**Location:** Established South Sydney commercial precinct. Well serviced by public transport.

**Tenants:** Attracts logistics and transportation sectors and those who value close proximity to CBD at discounted rents.

# Ongoing Projects: Improve Portfolio Quality

	Estimated Value (S\$m)	Estimated Completion
<b>Re-development</b>	<b>106.6</b>	
20 Tuas Ave 1	61.4	1Q 2018
50 Kallang Avenue	45.2	2Q 2017
<b>Asset Enhancement Initiatives (AEI)</b>	<b>7.7</b>	
The Gemini	7.7	3Q 2017
<b>Total AEI + Re-development</b>	<b>114.3</b>	

# Divestments to Recycle Capital

- Divested 4 properties, realising total capital gains of **S\$194.6m** over original costs



	Four Acres Singapore	A-REIT Jiashan Logistics Centre	Ascendas Z-Link	A-REIT City @Jinqiao
Description	Built-to-suit global development & training centre for Unilever	Single-storey logistics facility	Business Park	Business Park
Remaining Land Tenure	25 years	49 years	38 years	30 years
NLA	9,170 sqm	35,206 sqm	27,595 sqm	81,994 sqm
Acquisition Year/Price	2013/ S\$30.7m	2016/ S\$20.9m	2011/ S\$61.8m	2013 / S\$122.3m
Book Value (as at 31 Mar 2016)	Finance lease S\$33.4m	RMB 120.0m (S\$ 24.4m)	RMB 690.0m (S\$ 140.4m)	RMB 973.0m (S\$198.3m)
Sales Price*	S\$34.0m	S\$26.0m	S\$160.0m	S\$221.6m
NPI Impact	-S\$4.2m	Nil	- S\$8.2m	-S\$8.3m
Buyer	Unilever Asia Pacific Private Limited	Goodman Developments Asia GCLP Developments No. 3 (BVI) Limited	Cova Beijing Zpark Investment Limited	Wkland Investments II Limited and Vanke Property (Hong Kong) Co. Limited
Capital gains over original costs	<b>S\$0.6m</b>	<b>S\$4.0m</b>	<b>S\$95.6m</b>	<b>S\$94.4m</b>
Completion Date	29 Apr 2016	17 Jun 2016	11 Jul 2016	17 Nov 2016

\* In accordance to Ascendas Reit's Trust Deed, the Manager is entitled to a divestment fee of 0.5% of the sale price of the Property.

Financial Performance & Key Highlights

Investment Management

**Capital Management**

Portfolio Management

Market Outlook

# Healthy Balance Sheet

- Aggregate leverage improved to 33.8% (from 37.3% in March 2016) on the back of divestment proceeds, equity fund raising and Exchangeable Collateralised Securities (ECS) conversion into Units
- Available debt headroom of S\$2.1b to reach 45.0% aggregate leverage

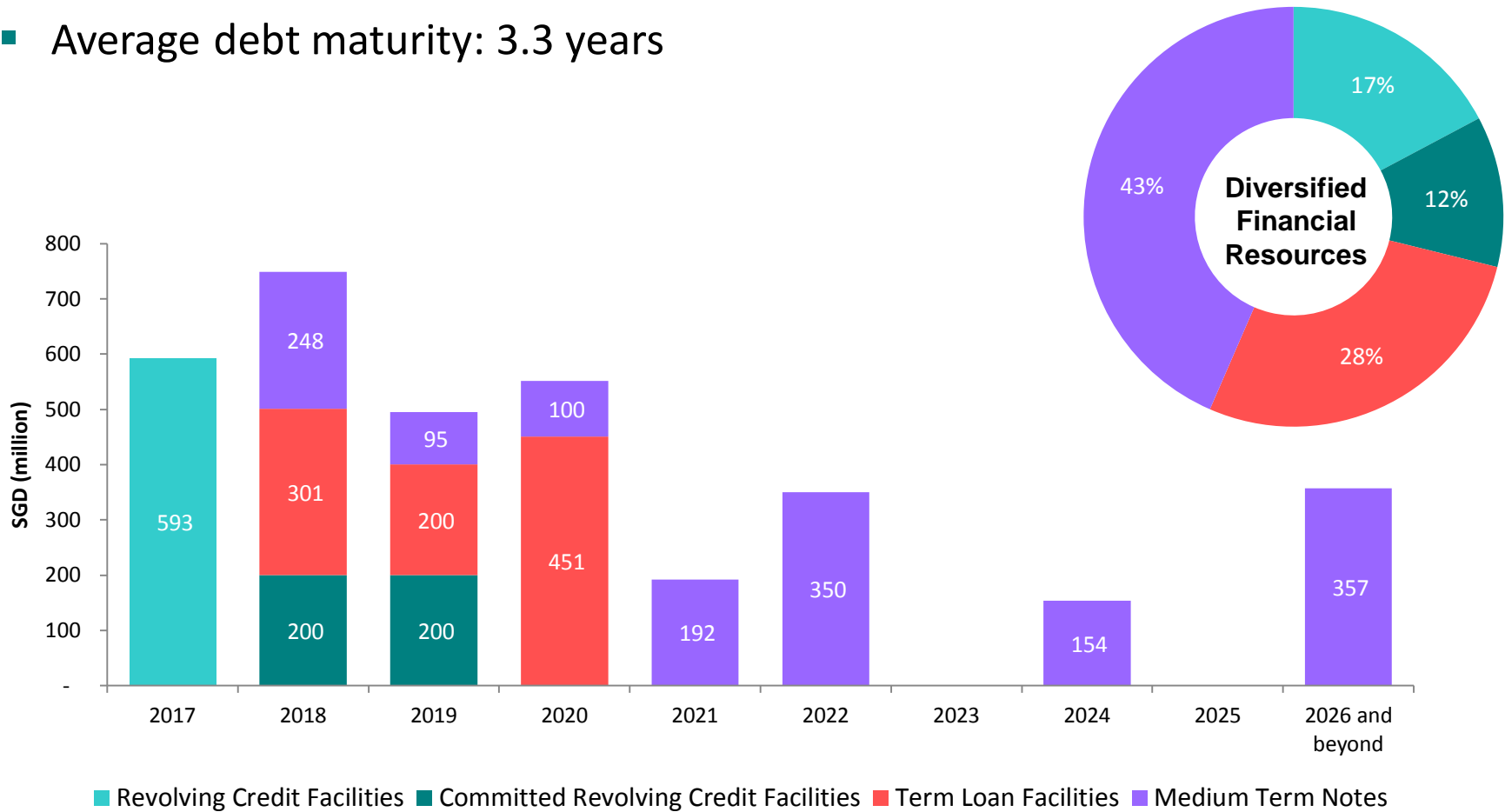
	As at 31 Mar 17	As at 31 Mar 16
Total debt (S\$m) <sup>(1)</sup>	<b>3,442</b>	3,678
Total assets (S\$m)	<b>10,171</b>	9,870
Aggregate leverage	<b>33.8%</b>	37.3%
Unitholders' funds (S\$m)	<b>6,031</b>	5,481
Net asset value (NAV) per Unit	<b>206 cents</b>	206 cents
Adjusted NAV per Unit <sup>(2)</sup>	<b>204 cents</b>	201 cents
Units in issue (m)	<b>2,925</b>	2,666

(1) Excludes fair value changes and amortised costs. Borrowings denominated in foreign currencies are translated at the prevailing exchange rates except for JPY/HKD-denominated debt issues, which are translated at the cross-currency swap rates that Ascendas Reit has committed to

(2) Excludes the amount to be distributed for the relevant period after the reporting date

# Well-spread Debt Maturity Profile

- Well-spread debt maturity with the longest debt maturing in 2029
- Average debt maturity: 3.3 years



# Key Funding Indicators

- Robust indicators enable Ascendas Reit to borrow at competitive costs

	As at 31 Mar 17	As at 31 Dec 16	As at 31 Mar 16
Aggregate Leverage	<b>33.8%</b> <sup>(2)</sup>	31.8%	37.3%
Unencumbered properties as % of total investment properties <sup>(1)</sup>	<b>89.3%</b>	77.3%	77.2%
Interest cover ratio	<b>5.7 x</b>	5.6 x	5.5 x
Debt / EBITDA	<b>6.3 x</b>	5.6 x	7.9 x
Weighted average tenure of debt (years)	<b>3.3 x</b>	3.9	3.4
YTD weighted average all-in debt cost	<b>3.0%</b>	3.0%	2.8%
<b>Ascendas Reit's issuer rating by Moody's</b>	<b>A3 stable</b>		

(1) Total investment properties exclude properties reported as finance lease receivable

(2) Based on total gross borrowings divided by total assets. Correspondingly, the ratio of total gross borrowings to total net assets is 57.1%



# Annual Property Revaluation

- Total valuation of 129 properties was S\$9,874.2m
- Same-store valuation of 127 properties @ 31 Mar 2017<sup>(2)</sup> was **stable** at S\$9,276m (vs. S\$9,177m @ 31 Mar 2016<sup>(3)</sup>)
- Capitalisation rate of **6.29%** for total portfolio (vs. 6.34% @ 31 Mar 2016)

As at 31 Mar 2017	Valuation (S\$m)	Weighted Average	Range
<b><i>Singapore portfolio (101 properties<sup>(1)</sup>)</i></b>	<b>8,567.2</b>	<b>6.27%</b>	<b>5.50% - 7.50%</b>
Business & Science Parks	3,635.3	6.02%	5.75% - 6.25%
Integrated Development, Amenities & Retail	722.9	6.12%	5.95% - 6.75%
High-Specifications/ Data Centres	1,942.8	6.20%	5.50% - 6.50%
Light Industrial/ Flatted Factories	983.2	6.80%	6.50% - 7.50%
Logistics & Distribution Centres	1,283.0	6.67%	6.25% - 7.25%
<b><i>Australia portfolio (28 properties)</i></b>	<b>1,307.0</b>	<b>6.42%</b>	<b>5.50% - 7.25%</b>
<b>Total Portfolio (129 properties)</b>	<b>9,874.2</b>	<b>6.29%</b>	

(1) Excludes 50 Kallang Avenue and 20 Tuas Avenue 1 which are under redevelopment.

(2) Excludes properties under re-development (50 Kallang Avenue and 20 Tuas Avenue 1) and newly acquired properties (197-201 Coward Street and 12, 14 & 16 Science Park Drive)

(3) Excludes properties under re-development (50 Kallang Avenue and 20 Tuas Avenue 1) and divested properties (China portfolio and Four Acres Singapore)

Financial Performance & Key Highlights

Investment Management

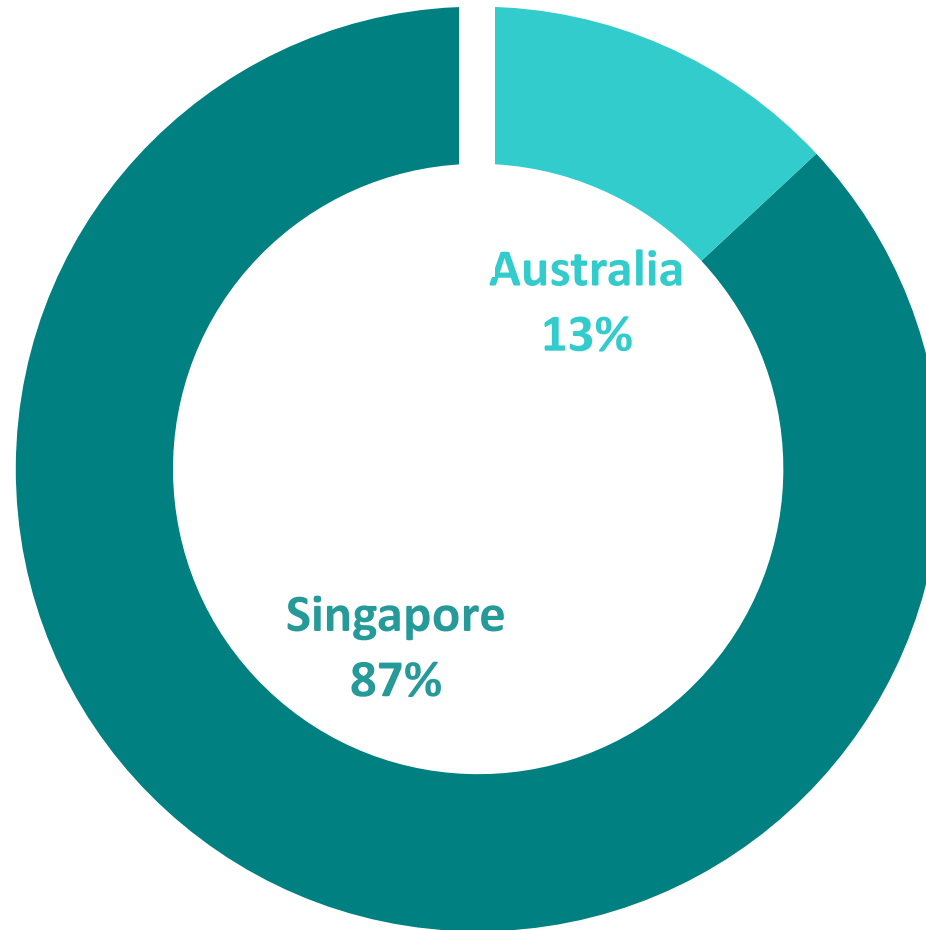
Capital Management

**Portfolio Management**

Market Outlook

# Well Diversified Portfolio

## By value of Investment Properties



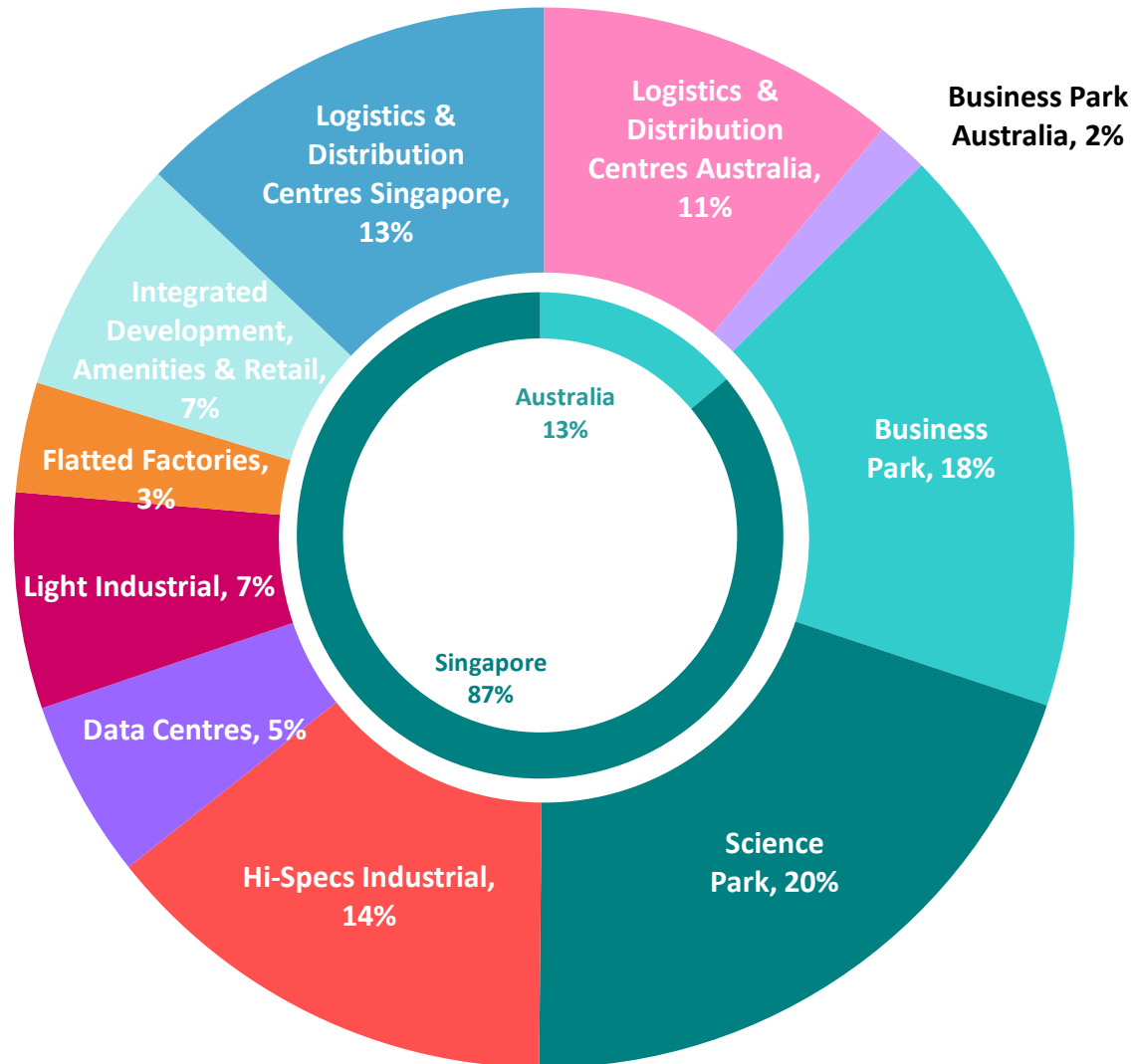
# Australia Portfolio



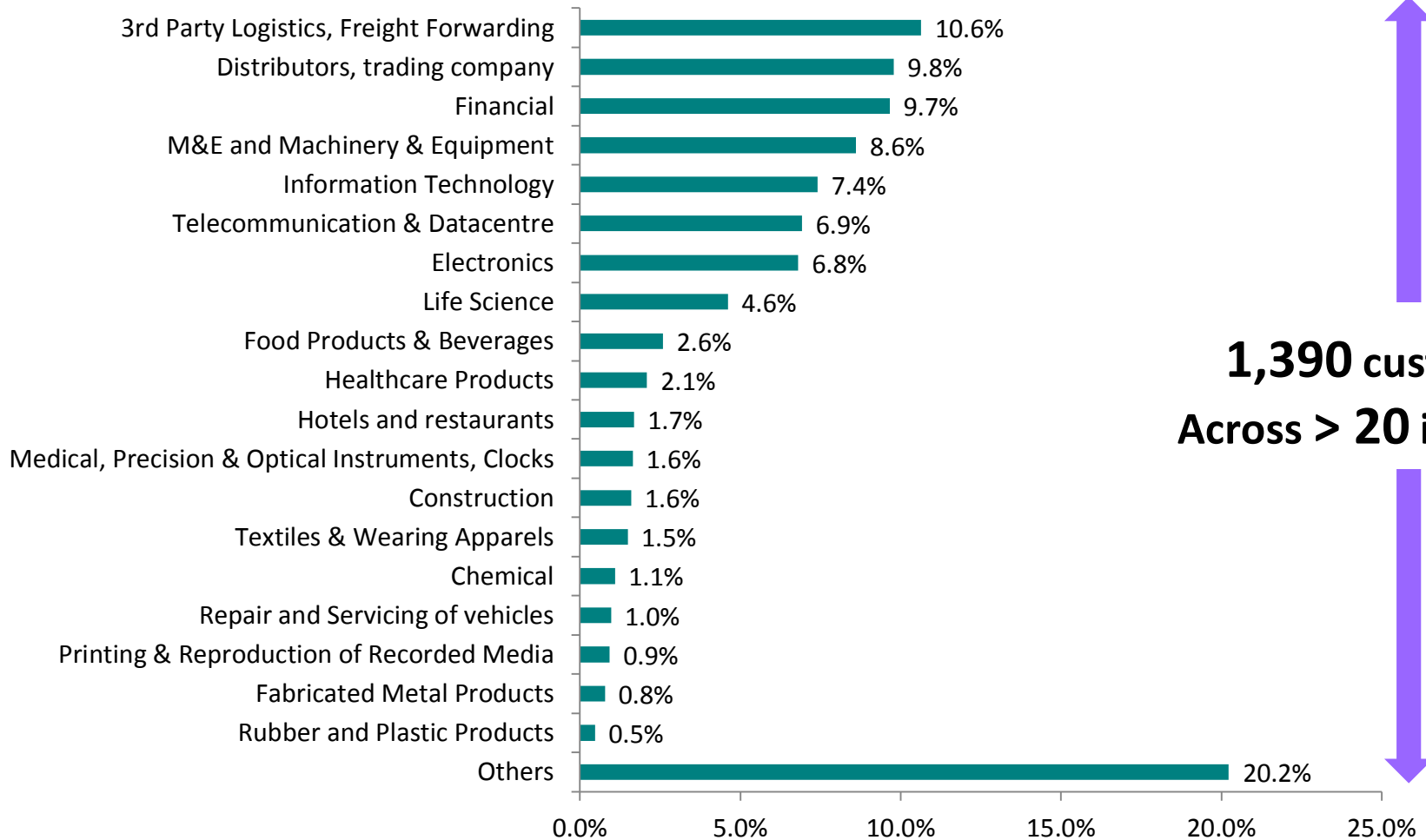
- 27 modern logistics properties located in key cities: Sydney, Melbourne, Brisbane and Perth
- 1 business park in Sydney
- **GFA 692,153 sqm**

# Well Diversified Portfolio

## By value of Investment Properties



# Tenants' Industry Diversification (by Monthly Gross Revenue)

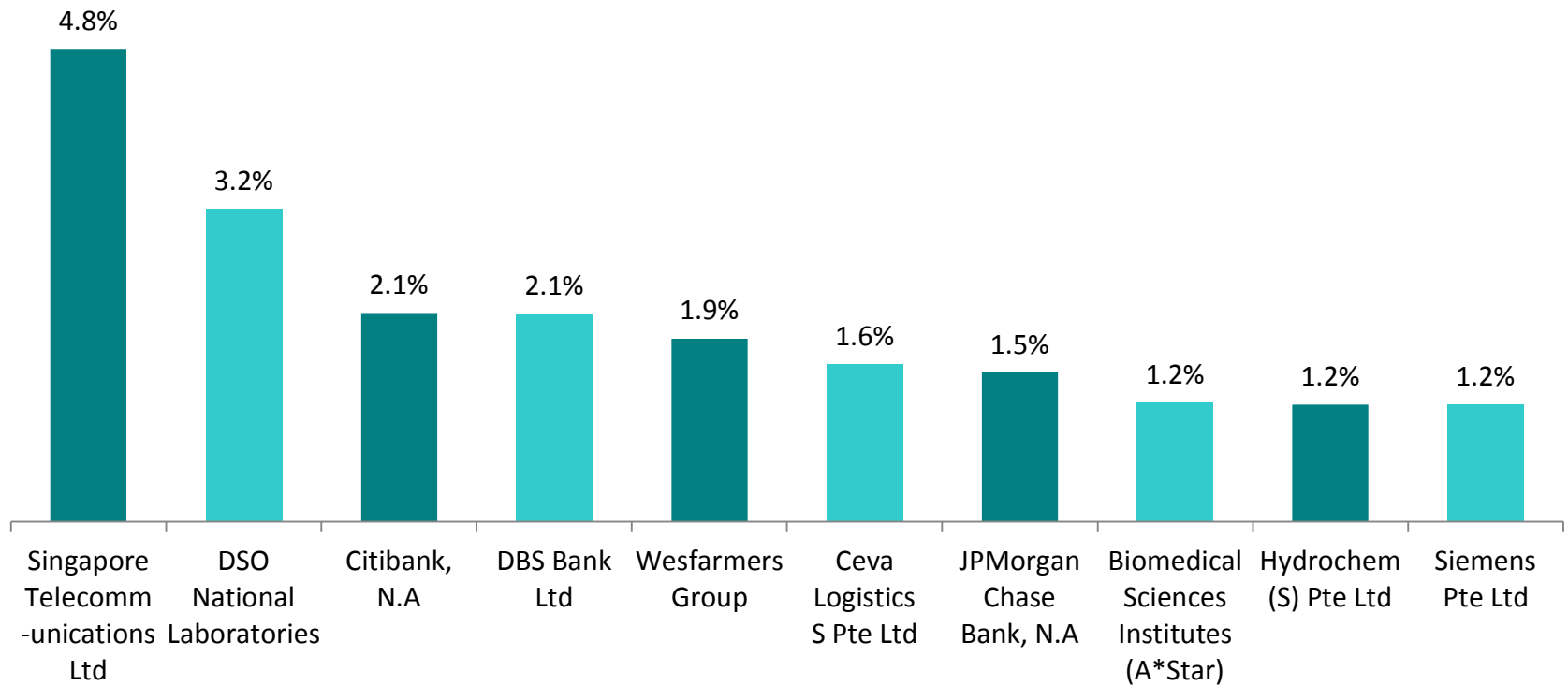


**1,390 customers  
Across > 20 industries**

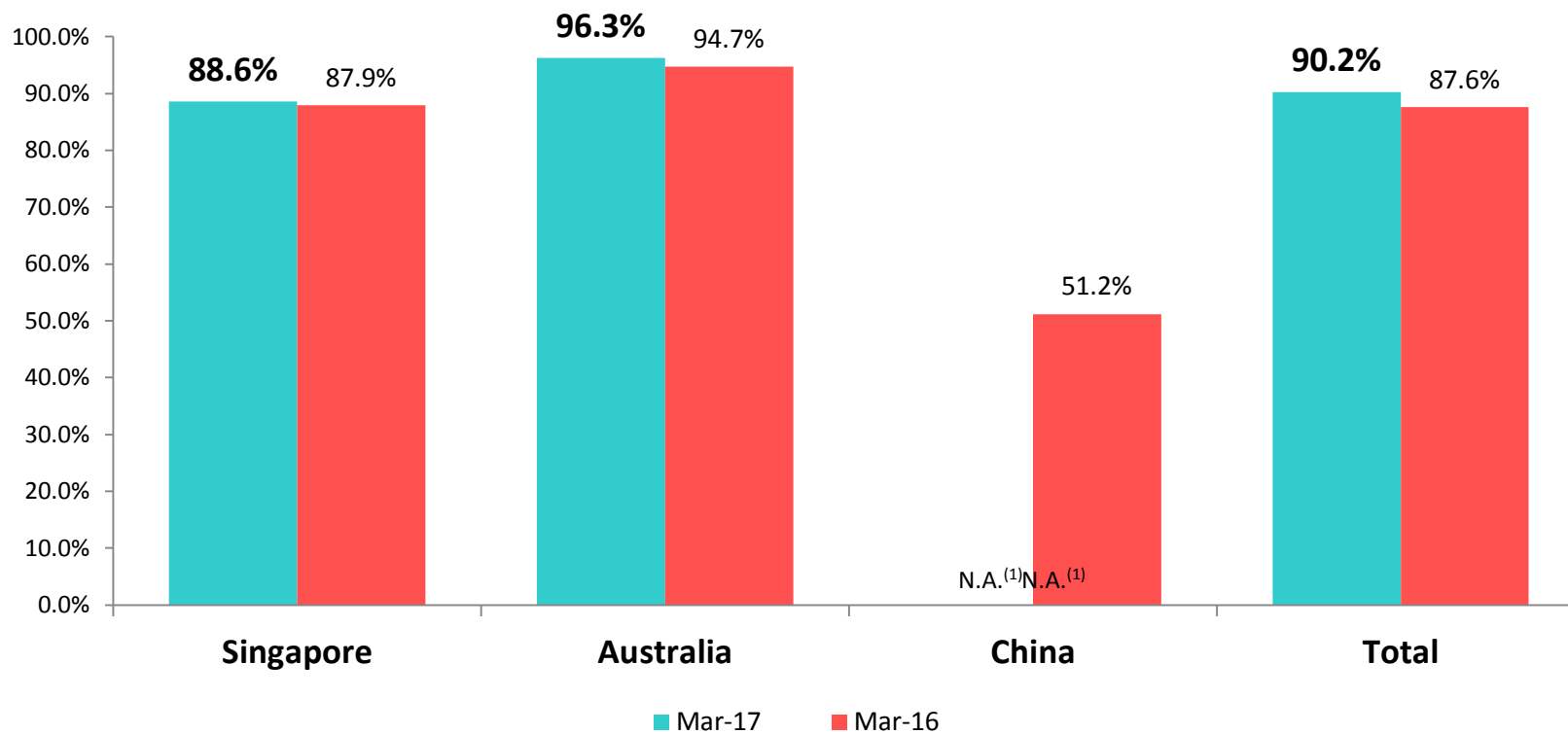
Note: Others include research & development, manufacturing, technical service and support industries for aerospace, oil and gas, multi-media products etc.

# Quality and Diversified Customer Base

- Top 10 customers (as at 31 Mar 2017) account for about 20.8% of portfolio gross rental income



# Overview of Portfolio Occupancy



<b>Gross Floor Area<sup>(2)</sup> (sqm)</b>	<b>3,025,823<sup>(3)</sup></b>	<b>692,153<sup>(4)</sup></b>	<b>N.A.</b>	<b>3,717,976</b>
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**Note:**

- (1) All Ascendas Reit's China properties were divested as of Nov 2016.
- (2) Gross Floor Area as at 31 Mar 2017.
- (3) Gross Floor Area excludes 50 Kallang Avenue and 20 Tuas Avenue 1 which have been de-commissioned for AEI.
- (4) Gross Floor Area for Australia portfolio refers to the Gross Lettable Area/Net Lettable Area.



# Singapore: Occupancy

- Occupancy rose by 70 bps y-o-y to 88.6% boosted by **12, 14 & 16 Science Park Drive** and **40 Penjuru Lane**

As at	31 Mar 2017	31 Mar 2016
Total Singapore Portfolio GFA (sqm)	3,025,823 <sup>(1)(2)(3)</sup>	2,967,777 <sup>(4)</sup>
Singapore Portfolio occupancy (same store) <sup>(5)</sup>	88.4%	88.9%
Singapore MTB occupancy (same store) <sup>(6)</sup>	85.4%	84.4%
Occupancy of Singapore investments completed in the last 12 months	93.4%	80.5%
<b>Overall Singapore portfolio occupancy</b>	<b>88.6%</b>	<b>87.9%</b>
<b>Singapore MTB occupancy</b>	<b>84.9%</b>	<b>83.2%</b>

- (1) Excludes 50 Kallang Avenue which has been de-commissioned for asset enhancement works.  
 (2) Excludes 20 Tuas Ave 1 which has been de-commissioned for asset enhancement works.  
 (3) Excludes Four Acres Singapore which was divested on 29 Apr 2016.  
 (4) Excludes 2 Senoko South which was decommissioned for asset enhancement works that were completed on 8 Apr 2016.  
 (5) Same store portfolio occupancy rates for previous quarters are computed with the same list of properties as at 31 Mar 2017, excluding new investments completed in the last 12 months and divestments.  
 (6) Same store MTB occupancy rates for previous quarters are computed with the same list of properties as at 31 Mar 2017, excluding new investments completed in the last 12 months, divestments and changes in classification of certain buildings from single-tenant to multi-tenant buildings or vice-versa.

# Australia: Occupancy

- Occupancy rose 160 bps y-o-y to 96.3% mainly due to the higher occupancy at **162 Australis Drive** (Melbourne) and **62 Stradbroke Street** (Brisbane)

As at	31 Mar 2017	31 Mar 2016
Total Australian Portfolio GFA (sqm)	692,153 <sup>(1)</sup>	669,525
Australian Portfolio occupancy (same store) <sup>(2)</sup>	96.1%	94.7%
Occupancy of Australian investments completed in the last 12 months <sup>(3)</sup>	100.0%	-
<b>Overall Australian portfolio occupancy</b>	<b>96.3%</b>	<b>94.7%</b>

(1) Includes 197 – 201 Coward Street (Sydney) which was acquired on 9 Sep 2016.

(2) Same store occupancy rate excludes 197-201 Coward Street (Sydney).

(3) Investment property completed in the last quarter refers to 197 – 201 Coward Street (Sydney).

# Achieved Positive Portfolio Rental Reversions

- Achieved **+3.1%** rental reversion for leases renewed in FY16/17
- Rental reversion is expected to be subdued or flat in view of current global uncertainty, lower anticipated demand and excessive supply of industrial properties in Singapore

Multi-tenant Buildings	% Change in Renewal Rates <sup>(1)</sup>
<b>Singapore</b>	<b>3.1%</b>
Business & Science Parks	4.6%
Hi-Specs Industrial	0.4%
Light Industrial	1.1%
Logistics & Distribution Centres	-6.5%
Integrated Development, Amenities & Retail	7.0%
<b>Australia</b>	<b>0.5%</b>
Logistics & Distribution Centres	0.5%
<b>Total Portfolio:</b>	<b>3.1%</b>

(1) 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.

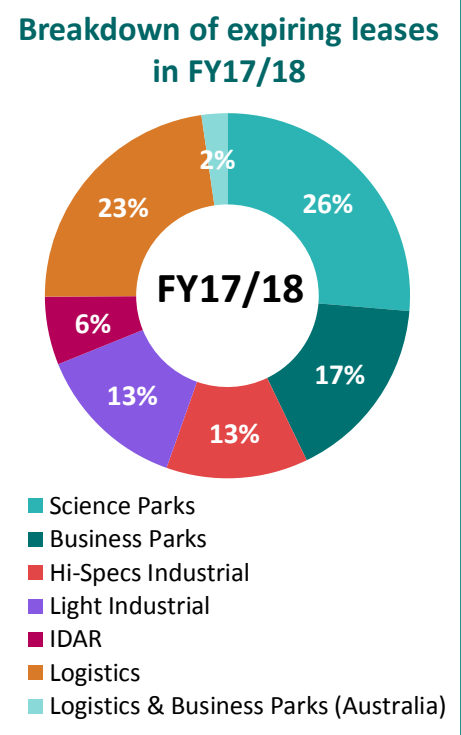
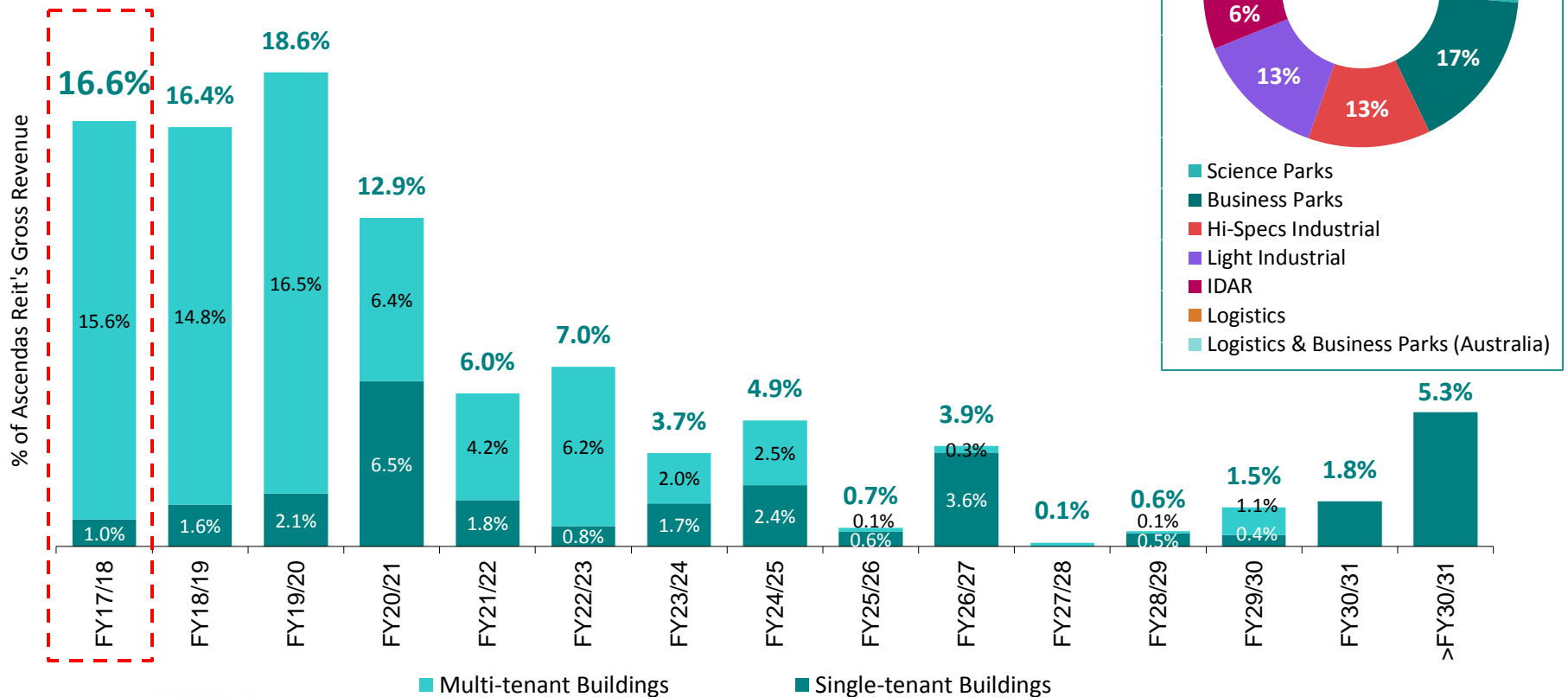
# Weighted Average Lease Expiry (By gross revenue)

- Portfolio Weighted Average Lease Expiry (WALE) at 4.3 years

WALE (as at 31 March 2017)	Years
Singapore	4.3
Australia	4.9
<b>Portfolio</b>	<b>4.3</b>

# Portfolio Lease expiry profile (as at 31 Mar 2017)

- Portfolio weighted average lease to expiry (WALE) of 4.3 years
- Lease expiry is well-spread, extending beyond 2030
- About 16.6% of gross revenue is due for renewal in FY17/18



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**Market Outlook**

## Singapore

- Economy is expected to grow at 1.0% to 3.0% in 2017 (source: MTI).
- Potential incoming supply of about 2.4m sqm of industrial space in 2017, will put further pressure on rental rates and occupancy (source: JTC).
- There is growing optimism over global economic prospects. Meanwhile, companies generally place a strong focus on improving operational efficiency and remain cautious about expansion.

## Australia

- Consensus GDP growth for Australia is forecast to be stable at about 2.5% in 2017 (source: Bloomberg).
- According to CBRE, leasing demand for industrial properties is expected to remain healthy in Sydney and Melbourne, due to strong population growth and positive retail trade.

## Overall

- We expect our performance for FY17/18 to remain stable.

Thank you