

Ascendas Reit's Total Amount Available for Distribution for 2Q FY17/18 grew 5.6% y-o-y to S\$118.8 million

Highlights:

1. 2Q FY17/18 Distribution per Unit (DPU) grew by 1.1% year-on-year (y-o-y) to 4.059 cents.
2. Net property income rose 5.3% y-o-y to S\$160.5 million, mainly attributable to newly acquired properties in Singapore and Australia.
3. Overall portfolio occupancy rate improved year-on-year and quarter-on-quarter to 92.0% and portfolio rental reversion of +3.1% was achieved.

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

	2Q FY17/18	2Q FY16/17	Variance
Number of Properties	131 ⁽¹⁾	131	-
Gross revenue (S\$ million)	215.8	205.4	5.1%
Net property income (S\$ million)	160.5	152.4	5.3%
Total amount available for distribution (S\$ million)	118.8	112.5	5.6%
DPU for the 2 nd quarter (cents)	4.059 ⁽²⁾	4.016 ⁽³⁾	1.1%

Notes:

(1) As at 30 September 2017, Ascendas Reit had 101 properties in Singapore and 30 properties in Australia.

(2) Includes taxable and capital distributions of 3.830 cents and 0.229 cents respectively.

(3) Includes taxable, tax exempt and capital distributions of 3.822 cents, 0.096 cents and 0.098 cents respectively.

30 October 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 2Q FY17/18 DPU grew by 1.1% y-o-y to 4.059 cents.

Net property income rose by 5.3% y-o-y to S\$160.5 million driven by higher gross revenue, which rose 5.1% y-o-y to S\$215.8 million. This was mainly attributable to contributions from newly acquired properties in the past year, namely, 12, 14 and 16 Science Park Drive in

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Singapore, 197-201 Coward Street in Sydney and 52 Fox Drive Dandenong South in Melbourne. This was partially offset by the divestment of A-REIT City @Jinqiao.

Mr Manohar Khiatani, non-executive Director on the Board of the Manager said on behalf of the Board, “It was an eventful quarter. Operationally, Ascendas Reit achieved higher portfolio occupancy of 92% and a positive rental reversion of 3.1%. In Australia, further inroads were made with the acquisition of No. 100 Wickham Street, a suburban office property in Brisbane. Although the business environment remains challenging, we will continue to seek opportunities to expand and improve on our performance.”

Value-adding Investments

In September 2017, the Manager completed the acquisition of No. 100 Wickham Street in Queensland Australia for S\$90.3 million¹ (A\$83.8 million). This suburban office property is located in close proximity to the Brisbane Central District, within the vibrant suburb of Fortitude Valley. This property, which is highly-specified in terms of floor loading and power capacity, is fully occupied and its tenants include the State of Queensland (Department of Health) as well as three data centre operators.

Asset enhancement and redevelopment projects, such as upgrading building specifications and maximising plot ratio, are undertaken to enhance the returns of Ascendas Reit’s existing portfolio. The asset enhancement work at The Gemini, worth S\$7.6 million, was completed in August 2017. During 2Q FY17/18, the Manager embarked on a new asset enhancement initiative at three high-specifications industrial properties: KA Centre, KA Place and 1 Jalan Kilang for S\$7.8 million. As at 30 September 2017, two asset enhancement projects and one re-development project worth S\$73.7 million were still on-going.

Capital Recycling

During the quarter, two properties located in Singapore were divested in line with the Manager’s proactive asset management strategy to redeploy capital and optimise returns for Unitholders. No. 10 Woodlands Link was divested to Sengkang Import & Export Pte Ltd for

¹ Based on the announcement on 25 September 2017.

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S\$19.3 million and No. 13 International Business Park was divested to Pension Real Estate Singapore Pte Ltd for S\$24.8 million. The aggregated gains on these divestments compared to their initial purchase costs would be approximately S\$11.5 million².

A Well Diversified and Resilient Portfolio

Ascendas Reit has a well-diversified portfolio comprising properties across five industrial sub-segments³. As at 30 September 2017, the customer base of about 1,370 tenants is spread over 101 properties in Singapore and 30 properties in Australia. Singapore accounts for 85% of Ascendas Reit's portfolio by asset value while Australia makes up the remaining 15%.

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's portfolio comprises 25.1% of single-tenant and 74.9% of multi-tenant properties by property value. The portfolio has a weighted average lease expiry of about 4.2 years.

Overall portfolio occupancy rate improved year-on-year and quarter-on-quarter to 92.0% (30 September 2016: 89.1%, 30 June 2017: 91.6%). The Singapore portfolio occupancy rate improved to 90.1% (as at 30 September 2017) from 89.2% (as at 30 June 2017) mainly due to higher occupancies at LogisTech, 40 Penjuru Lane and 2 Senoko South Road. A slight decline in the Australian portfolio occupancy rate to 98.7% (as at 30 September 2017) from 99.8% (as at 30 June 2017) was due to a non-renewal at 1A & 1B Raffles Glade in Sydney. A new lease has been secured for the space and will commence in 3Q FY17/18.

² The accounting gains (difference between net proceeds and book value of the properties) recognised in 2Q FY17/18, from these divestments amounted to S\$4.6 million.

³ The five major industrial sub-segments are business & science park/suburban office, integrated development, amenities & retail, high-specifications industrial properties/data centres, light industrial properties/flatted factories and logistics & distribution centres.

Positive rent reversion⁴ of about 3.1% was achieved for renewed leases in multi-tenant buildings during 2Q FY17/18. There were no leases renewed in Australia during the quarter.

Based on new leases signed during 2Q FY17/18, tenants from the transport and storage sector accounted for the largest proportion of new demand (28.4%) by gross income.

About 8.1% of Ascendas Reit's gross revenue will be due for renewal in the remaining FY17/18. Of these expiring leases, 0.9% are from single-tenant buildings and 7.2% are from multi-tenant buildings. The Manager has been proactively working on the renewal of the leases and marketing the vacant space to maximise returns from its portfolio.

Proactive Capital Management

As at 30 September 2017, aggregate leverage stood at 33.1% and weighted average all-in cost of borrowing at 2.9%. About 79.3% of Ascendas Reit's borrowings are on fixed rates for an average term of 3.1 years.

The debt maturity profile remains well-spread and weighted average tenure of debt outstanding is 3.3 years.

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

Outlook for FY17/18

The Singapore government expects 2017 GDP growth to come in at the upper half of its forecast of 2% to 3%, on the back of the 4.6% year-on-year GDP growth achieved in 3Q 2017 (source: Monetary Authority of Singapore, Ministry of Trade and Industry).

Some economists are optimistic that the world economies are slowly on the way to recovery. However, downside risks from the US's review of the North American Free Trade Agreement (NAFTA), increasing protectionist sentiments by various countries, and continuous discords

⁴ 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.

between UK and the EU on the Brexit negotiations may pose a drag on global economic recovery.

In Singapore, companies continue to place a strong focus on improving efficiency and have remained conservative with their business expansion plans. The industrial property sector continues to face headwinds from new supply which has resulted in a higher island-wide vacancy rate of 11.4% as at 30 September 2017 (11.3% as at 30 June 2017). Rental rates and occupancy are expected to remain under pressure.

During the quarter, two properties located in Singapore were divested in line with the Manager's proactive asset management strategy to redeploy capital and optimise returns for total proceeds of S\$44.1m and at about 13.4% above book value. The asset value of the Singapore portfolio stood at S\$8.6 billion as at 30 September 2017.

Australia

Consensus 2017 GDP growth is forecast to be at about 2.3%. The rebalancing of the Australian economy from commodity investment to a broader range of industries (e.g. housing, tourism, agricultural exports and educational services) has been progressing relatively well.

The Australia portfolio continues to be profitable. Ascendas Reit expanded further into the suburban office space with the acquisition of No. 100 Wickham Street. This grew the asset value of the Australia portfolio to S\$1.4 billion.

Conclusion

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

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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 September 2017, total assets were about S\$10.3 billion, comprising 101 properties in Singapore and 30 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 1,370 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.

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: wlyln.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.