

Ascendas Reit's Total Amount Available for Distribution for 3Q FY17/18 grew 1.0% y-o-y to S\$116.3 million

Highlights:

1. Net property income rose 1.7% year-on-year (y-o-y) to S\$157.6 million, mainly due to contributions from newly acquired properties in Singapore and Australia, and a redeveloped property in Singapore.
2. 3Q FY17/18 Distribution per Unit (DPU) declined by 0.6% y-o-y to 3.970 cents mainly due to one-off property tax refund in the prior year and an increase in number of Units in issue.
3. With the acquisition of a third suburban office in Brisbane, the Australian portfolio has grown to 31 properties with a value of S\$1.5 billion.

Summary of Ascendas Reit's Group Results (For the financial periods ended 31 December)

	3Q FY17/18	3Q FY16/17	Variance
Number of Properties	132 ⁽¹⁾	130	+2
Gross revenue (S\$ million)	217.3	208.6	4.1%
Net property income (S\$ million)	157.6	155.0	1.7%
Total amount available for distribution (S\$ million)	116.3	115.1	1.0%
DPU for the 3 rd quarter (cents)	3.970 ⁽²⁾	3.993 ⁽³⁾	-0.6%

Notes:

(1) As at 31 December 2017, Ascendas Reit had 101 properties in Singapore and 31 properties in Australia.

(2) Includes taxable and capital distributions of 3.734 cents and 0.236 cents respectively.

(3) Includes taxable, tax exempt and capital distributions of 3.717 cents, 0.054 cents and 0.222 cents respectively.

25 January 2018, 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 3Q FY17/18 total amount available for distribution increased by 1.0% y-o-y to S\$116.3 million.

Net property income rose by 1.7% y-o-y to S\$157.6 million. This is mainly attributable to contributions from newly acquired properties such as 12, 14 and 16 Science Park Drive in Singapore and 100 Wickham Street in Australia, as well as a recently redeveloped property, 50 Kallang Avenue in Singapore.

Mr Manohar Khiatani, non-executive Director on the Board of the Manager said on behalf of the Board, “Although the market remains highly competitive, we were able to achieve higher revenue and net property income by acquiring good quality assets, streamlining our portfolio and maintaining good tenants.”

Value-adding Investments

On 22 December 2017, the Manager completed the acquisition of 108 Wickham Street in Queensland, Australia for S\$109.0 million¹ (A\$106.2 million). This suburban office property is located within Fortitude Valley, next to Ascendas Reit’s recently acquired suburban office property, 100 Wickham Street, and some 450 metres from Brisbane’s central business district. The property is fully occupied and its tenants include ARUP, a multinational professional services and consultancy firm, and the State of Queensland (Department of Health).

Asset enhancement and redevelopment projects, such as the upgrading of building specifications and maximisation of plot ratio, are undertaken to enhance the returns of Ascendas Reit’s existing portfolio. As at 31 December 2017, two asset enhancement projects and one redevelopment project worth S\$73.7 million were still on-going.

Capital Recycling

In line with the Manager’s proactive asset management strategy to redeploy capital and optimise returns for Unitholders, 84 Genting Lane in Singapore, was divested to Axxel Marketing Pte Ltd for S\$16.68 million. The divestment was completed on 19 January 2018 and the gain on divestment compared to the initial purchase costs would be approximately S\$5.3 million.

¹ Based on the announcement on 22 December 2017. Includes outstanding incentives reimbursed by the vendor.

A Well Diversified and Resilient Portfolio

Ascendas Reit has a well-diversified portfolio comprising properties across five industrial sub-segments². As at 31 December 2017, the customer base of about 1,350 tenants is spread over 101 properties in Singapore and 31 properties in Australia. Singapore accounts for 84% of Ascendas Reit's portfolio by asset value while Australia makes up the remaining 16%.

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 24.7% of single-tenant buildings and 75.3% of multi-tenant buildings by asset value. The portfolio has a weighted average lease expiry of about 4.2 years.

Overall portfolio occupancy rate improved year-on-year but declined quarter-on-quarter to 91.1% (31 December 2016: 90.2%, 30 September 2017: 92.0%). The Singapore portfolio occupancy rate declined to 88.8% (as at 31 December 2017) from 90.1% (as at 30 September 2017) mainly due to lower occupancies at 40 Penjuru Lane, Techpoint and The Alpha. We are in negotiations with prospective tenants for the vacant space in these properties. A slight decline in the Australian portfolio occupancy rate to 98.5% (as at 31 December 2017) from 98.7% (as at 30 September 2017) was mainly attributable to the termination of a license space at 162 Australis Drive in Melbourne.

Rent reversion³ of about 3.1% was achieved for renewed leases in multi-tenant buildings during 3Q FY17/18. The Singapore portfolio achieved +5.8% rent reversion whilst one lease in Australia was renewed at -1.0% lower than the preceding average gross rent.

Based on new leases signed during 3Q FY17/18, tenants from the transport and storage sector accounted for the largest proportion of new demand (32.9%) by gross income.

² 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.

³ Percentage change of the average gross rent over the lease period of the renewed leases against the preceding average gross rent from lease start date. Takes into account renewed leases that were signed in 3QFY17/18 and average gross rents are weighted by area renewed.

About 4.5% of Ascendas Reit's gross revenue will be due for renewal in 4Q FY17/18. Of these expiring leases, 0.9% are from single-tenant buildings and 3.6% 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 31 December 2017, aggregate leverage stood at 35.2% and weighted average all-in cost of borrowing at 2.9%. About 70.5% of Ascendas Reit's borrowings are on fixed rates for an average term of 3.0 years.

The debt maturity profile remains well-spread and weighted average tenure of debt outstanding is 2.8 years.

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

Outlook for FY17/18

In Singapore, island-wide vacancy rate of industrial properties remained at about 11% as at 31 December 2017. Ascendas Reit's Singapore occupancy rate fell by 1.3% from 90.1% in the previous quarter due to the increasing supply and stronger competition for quality tenants.

Year-to-date, three properties in Singapore have been divested for total proceeds of S\$60.8 million. This is in line with the Manager's proactive asset management strategy to redeploy capital and optimise returns for Unitholders.

In Australia, two suburban offices at 100 and 108 Wickham Street in Brisbane were separately acquired. This helps to diversify Ascendas Reit's portfolio geographically and improves earnings stability from its long leases and quality tenants. The Australia portfolio currently comprises 31 properties with a total value of S\$1.5 billion.

Press Release

The Singapore economy grew by 3.5% y-on-y in 2017 and is forecast to grow by 1.5% to 3.5% in 2018. The growth is supported by the manufacturing sector as well as externally-oriented sectors such as wholesale trade, transportation & storage and finance & insurance (source: Ministry of Trade and Industry).

Consensus GDP growth forecast for Australia in 2017 and 2018 is 2.3% and 2.8% respectively (source: Bloomberg). Non-mining business investment continues to support growth as Australia transitions away from commodity investment.

There is a general consensus that the global economic outlook has generally improved. However, downside risks include geopolitical tensions and a potential increase in trade protectionist policies.

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 31 December 2017, total assets were about S\$10.4 billion, comprising 101 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 1,350 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.

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Press Release



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.