



(Constituted in the Republic of Singapore
pursuant to a trust deed dated 9 October 2002 (as amended))

ANNOUNCEMENT

Annual General Meeting to be held on 28 April 2022 Responses to Substantial and Relevant Questions

Ascendas Funds Management (S) Limited, the manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”, and the manager of Ascendas Reit, the “**Manager**”) would like to thank all Unitholders who submitted their questions in advance of Ascendas Reit’s Annual General Meeting (“**AGM**”) to be held virtually via “live audio-visual webcast and live audio-only stream” at 10.00 a.m. on Thursday, 28 April 2022.

Please refer to our responses to these substantial and relevant questions in **Annex A**.

The Manager’s Chief Executive Officer, Mr William Tay, will deliver a presentation to Unitholders at the AGM. Please refer to the 2022 AGM Presentation and all AGM-related documents at the URL <https://ir.ascendas-reit.com/agm.html>.

Following the conclusion of the AGM, the results of the AGM will be uploaded on SGXNet and made available on Ascendas Reit’s website. The minutes of the AGM will be published on Ascendas Reit’s website on or before 28 May 2022.

BY ORDER OF THE BOARD
ASCENDAS FUNDS MANAGEMENT (S) LIMITED
(Company Registration No. 200201987K)
As manager of Ascendas Real Estate Investment Trust

Michelle Koh
Company Secretary
26 April 2022

Important Notice

The past performance of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”) is not indicative of future performance. The listing of the units in the Ascendas Reit (“**Units**”) on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) does not guarantee a liquid market for the Units. The value of the Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, Ascendas Funds Management (S) Limited (the “**Manager**”) or any of its affiliates. An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase their Units while the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units.

ANNEX A

1.	What risks do the Board see lying ahead for the Reit's performance?
	<p>Response:</p> <p>There are certain risks that we are paying close attention to such as interest rates, inflation and operating costs, competition, etc.</p> <p>To mitigate rising interest rates, we will continue to maintain our prudent and strict approach to financial management as well as a healthy gearing ratio. We can also leverage on our Moody's A3 credit rating to tap a wide variety of funding sources for competitive rates. Based on this, we are confident that investors will continue to support our funding plans.</p> <p>Separately, we have proactively put in place plans to reduce the impact of inflation on operating costs. Initiatives such as the installation of solar panels in 11 additional Singapore properties this year will yield some savings in electricity charges. Operational measures such as raising set temperature in common areas of our properties will also help. We expect some further savings in ad-hoc expenses this year as the improving COVID-19 situation in Singapore will reduce requirements for deep cleaning of premises and hiring of extra manpower to enforce safe entry measures.</p> <p>Our competitive advantage is our strong experience and track record in multi-sector asset classes and our diversified portfolio in developed markets with stable economic fundamentals. We evaluate all investments against a rigorous set of investment criteria, integrate sustainability into our real estate life cycle management and capitalise on growing segments such as e-commerce and logistics. These help us to stay ahead of the curve, withstand unexpected economic shocks and continue to grow in a healthy manner.</p>
2.	<p>(i) What does the Board think of the performance so far in overseas markets since the entry into Australia in 2015, UK in 2018 and then USA in 2019?</p> <p>(ii) Any comments on the environment moving forward?</p>
	<p>Response:</p> <p>The Board has been satisfied with the performance of our various overseas investments, which have been a critical part of our growth strategy. Since 2015, we have expanded the overseas portfolio to about S\$6.4 billion (i.e. S\$2.3 billion in Australia, S\$2.3 billion in the USA and S\$1.8 billion in the UK/Europe).</p> <p>These overseas investments have met the returns expectations and generated new income streams that have become an integral part of our business. We now have greater exposure to good quality and leading technology and logistics customers that have further enhanced our resilience.</p> <p>In addition, the total portfolio now commands a longer weighted average lease expiry of approximately 3.8 years (compared to 3.4 years for the Singapore portfolio) and provides more income stability. With a large majority of the overseas assets being freehold properties, we now have 37% of the total portfolio on freehold land compared to less than 1% before our overseas ventures.</p>

	<p>Overall, occupancy rates have stayed high at above 90% (as at 31 December 2021: Australia 99.2%, USA 94.5%, UK/Europe 96.7%). Positive rental reversions of between 6.2% to 22.6% were also achieved across these markets.</p> <p>Same-store valuation for our overseas portfolio rose by approximately S\$359 million (+7.8%) as at 31 December 2021.</p> <p>We have identified these developed markets for their transparency and sovereign A credit ratings, as well as for the depth of their real estate markets which offer many opportunities to add value to our portfolio meaningfully.</p> <p>Going forward, we will continue to deepen our presence in these countries and in asset classes that support the growth drivers of the economy.</p>
<p>3.</p>	<p>How will higher electricity cost impact Ascendas Reit and what are your mitigation plans?</p>
	<p>Response:</p> <p>Utilities cost that is incurred for common areas and payable by the landlord accounts for approximately 8% of the total property operating expenses. This is expected to increase by about 50% in 2022 due to the higher electricity rates.</p> <p>To reduce the impact of higher electricity costs, we have been progressively installing solar panels in our buildings to generate our own electricity. To date, we have completed solar panel installations on the roof top of 8 properties in Singapore as part of our Phase 1 solar energy initiative. This year, we are rolling out Phase 2 of this plan by installing solar panels in another 11 properties in Singapore. We have also implemented operational measures such as raising the set temperature in the common areas of our properties to lower electricity consumption.</p> <p>For overseas properties, the landlord's utilities cost is not significant. The majority of the utilities cost is reimbursed by tenants.</p>
<p>4.</p>	<p>When can we see a yearly DPU of 16 cents which was achievable before Covid at 4+ cents per quarter? Seems like new acquisitions still haven't been able to achieve 16 cents per year or 8 cents per half year period.</p>
	<p>Response:</p> <p>Between FY 15/16 and FY 18/19, Ascendas Reit's DPU ranged from 15.357 to 16.035 cents. The DPU in those years were boosted by one-off adjustments every year during this period. The one-off adjustments arose from tax rulings by IRAS on the non-tax deductibility of certain finance costs incurred in prior years as well as property tax adjustments.</p> <p>If we strip out these one-off adjustments, the DPU in those years on a normal business basis would be in the mid-15 cents range.</p> <p>Whilst the Singapore portfolio has experienced a decline in net property income in recent years, mainly due to higher operating expenses such as maintenance and conservancy, utilities and security, the new acquisitions have been DPU accretive and have helped to maintain our DPU at a stable level.</p>

5.	What will be the frequency of the DPU payments in the next 2 years?
	<p data-bbox="300 253 453 286">Response:</p> <p data-bbox="300 327 1114 360">Ascendas Reit's distributions are paid on a semi-annual basis.</p> <p data-bbox="300 396 1407 526">However, ad hoc advanced distributions may be made when there are corporate actions such as private placements. This is to ensure that distributable income accrued up to the point of issuance of new Units is only distributed to existing unitholders.</p>
6.	Would the company hold a physical AGM next year?
	<p data-bbox="300 660 453 694">Response:</p> <p data-bbox="300 730 1407 860">The meeting format for next year's AGM will be decided in due course, taking into consideration the prevailing regulations and guidelines on the holding of AGMs, as guided by the relevant authorities. If it is possible to hold a physical AGM next year, we will certainly do so.</p>