Press Release
20 October 2016

Ascendas Reit's Total Amount Available for Distribution for 2Q FY16/17 rose 12.3% y-o-y to S$112.5 million

Highlights:

1. 2Q FY16/17 performance boosted mainly by contributions from the Australian Portfolio and ONE@Changi City.

2. Portfolio occupancy improved to 89.1% from 88.2% a quarter ago.

3. Estimated recurrent distribution per Unit (DPU) grew by 3.6% y-o-y to 4.030 cents[1].

Summary of Ascendas Reit's Group Results

	2Q FY16/17	2Q FY15/16	Variance	1Q FY16/17	Variance
Number of Properties	131[(1)]	104	+27	131	-
Gross revenue (S$ million)	205.4	182.6	+12.5%	207.6	-1.0%
Net property income (S$ million)	152.4	123.8	+23.1%	149.5	+2.0%
Total amount available for distribution (S$ million)	112.5	100.2	+12.3%	106.9	+5.3%
DPU (cents) [(5)]	4.030[(2)]	4.160[(3)]	-3.1%	3.882[(4)]	+3.8%
Recurrent amount available for distribution (S$ million)	112.5	*93.6*	+20.2%	106.9	+5.3%
Recurrent DPU (cents)[(6)]	4.030	*3.889*	+3.6%	3.882	+3.8%

Notes:
(1) As at 30 September 2016, Ascendas Reit has 102 properties in Singapore, 28 properties in Australia and 1 property in China.
(2) Includes taxable, tax exempt and capital distributions of 3.836 cents, 0.096 cents and 0.098 cents respectively.
(3) Includes taxable tax exempt and capital distributions of 4.095 cents, 0.046 cents and 0.019 cents respectively.
(4) Includes taxable, tax exempt and capital distributions of 3.709 cents, 0.156 cents and 0.017 cents respectively.
(5) The estimated DPU for 2Q FY16/17 have been computed on the basis that no further Exchangeable Collateralised Securities will be exchanged into Units before the next books closure date. Accordingly, the actual quantum of DPU may differ if Ascendas Reit receives Exchange Notices before the next books closure date.
(6) Adjusted for a one-off distribution of taxable income from operations of S$6.5 million (DPU impact of 0.271 cents) for 2Q FY15/16 in relation to a rollover adjustment from prior years arising from a ruling by IRAS on the non-deductibility of certain upfront financing fees incurred in FY09/10 for certain credit facilities.

[1] The estimated DPU for 2Q FY16/17 have been computed on the basis that no further Exchangeable Collateralised Securities will be exchanged into Units before the next books closure date. Accordingly, the actual quantum of DPU may differ if Ascendas Reit receives Exchange Notices before the next books closure date.

20 October 2016, 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 for 2Q FY16/17, Ascendas Reit's total amount available for distribution grew 12.3% year-on year (y-o-y) to S$112.5 million. This was boosted mainly by the contributions from the acquisition of the Australian Portfolio and ONE@Changi City.

Lower property tax and utilities expenses also contributed to the higher amount available for distribution. Property tax expenses were reduced due to retrospective downward revisions in the annual value of certain properties. Utilities expenses were lower as the Group had contracted lower rates for certain properties with effect from 1Q FY16/17.

Estimated 2Q FY16/17 DPU declined 3.1% y-o-y to 4.030 cents due to the one-off distribution made in 2Q FY15/16 relating to the non-deductibility of certain upfront financing fees from prior years[2]. Excluding the one-off distribution, the estimated recurrent DPU grew 3.6% y-o-y to 4.030 cents.

Mr Chia Nam Toon, Chief Executive Officer and Executive Director of the Manager said, "The Singapore industrial property market has remained challenging, weighed down by the slowing economy. Consequently, rental reversions were softer at +1%. However, portfolio occupancy improved to about 89% underpinned by new leases and expansion in the Australia and China portfolio respectively."

Value-adding Investments

In September 2016, the Manager completed the acquisition of a business park property located at 197-201 Coward Street, Mascot, in Sydney for S$148.6 million[3] (A$143.4 million) and entered into a forward purchase of a logistics property, Stage 4 Power Park Estate, Dandenong South, in Melbourne for S$25.7 million[2] (A$24.8 million). These acquisitions will enhance Ascendas Reit's portfolio diversification and resilience.

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[2] A one-off distribution of taxable income from operations of S$6.5 million (DPU impact of 0.271 cents) was made for 2Q FY15/16 in relation to a rollover adjustment from prior years arising from a ruling by IRAS on the non-deductibility of certain upfront financing fees incurred in FY09/10 for certain credit facilities.

[3] Based on 30 September 2016 exchange rate of A$1.00 = S$1.0361

The Manager continues to focus on improving returns from existing properties via asset enhancement initiatives (AEI). During the quarter, we embarked on a new AEI at 50 Kallang Avenue for S$45.2 million to convert the property from a multi-tenant to a single-tenant building. A long-term lease has been secured for the entire property. The enhancement is scheduled to complete in 2Q 2017.

The asset enhancement at The Aries was completed in August 2016 for S$4.7 million. As at 30 September 2016, two asset enhancements and one redevelopment project worth a total of S$113.1 million are still on-going.

Capital Recycling

In 2Q FY16/17, the Manager completed the divestment of Ascendas Z-link for S$154.9 million[4] (RMB 760.0 million), realising capital gains of about S$95.6 million over the original cost of investment.

We will continue to review our diverse portfolio, taking into account our strategic direction and anticipated future market changing demand.

A Well Diversified and Resilient Portfolio

Ascendas Reit is well-diversified in terms of rental income. The customer base is about 1,450 tenants spread over 102 properties in Singapore, 28 in Australia and 1 in China. No single property accounts for more than 5.6% 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.

As at 30 September 2016, Ascendas Reit owns a portfolio of properties with long and short term leases (26.2% and 73.8% by property value respectively). The portfolio has a weighted average lease to expiry (WALE) of about 3.7 years.

[4] Based on 30 September 2016 exchange rate of RMB 1.00 = S$0.2038

Overall portfolio occupancy rate improved to 89.1% (as at September 2016) from 88.2% (as at June 2016). The higher occupancy was due to improvements in the Australia and China portfolio occupancies.

In Singapore, occupancy declined to 87.9% (as at September 2016) from 88.3% (as at June 2016) mainly due to some non-renewals at two logistics properties, 40 Penjuru Lane and Pioneer Hub.

Occupancy of the Australia portfolio improved to 94.2% from 90.9% in June 2016. New tenants were secured for some of the vacant spaces at 494 Great Western Highway (Sydney) and 162 Australis Drive (Melbourne).

In China, A-REIT City @Jinqiao's occupancy rose to 83.4% from 59.9% a quarter ago due to a tenant expansion and several new leases.

Rent reversion of about 1% was achieved for leases renewed in Singapore during 2Q FY16/17.

Based on leases accepted during the quarter, tenants from the transport and storage sector accounted for the largest proportion of new demand (31.7%) by gross income.

About 10.5% of Ascendas Reit's gross revenue will be due for renewal for the remaining of FY16/17. Of these expiring leases, 1.7% are from single-tenant buildings and 8.8% are from multi-tenant buildings. The Manager is proactively working on the renewal of these leases.

Proactive Capital Management

Aggregate leverage stood at 34.2% as at 30 September 2016 and weighted average all-in cost of borrowing is 3.0% for the quarter. About 77.6% of Ascendas Reit's interest rate risk exposure is hedged with a weighted average duration of 3.8 years remaining.

The debt maturity profile remains well-spread and weighted average tenure of debt outstanding is 3.8 years.

We continue to enjoy the A3 credit rating by Moody's.

Outlook for FY16/17

Singapore

Leases for about 12.0% of gross revenue in Singapore are due for renewal in FY16/17. Modest rental reversion can be expected as the average passing rental rates are close to the current market rates. With 12.1% vacant space in the Singapore portfolio, there is some upside potential when the space is leased out.

The industrial property market condition in Singapore is expected to remain challenging. The slowing economy is expected to affect leasing demand in Singapore.

Australia

The low interest rates and gains to employment are expected to support household consumption and a healthy demand for logistics space. Occupancy of Ascendas Reit's Australian portfolio is expected to improve as lease commitments for some of the vacant space has been secured. There are no more leases due for renewal in the current financial year. The Manager is already working on the expiring leases in FY17/18 which accounts for about 10.6% of gross revenue in Australia.

Conclusion

The continuing capital recycling strategy, rejuvenation exercise and selective asset repositioning will strengthen our property portfolio and optimize returns for Unitholders.

Barring any unforeseen events and any further weakening of the economic environment, the Manager expects Ascendas Reit to maintain a stable performance for the financial year ending 31 March 2017.

- End –

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 2016, total assets amount to about S$9.9 billion. The diversified portfolio of 102 properties in Singapore, comprise business and science park properties, hi-specs industrial properties, light industrial properties, logistics and distribution centres, integrated development, amenities and retail properties. In Australia, Ascendas Reit owns 27 logistics properties and one business park property. It also has one business park property in China. These properties house a tenant base of around 1,450 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, DBS, Citibank, Wesfarmers, Ceva Logistics, JPMorgan and Siemens, 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 (in its capacity as manager of Ascendas Reit), 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 provider of sustainable urban solutions. With the combined capabilities of Ascendas and Singbridge, the group is uniquely placed to undertake urbanisation projects spanning townships, mixed-use developments and business/industrial parks. Headquartered in Singapore, Ascendas-Singbridge has projects in 29 cities across 10 countries in Asia, including Australia, China, India, Indonesia, Singapore and South Korea.

Asendas-Singbridge Group has a substantial interest in and also manages three Singapore-listed funds under its subsidiary Ascendas. Besides these listed funds – Ascendas REIT, Ascendas India Trust (a-iTrust) and Ascendas Hospitality Trust (A-HTRUST), Ascendas also manages a series of private real estate funds, which hold commercial and industrial assets across Asia.

Jointly owned by Temasek and JTC Corporation (JTC) through a 51:49 partnership, Ascendas-Singbridge Group is the asset and investment holding arm of the integrated urban solutions platform formed by Temasek and JTC to capitalise on urbanisation trends in the region.

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: wylyn.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.