Press Release
For Immediate Release

Ascendas Reit's Total Amount Available for Distribution for 3Q FY18/19 rose 7.0% y-o-y to S$124.3 million

1. 3Q FY18/19 Distribution per Unit (DPU) rose 0.7% year-on-year (y-o-y) to 3.998 cents mainly due to contributions from newly acquired and redeveloped properties.

2. Achieved higher portfolio occupancy rate of 91.3% and positive rental reversion of 3.2% for leases that were renewed in 3Q FY18/19.

3. Established a firm foothold in the United Kingdom (UK) following the completion of the acquisition of 26 logistics properties in October 2018. Total UK investment of S$0.8 billion accounts for 7% of Ascendas Reit's total portfolio value of S$11.1 billion.

4. Secured a S$181.2 million build-to-suit development for Grab's headquarters at one-north; completion expected in 4Q 2020.

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

	3Q FY18/19	3Q FY17/18	Variance
Number of Properties	171(1)	132	-
Gross revenue (S$ million)	226.4	217.3	+4.2%
Net property income (S$ million)	168.0	157.6	+6.6%
Total amount available for distribution (S$ million)	124.3	116.3	+7.0%
DPU for the 3rd quarter (cents)	3.998(2)	3.970(3)	+0.7%

Notes:
(1) As at 31 December 2018, Ascendas Reit had 98 properties in Singapore, 35 properties in Australia and 38 properties in the UK.
(2) Includes taxable and capital distributions of 3.456 and 0.542 cents respectively.
(3) Includes taxable and capital distributions of 3.734 and 0.236 cents respectively.

30 January 2019, 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 the total amount available for distribution for 3Q FY18/19 rose 7.0% y-o-y to S$124.3 million.

Gross revenue increased by 4.2% y-o-y to S$226.4 million. Key contributors were newly acquired properties in the UK (i.e. 38 logistics properties acquired in August 2018 and

October 2018), and Australia (i.e. 108 Wickham Street, Cargo Business Park and 169-177 Australis Drive acquired in December 2017, August 2018 and June 2018 respectively), and a redeveloped property in Singapore (i.e. 20 Tuas Avenue 1 completed in April 2018). However, these contributions were partially offset by non-renewals in certain properties in Singapore.

Net property income increased by a higher 6.6% y-o-y to S$168.0 million mainly due to lower property tax expenses[1] in 3Q FY18/19.

DPU improved by 0.7% y-o-y to 3.998 cents, taking into account an enlarged number of Units in issue.

Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: "Our operating performance in Singapore was relatively stable in the third quarter despite a cloudier economic outlook due to the ongoing US-China trade conflict. We have strengthened our portfolio with new acquisitions in the United Kingdom and in Australia, and these new investments have contributed significantly to the overall performance of the Trust. In Singapore, we are excited to develop Grab's headquarters in one-north business park, which will further enhance our business park portfolio.

In addition, we continue to exercise prudence by having a significant proportion of our overseas investments funded in the respective currencies to minimise any currency risk."

Value-adding Investments

In 3Q FY18/19, the acquisition of 26 logistics properties in the UK worth S$459.2 million was completed. The portfolio has a long weighted average lease to expiry of 9 years and strong tenant covenants. The properties are well-located mainly in the Midlands region in central England.

[1] Lower property tax expense arose from the retrospective downward revisions in the annual value of certain properties in 3Q FY18/19.

The acquisition takes our assets under management in the UK to S$817.3 million or 7% of Ascendas Reit total portfolio value of S$11.1 billion. The proportion of freehold properties has increased to 22% from 19% a quarter ago.

On 30 January 2019, Ascendas Reit secured a S$181.2 million build-to-suit (BTS) development project which will serve as Grab's headquarters in Singapore. Located in one-north, Grab has committed to lease 100% of the 42,310 sqm development for 11 years. When completed in the fourth quarter of 2020, the BTS will feature lush greenery on its terraces and environmentally friendly features such as energy efficient low emissive glass façade to reduce solar heat gain, and is expected to achieve the Green Mark Gold^{PLUS} certification from the Building and Construction Authority[2].

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. Ongoing asset enhancement initiatives worth approximately S$26.1 million include Aperia (an integrated mixed development property), Nordic European Centre (a business park property) and 138 Depot Road (a high-specifications industrial property).

A Well Diversified and Resilient Portfolio

Ascendas Reit has a well-diversified portfolio comprising properties across five industrial sub-segments[3]. As at 31 December 2018, the customer base of about 1,350 tenants is spread over 98 properties in Singapore, 35 properties in Australia and 38 properties in the UK. Singapore accounts for 79% of Ascendas Reit's portfolio by asset value while Australia and the UK make up 14% and 7% respectively.

No single property accounts for more than 5.1% 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.

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[2] Please refer to the joint press release titled "Ascendas Reit and Grab Announces S$181.2 million Build-to-Suit Development for Grab's New Headquarters" dated 30 January 2019 for more information.

[3] The five major industrial sub-segments are (1) business & science park/suburban office, (2) integrated development, amenities & retail, (3) high-specifications industrial properties/data centres, (4) light industrial properties/flatted factories and (5) logistics & distribution centres.

Ascendas Reit's portfolio comprises 29.3% of single-tenant buildings and 70.7% of multi-tenant buildings by asset value. The portfolio's weighted average lease expiry (WALE) improved to 4.4 years (30 September 2018: 4.3 years).

Overall portfolio occupancy rate increased to 91.3% (30 September 2018: 90.6%). The Singapore portfolio occupancy rate improved to 87.3% (30 September 2018: 87.1%) mainly due to new take-ups at logistics properties, 20 Tuas Avenue 1 and 9 Changi South Street 3, as well as light industrial property, FoodAxis @ Senoko.

The Australian portfolio occupancy rate declined to 98.0% (30 September 2018: 98.5%) attributable to re-commissioned space at 62 Stradbroke Street in Brisbane after the completion of upgrading works. The UK portfolio was 100% occupied.

Rental reversion[4] of about +3.2% was achieved for renewed leases in multi-tenant buildings in Singapore during 3Q FY18/19. There were no multi-tenant building renewals in Australia and the UK.

Based on new leases signed, tenants from the precision engineering sector accounted for the largest proportion of new demand by gross rental income in 3Q FY18/19 (31.3%).

About 1.6% of Ascendas Reit's gross revenue will be due for renewal in the final quarter of FY18/19 and they are leases 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 2018, aggregate leverage rose to 36.7% (30 September 2018: 33.2%) following the completion of the acquisition of 26 logistics properties in the UK worth S$459.2 million. Weighted average all-in cost of borrowing was maintained at 3.0%. About 75.6% of Ascendas Reit's borrowings are on fixed rates for an average term of 3.2 years.

[4] 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 3Q FY18/19 and average gross rents are weighted by area renewed.

The debt maturity profile remains well-spread and weighted average tenure of debt outstanding was 3.6 years.

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

Outlook

Uncertainties surrounding US-China trade negotiations and Brexit have clouded the global economic outlook. Economists have pared down their interest rate hike expectations amid a more dovish tone from the US Federal Reserve.

Singapore

In 4Q 2018, Singapore's GDP growth eased to 2.2% y-o-y from 2.3% y-o-y in 3Q 2018. For the whole of 2018, the economy grew 3.3% y-o-y (2017: 3.6%), mainly driven by the manufacturing sector which grew 7.5% y-o-y. (Source: Ministry of Trade and Industry (MTI)).

The MTI expects the Singapore economy to grow by 1.5% to 3.5% in 2019.

The amount of new completions of industrial properties has tapered and is expected to remain below the 2014 to 2017 peak levels. However, businesses remain cautious and continue to review their space requirements amid the uncertain global economic outlook.

Hyflux Ltd's subsidiaries (Hyflux) were tenants at two of Ascendas Reit's properties. Hyflux has vacated 100% of the space it leased at Hyflux Building and the Manager is exploring various options for the property. The Manager is currently in negotiation with Hyflux on its lease at Hyflux Innovation Centre.

Year-to-date FY18/19, Hyflux's leases contributed about 1.2% of Ascendas Reit's gross revenue and there were no rental arrears for the leases as at 31 December 2018. Ascendas Reit has drawn down the security deposits amounting to S$7.6 million. The Manager does not expect the pre-termination of Hyflux's lease to have a material impact on Ascendas Reit's distribution per unit for the current financial year ending 31 March 2019.

Australia

In Australia, the economy grew by 2.8% y-o-y in 3Q 2018 (2Q 2018: 3.4% y-o-y). The slower growth was driven by softer household consumption growth in 3Q. Weaker outlook of global economies, especially China, may pose headwinds for Australia. Consensus GDP growth forecast for Australia in 2018 and 2019 is 3.0% and 2.7% respectively (Source: Bloomberg).

Ascendas Reit's Australian properties are well-located in key industrial precincts. The stable performance of the portfolio is underpinned by the long weighted average lease to expiry of 4.5 years and average annual rent escalations of approximately 3% per annum. The Manager will continue to be prudent and look for accretive opportunities to grow the S$1.5 billion AUM in Australia (14% of total property value) further.

United Kingdom (UK)

In 3Q 2018, the UK economy grew by 1.5% y-o-y. The services sector remained the largest contributor to GDP growth in 3Q 2018. GDP growth forecasts for 2018 and 2019 are 1.3% y-o-y and 1.5% y-o-y respectively (source: Bloomberg).

The strong penetration of e-commerce has been a key driver of occupier demand for logistics space in the UK. With a tight supply of available space supporting rental growth, the logistics market has continued to outperform the wider UK market.

Ascendas Reit's UK portfolio stands at S$0.8 billion (7% of total property value). Strong attributes such as the long weighted average lease to expiry of 11 years, good quality tenants, and the domestic nature of the tenants' logistics business will stand Ascendas Reit in good stead to overcome any potential impact arising from Brexit. The Manager will continue to look for acquisition opportunities to scale up its presence in the UK.

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About Ascendas Reit

Ascendas Reit is Singapore's first and largest listed business space and industrial real estate investment trust. As at 31 December 2018, investment properties under management stood at S$11.1 billion, comprising 98 properties in Singapore, 35 properties in Australia and 38 properties in the United Kingdom. The portfolio includes business and science park/suburban office properties, high-specifications 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, Citibank, DBS, Wesfarmers, Ceva Logistics, JPMorgan and A*STAR Research Entities, 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.

www.ascendas-reit.com

About Ascendas-Singbridge Group

Ascendas-Singbridge Group is a leading provider of sustainable urban development and business space solutions with Assets Under Management exceeding S$20 billion.

Ascendas-Singbridge Group undertakes projects spanning townships, mixed-use developments, business/industrial parks, offices, hotels and warehouses. Headquartered in Singapore, the Group has a presence across 11 countries in Asia, Australia, Europe and the United States of America.

Ascendas-Singbridge Group has deep capabilities in real estate fund management, holding commercial, hospitality and industrial assets. 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.

www.ascendas-singbridge.com