**Press Release**
*For Immediate Release*

# Ascendas Reit's Total Amount Available for Distribution for 2Q FY2019 grew 7.6% y-o-y to S$123.8 million

1. Total amount available for distribution rose 7.6% year-on-year (y-o-y) to S$123.8 million mainly attributable to contributions from new acquisitions in the United Kingdom (UK) during FY18/19. 2Q FY2019 Distribution per Unit (DPU) rose 2.3% y-o-y to 3.978 cents.

2. Portfolio occupancy rate stood at 91.0% (as at 30 September 2019) and positive rental reversion of 4.0% was achieved for leases that were renewed in 2Q FY2019.

3. Maintained healthy aggregate leverage of 36.2% and a high level of natural hedge in Australia and the UK.

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

| | 2Q FY2019[(1)] | 2QFY18/19 | Variance |
|---|---|---|---|
| **Number of Properties** | 170[(2)] | 145 | - |
| **Gross revenue (S$m)** | 229.6 | 218.1 | 5.3% |
| **Property operating expenses (S$m)** | (51.7) | (59.2) | (12.7%) |
| **Net property income (S$m)** | 177.9 | 158.9 | 12.0% |
| **Total amount available for distribution (S$m)** | 123.8 | 115.0 | 7.6% |
| **DPU (cents)** | 3.978[(3)] | 3.887[(4)] | 2.3% |

*Notes:*
(1) Ascendas Reit has changed its financial year end from 31 March to 31 December. Therefore, the current financial year is a nine-month period from 1 April 2019 to 31 December 2019 (FY2019). Please refer to the announcement dated 24 July 2019 for more information.
(2) As at 30 September 2019, Ascendas Reit had 97 properties in Singapore, 35 properties in Australia and 38 properties in the UK.
(3) Included taxable and capital distributions of 3.436 and 0.542 cents respectively. The number of applicable units for the computation of DPU is approximately 3.1 billion.
(4) Included taxable and capital distributions of 3.513 and 0.374 cents respectively. The number of applicable units for the computation of DPU is approximately 3.0 billion.

***1 November 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 gross revenue rose by 5.3% y-o-y to S$229.6 million. This was mainly attributable to the full quarter contribution from the 38 logistics properties in the UK that were acquired between August and October 2018.

Net property income rose by 12.0% y-o-y to S$177.9 million, in tandem with the increase in gross revenue and the effects from the adoption of FRS 116[1] since 1 April 2019.

Total amount available for distribution rose 7.6% y-o-y to S$123.8 million. DPU improved to 3.978 cents (+2.3% y-o-y), taking into account an enlarged number of units in issue.

Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: "This quarter, our overseas acquisitions helped boost DPU by 2.3%. We will continue to diversify our portfolio geographically to ensure resilience and future growth."

**Value-Adding Investments**

On 3 October 2019, the Manager announced the acquisition of Ascendas Reit's fourth suburban office in Australia for A$110.9 million (S$104.4 million[2]). The freehold property is currently being developed at 254 Wellington Road in Melbourne, and is expected to complete in 2Q 2020.

Redevelopment projects and Asset Enhancements Initiatives (AEI), such as asset repositioning and the upgrading of building specifications, are undertaken to enhance the returns of Ascendas Reit's existing portfolio. Approximately S$56.5 million worth of projects are ongoing including the redevelopment of 25 and 27 Ubi Road 4, and AEIs at 52 and 53 Serangoon North Avenue 4, Plaza 8 (Part of 1, 3 & 5 Changi Business Park Crescent) and ONE@Changi City. The built-to-suit development for Grab worth S$181.2 million is also on track for completion in 4Q FY2020.

**Capital Recycling**

In line with the Manager's proactive asset management strategy to redeploy capital and optimise returns for Unitholders, No. 8 Loyang Way 1, a light industrial property located in

[1] Following the adoption of the new Singapore Financial Reporting Standard 116 *Leases* (FRS 116), land rent, which amounted to S$8.2 million, has been excluded from property operating expenses in 2Q FY2019.
[2] Based on exchange rate of A$1.000: S$0.941 as announced on 3 October 2019.

Singapore was divested to Seow Kim Polythelene Co. Pte Ltd for S$27.0 million, about 14% higher than the book value of S$23.6 million.

**A Well Diversified and Resilient Portfolio**

Ascendas Reit has a well-diversified portfolio comprising properties across five industrial sub-segments[3]. As at 30 September 2019, the customer base of about 1,340 tenants is spread over 97 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 4.9% of Ascendas Reit's monthly gross revenue. The stability of Ascendas Reit's future performance is underpinned by the diversity and quality of its portfolio.

Ascendas Reit's portfolio comprises 28.9% of single-tenant buildings and 71.1% of multi-tenant buildings by asset value. The portfolio's weighted average lease expiry (WALE) stood at 4.0 years.

Overall portfolio occupancy rate remained stable at 91.0%.

The Singapore portfolio occupancy rate declined q-o-q to 88.1% (30 June 2019: 88.9%). This was mainly attributable to some non-renewals at Logis Hub@Clementi, 31 International Business Park and Plaza 8 (Part of 1,3 & 5 Changi Business Park Crescent).

The Australian portfolio occupancy rate improved to 95.4% (30 June 2019: 92.3%) mainly due to 94 Lenore Drive in Sydney, which achieved full occupancy during the quarter.

In the UK, occupancy rate declined to 97.7% (30 June 2019: 100%) due to lower occupancies at Unit 5, Wellesbourne Distribution Park and Unit 13, Wellesbourne Distribution Park.

[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.

Portfolio rental reversion[4] of +4.0% was achieved for renewed leases in multi-tenant buildings in Singapore during 2Q FY2019. There were no multi-tenant building renewals in Australia and the UK during the quarter.

Based on new leases signed, tenants from the biomedical sector accounted for the largest proportion of new demand by gross rental income in 2Q 2019 (25.9%).

About 3.1% of Ascendas Reit's gross rental income will be due for renewal in the remaining quarter of FY2019. Of these expiring leases, 1.1% are from single-tenant buildings and 2.0% are from multi-tenant buildings. The Manager has been proactively working on the renewal of leases that are coming due for expiry and marketing the vacant space to maximise returns from its portfolio.

**Proactive Capital Management**

As at 30 September 2019, aggregate leverage improved to 36.2% (30 Jun 2019: 37.2%). Weighted average all-in cost of borrowing was maintained at 3.0%. About 76.8% of Ascendas Reit's borrowings are effectively on fixed rates for an average term of 3.3 years.

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

A high level of natural hedge in Australia (75.7%) and the United Kingdom (100%) is maintained to minimise the effects of adverse exchange rate fluctuations.

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

**Outlook**

The global growth outlook remains weak amid the protracted trade conflict between the United States and China, and other economic uncertainties. Recently, several central banks, including the US Federal Reserve, the European Central Bank, China and India have cut interest rates to shore up their economies.

[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 2Q FY2019 and average gross rents are weighted by area renewed.

**Singapore**

Singapore's 3Q 2019 GDP growth was maintained at 0.1% year-on-year ("y-o-y"), the same pace of growth as in 2Q 2019. The construction and services industries grew 2.7% y-o-y (2Q 2019:2.8% y-o-y) and 0.9% y-o-y (2Q 2019: 1.1% y-o-y) respectively. However, the manufacturing sector contracted by 3.5% y-o-y (2Q 2019: 3.3% y-o-y). The Singapore government downgraded its GDP growth forecast for 2019 to be between 0.0% to 1.0% from 1.5% to 2.5% (source: Ministry of Trade and Industry). In view of the weaker outlook, businesses are likely to remain conservative with their capital investments and expansion plans, which will dampen demand for industrial space.

On top of the new supply of industrial property space that was built-up over the last 4-5 years, an additional 2.2 million sqm of new industrial space is expected to complete in the rest of 2019 and in 2020, representing 4.4% of the total stock of 49.6 million sqm as at 30 September 2019.

Against the above-mentioned backdrop, rental rates are expected to remain subdued.

**Australia**

The Australian economy grew by a lower 1.4% y-o-y in 2Q 2019 compared to 1.8% y-o-y a quarter ago. Household spending remained subdued, recording a 1.4% growth y-o-y (1Q 2019: +1.8%). In October 2019, the Reserve Bank of Australia lowered the cash rate for the third time in 2019 from 1.0% to 0.75% to support employment and income growth and achieve its inflation target over time. Consensus GDP growth forecast for 2019 is 1.9% y-o-y (source: Bloomberg), lower than the 2.3% y-o-y growth in 2018.

Ascendas Reit's Australian properties continue to deliver a stable performance due to their good location, long weighted average lease to expiry of 4.3 years and average annual rent escalations of approximately 3% per annum.

**United Kingdom (UK)**

In 2Q 2019, the UK economy rose by 1.3% y-o-y compared to 2.1% y-o-y in 1Q 2019. The services sector, which is the largest contributor to the UK economy, weakened to 0.1% q-o-q (1Q 2019: +0.4% q-o-q). Lower manufacturing output led to a 1.8% q-o-q contraction in production output (1Q 2019: +1.1%). Consensus GDP growth forecast for 2019 is 1.2% y-o-y (source: Bloomberg), lower than the 1.4% y-o-y growth in 2018.

The UK portfolio's long weighted average lease to expiry of 9.0 years and the high e-commerce penetration rate in the UK are factors that help to mitigate uncertainty surrounding Brexit negotiations.

**Conclusion**

Given Ascendas Reit's well-diversified portfolio and customer base, the portfolio performance is expected to remain stable. The Manager will continue with its multi-pronged strategy to deliver sustained performance and complement it with disciplined and accretive investments in Singapore and other developed markets.

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**About Ascendas Real Estate Investment Trust (www.ascendas-reit.com)**

Ascendas Real Estate Investment Trust (Ascendas Reit) is Singapore's first and largest listed business space and industrial real estate investment trust. It was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in November 2002. As at 30 September 2019, investment properties under management stands at S$11.1 billion, comprising 97 properties in Singapore, 35 properties in Australia and 38 properties in the United Kingdom. Ascendas Reit's portfolio includes business and science parks, suburban office properties, high-specifications industrial properties, light industrial properties, logistics and distribution centres, and integrated developments, amenities and retail properties. These properties house a tenant base of around 1,340 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.

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 Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

**About CapitaLand Limited (www.capitaland.com)**

CapitaLand Limited (CapitaLand) is one of Asia's largest diversified real estate groups. Headquartered and listed in Singapore, it owns and manages a global portfolio worth S$129.1 billion as at 30 June 2019. CapitaLand's portfolio spans across diversified real estate classes which includes commercial, retail; business park, industrial and logistics; integrated development, urban development; as well as lodging and residential. With a presence across more than 200 cities in over 30 countries, the Group focuses on Singapore and China as its core markets, while it continues to expand in markets such as India, Vietnam, Australia, Europe and the USA.

CapitaLand has one of the largest real estate investment management businesses globally. It manages eight listed real estate investment trusts (REITs) and business trusts as well as over 20 private funds. Since it pioneered REITs in Singapore with the listing of CapitaLand Mall Trust in 2002, CapitaLand's REITs and business trusts have expanded to include Ascendas Reit, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust, CapitaLand Malaysia Mall Trust and Ascendas Hospitality Trust.

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**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.