Press Release
For Immediate Release

Ascendas Reit's Total Amount Available for Distribution for 1H FY2020 grew 3.7% y-o-y to S$263.2 million

1. Total amount available for distribution for the six months ended 30 June 2020 increased by 3.7% year-on-year (y-o-y) to S$263.2 million, mainly due to contributions from newly acquired properties in December 2019. 1H FY2020 Distribution per Unit (DPU) was 7.270 cents taking into consideration the enlarged number of Units in issue after the Rights Issue[1] in December 2019.

2. Portfolio occupancy rate stood at 91.5% (as at 30 June 2020) and positive rental reversion of 5.4% was achieved for leases that were renewed in 1H FY2020.

3. Maintained healthy aggregate leverage at 36.1% and a high level of natural hedge for its overseas investments.

Summary of Ascendas Reit Group Results

	1H FY2020 (Jan – Jun 2020)(1)	1H 2019 (Jan – Jun 2019)(1)	Variance
Gross revenue (S$m)	521.2	454.7	14.6%
Net property income (S$m)	388.0	349.1	11.2%
Total amount available for distribution (S$m)	263.2	253.7(2)	3.7
DPU (cents)	7.270(3)	8.153(4)	-10.8%
Applicable no. of units (m)	3,620.2	3,111.6	16.3%
Number of properties	197(5)	171	-

Notes:
(1) As disclosed in the announcement made by the Manager dated 24 July 2019 in relation to the Change of Ascendas Reit's Financial Year End, Ascendas Reit has changed its financial year end from 31 March to 31 December. Therefore, the current financial period is for the six months period from 1 January 2020 to 30 June 2020 (1H FY2020). The comparative information presented in these financial statements was for the six months ended 30 June 2019 (1H 2019). In order to present the comparative information in a consistent manner, the Group has re-presented the net property income, the finance cost on the Statement of Total Return and related items on the Cash Flow Statement for the period from 1 January 2019 to 31 March 2019 by applying the principles of FRS 116 since 1 January 2019. The re-presentation of comparative period information has no impact on the amount available for distribution. Please refer to the financial statements for the financial period ended 30 June 2020 for details.
(2) Included in 1H 2019 was distribution of rollover adjustments from prior years amounting to S$7.8 million (DPU impact of 0.250 cents). This arose mainly from tax rulings by the Inland Revenue Authority of Singapore (IRAS) on the non-tax deductibility of certain finance costs in prior years. Excluding the rollover adjustments in 1H 2019, DPU of 1H FY2020 would have decreased by 8.0%.
(3) Included taxable, tax exempt and capital distributions of 5.910, 0.040 and 1.320 cents respectively. The number of applicable units for the computation of DPU is approximately 3.6 billion.
(4) Included taxable and capital distributions of 7.128 and 1.025 cents respectively. The number of applicable units for the computation of DPU is approximately 3.1 billion.
(5) As at 30 June 2020, Ascendas Reit had 96 properties in Singapore, 35 properties in Australia, 38 properties in the United Kingdom and 28 properties in the United States.

[1] The Rights Units issued on 6 December 2019 rank *pari passu* in all respects with the Units before the Rights Issue.

23 July 2020, 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 for the six months ended 30 June 2020 (1H FY2020) rose by 14.6% y-o-y to S$521.2 million. The increase was mainly contributed by the United States (US) Portfolio of 28 business park properties and two Singapore business park properties, which were acquired in December 2019. This was partially offset by the rent relief support provided for the tenants to ease the challenges faced as a result of the COVID-19 pandemic, the divestment of Wisma Gulab in January 2020 and lower occupancies of certain properties. There was a total of S$10.3 million grant income recorded in 1H FY2020, which pertains to the property tax rebates received from IRAS as part of the government's initiatives to help businesses adapt to the challenges caused by the COVID-19 pandemic.

Property operating expenses increased by 26.1% to S$133.2 million mainly due to the newly acquired US Portfolio. The Group also recorded S$10.3 million grant expenses in 1H FY2020, representing the property tax rebate passed on to all qualifying tenants in Singapore. Property tax expenses were lower in 1H 2019 due to the retrospective downward revisions in the annual value of certain properties. Therefore, 1H FY2020 net property income rose by 11.2% y-o-y to S$388.0 million.

Total amount available for distribution for 1H FY2020 rose 3.7% y-o-y to S$263.2 million.

DPU declined to 7.270 cents (-10.8% y-o-y), taking into consideration an enlarged number of applicable units (+16.3%) in issue due to the Rights Issue[2] in December 2019 to fund acquisitions and to lower aggregate leverage, and the one-off distribution of rollover adjustments from prior years amounting to S$7.8 million in 1H 2019. Excluding the one-off distribution of rollover adjustments, DPU would have declined by 8% y-o-y.

Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: "In the first half of 2020, Ascendas Reit managed to deliver a steady distributable income despite the difficult operating environment, the provision of rent waivers to our tenants due to the

[2] On 6 December 2019, 498 million new units were issued in relation to the Rights Issue (please refer to announcement dated 6 December 2019). The proceeds from the Rights Issue were used to partially fund the acquisition of the 28 properties in the US and two properties in Singapore on 11 December 2019, and lower aggregate leverage. The restated 1H 2019 DPU, including the effects of the Rights Issue, is 7.973 cents.

COVID-19 pandemic and the absence of one-off distribution of rollover adjustments. With the enlarged number of Units in issue, DPU declined to 7.270 cents.

We continue to expect challenges in the months ahead which could impact the performance of Ascendas Reit. However, our well-diversified portfolio and tenant base should help us to mitigate the challenges ahead. We will continue to work closely with our tenants to ride out this uncertain period together."

Value-adding Investments

During 1H FY2020, the acquisition of a 25% stake in Galaxis, a prime business park property located in one-north, was completed for a purchase consideration of S$102.9 million. The property was acquired at an attractive 6.1% net property income yield. Key attributes include its direct access to the one-north MRT station, long land lease tenure of 52 years and a strong tenant base.

Four Asset Enhancement Initiatives (AEI) were also completed at a total cost of S$22.9 million to upgrade building specifications and improve amenities to add vibrancy to the properties. The three AEIs in Singapore were at (1) The Capricorn and (2) The Galen, both located in Singapore Science Park 2, where new collaborative spaces were introduced and enhancements were made to its entrances and common areas, and at (3) Plaza 8[3] located in Changi Business Park, where the podiums, lobby, driveway and other common areas were refreshed and a futsal court and end-of-trip facilities were added to serve the community's needs. The fourth AEI was at No. 484-490 and No. 494-500 Great Western Highway in Sydney, Australia. The logistics properties were refurbished internally and externally, and new LED lighting and translucent roof sheeting were installed.

In 2Q FY2020, S$16.3 million worth of new AEIs commenced across four properties. At 21 Changi South Avenue 2 (a logistics property) in Singapore, a new substation will be constructed to upgrade the power supply, and aircon systems and a new service lift will also be installed. In Australia, the two adjacent suburban offices located at No. 100 and No. 108 Wickham Street in Brisbane will be enhanced with new collaborative spaces, upgraded office lobbies and a refreshed central courtyard with green landscaping and seating. At No. 197-

[3] Plaza 8 is a building located at 1, 3 & 5 Changi Business Park Crescent.

201 Coward Street in Sydney, enhancement works include new end-of-trip facilities, outdoor seating, re-landscaping of garden beds and refurbishment of common areas.

On 1 July 2020, Ascendas Reit acquired a new logistics property to be developed on Lot 7, Kiora Crescent, in Yennora, Inner-Western Sydney, Australia, for S$21.1 million (A$23.5 million[4]). The development of this prime grade logistics property is expected to complete in 2Q 2021, improving the quality of Ascendas Reit's portfolio and providing it with greater exposure to Sydney, which remains the strongest industrial market in Australia. Vacancy rate for industrial properties in West Sydney is tight at 3.1% (source: Urbis, May 2020).

A Well Diversified and Resilient Portfolio

As at 30 June 2020, Ascendas Reit has a well-diversified portfolio worth S$12.75 billion, comprising of 197 properties located across four countries, Singapore, Australia, the United Kingdom (UK) and the US. Singapore properties account for 70% of Ascendas Reit's portfolio (by asset value) and overseas properties account for the remaining 30%[5]. The customer base of more than 1,460 tenants is spread across properties in five industrial sub-segments, ranging from business & science park properties, high-specifications industrial, light industrial properties, integrated developments and logistics and distribution centres.

Ascendas Reit's portfolio comprises 28.8% of single-tenant buildings and 71.2% of multi-tenant buildings by asset value. No single property accounts for more than 4.6% of Ascendas Reit's monthly gross revenue.

As at 30 June 2020, overall portfolio occupancy rate remained stable at 91.5% (31 March 2020: 91.7%).

The Singapore portfolio occupancy rate declined to 87.9% quarter-on-quarter (q-o-q) (31 March 2020: 88.6%). This was mainly attributable to a non-renewal at 31 Joo Koon Circle, a light industrial property.

[4] Based on the 31 May 2020 exchange rate of A$1.00: S$0.89957.
[5] Australia, the US and the UK assets make up 13%, 11% and 6% of Ascendas Reit's portfolio by asset value respectively.

The Australian portfolio occupancy rate improved to 98.4% q-o-q (31 March 2020: 97.3%) mainly due to a new short-term lease at 1314 Ferntree Gully Road, a logistics property in Melbourne, lifting occupancy of the property to 100% (31 December 2019: 0%).

In the UK, occupancy rate was stable at 97.5%. The US portfolio occupancy rate declined to 92.1% (31 March 2020: 92.9%) mainly due to the expiry of a lease in the business park property at 15231, 15253 & 15333 Avenue of Science in San Diego.

For 2Q FY2020, positive portfolio rental reversion[6] of 4.3% was achieved for renewed leases in multi-tenant buildings (1Q FY2020: +8.0%). In Singapore, average rental reversion was +4.0% whilst in Australia and the US, average rental reversion was +16.6% and +16.2% respectively. For 1H FY2020, the average rental reversion for the portfolio was +5.4%.

Based on new leases signed, tenants from the logistics and supply chain management sector accounted for the largest proportion of new demand by gross rental income in 1H FY2020 (23.3%).

The portfolio's weighted average lease expiry (WALE) stood at 3.9 years. About 8.2% of Ascendas Reit's gross rental income will be due for renewal in FY2020. Of these expiring leases, 5.3% are from multi-tenant buildings and 2.9% are from single-tenant buildings. We are working proactively 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 June 2020, aggregate leverage was healthy at 36.1% (31 March 2020: 36.2%, 31 December 2019: 35.1%). Weighted average all-in cost of borrowing was maintained at 2.9% (31 March 2020: 2.9%, 31 December 2019: 2.9%) and its debt maturity profile remains well-spread out with weighted average tenure of debt outstanding at 3.6 years.

Ascendas Reit's liquidity position remains robust. Currently, operating cashflow is stable, underpinned by a well-diversified portfolio. In the event that the COVID-19 pandemic

[6] 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 the respective period and average gross rents are weighted by area renewed.

prolongs, Ascendas Reit has in its reserves, S$561 million comprising of S$361 million in cash and S$200 million in committed facilities to make up for any shortfall.

A high level of natural hedge in Australia (77%), the UK (100%) and the US (100%) minimises the effects of adverse exchange rate fluctuations.

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

Outlook

The COVID-19 outbreak and the associated lockdowns all over the world have resulted in an unprecedented global health and economic crisis, with varying knock-on effects on businesses and individuals. In June 2020, the International Monetary Fund (IMF) lowered global growth further for 2020 to -4.9% (from -3% in April 2020) as recent data releases have indicated deeper downturns in various economies (source: IMF).

Singapore

The Singapore economy contracted 12.6% y-o-y in 2Q 2020, a greater contraction than the 0.7% y-o-y decline in 1Q 2020 due to the government's Circuit Breaker measures over April and May 2020 to curb the spread of COVID-19. In view of the economic impact from the containment measures and weak external demand, Singapore's Gross Domestic Product (GDP) growth forecast was further downgraded to between -7.0% to -4.0% for 2020 (source: Ministry of Trade and Industry).

In Singapore, the occupancy rate for Ascendas Reit's Singapore properties was 87.9%. In line with the Singapore Government's guidelines, Ascendas Reit has provided rent waivers to its tenants, amounting approximately S$20 million year-to-date. The actual amount to be disbursed will depend on the tenants' eligibility assessment by the authorities. This amount is in addition to the Singapore Government's property tax rebates and cash grants which will be fully passed through to eligible tenants.

Companies are expected to put their business and expansion plans on hold until there is greater clarity on the COVID-19 situation in Singapore and globally. Coupled with excess supply in some segments of the industrial market, rental growth and demand for industrial space may remain subdued.

Australia

The Australian economy grew by 1.4% y-o-y in 1Q 2020 compared to 2.2% y-o-y a quarter ago. This is the slowest y-o-y growth since September 2009 during the Global Financial Crisis and indicates the initial economic effects of COVID-19 on Australia. Compared to the previous quarter, GDP declined 0.3% (source: Australian Bureau of Statistics).

The Reserve Bank of Australia lowered the cash rate to 0.25% in March 2020 to provide support to employment and economic activity amidst the COVID-19 outbreak. Consensus GDP growth forecast for 2020 is -3.9% y-o-y (source: Bloomberg).

Rent collection has been suspended from the Australian F&B and retail tenants located at Ascendas Reit's three suburban offices from April 2020 until their reopening. One lease of a leisure/hospitality tenant has been restructured and the tenant was provided with rent rebate. Rent waiver and deferment were offered to two small and medium enterprise (SME) tenants. The overall impact to Ascendas Reit is less than S$0.6 million.

The Australian portfolio continues to deliver stable performance due to their good locations in the key cities of Sydney, Melbourne and Brisbane, long WALE of 4.3 years and average rent escalations of approximately 3% per annum.

United Kingdom

In 1Q 2020, the UK economy contracted by 1.7% y-o-y compared to a 1.1% y-o-y growth in 4Q 2019. On a q-o-q basis, the economy posted a 2.2% decline. The effects of COVID-19 and the UK-wide lockdown in late March 2020 resulted in a fall in household expenditure by 2.9% q-o-q (source: Office for National Statistics). Consensus GDP growth forecast for 2020 is -8.8% y-o-y (source: Bloomberg).

The rental payment frequency for some tenants has been changed from quarterly to monthly in advance and some rents have been deferred to the latter part of the year to provide some cashflow relief to tenants.

The high e-commerce penetration rate in the UK is expected to continue to benefit the logistics sector. Despite a decline in overall retail sales due to the lockdown, the proportion of online sales rose to a record 33% of total retail sales in May 2020 (21% of retail sales as at December 2019) (source: Office for National Statistics). In addition, Ascendas Reit's UK portfolio has a long WALE of 9.2 years, which will help to mitigate the on-going uncertainties.

United States

In 1Q 2020, the US economy recorded a lower growth of 0.3% y-o-y compared to 2.3% y-o-y in 4Q 2019. The "stay-at-home" orders issued across the country in March 2020 led to business closures and sharp declines in consumer spending. GDP contracted by 5.0% q-o-q with a decline in all sectors of the economy led by the private services-producing industries (-5.7%) (source: US Bureau of Economic Analysis).

The Federal Reserve cut US interest rates to between 0% to 0.25% to enable the economy to weather the recent challenges. Consensus GDP growth forecast for 2020 is -5.5% y-o-y (source: Bloomberg).

The economy saw a slight recovery with the unemployment rate declining from a high of 14.7% in April 2020 to 11.1% in June 2020. However, the increase in COVID-19 cases recently across the nation have cast doubts on the sustainability of the recovery.

In the US, US$10,000 of rent rebates have been provided to date.

Ascendas Reit's business park properties, located in US tech cities (San Diego, Raleigh and Portland), are well-positioned to benefit from the growing technology and healthcare sectors. The strength of the US portfolio is also underpinned by its WALE of 3.8 years and the high proportion of leases with rent escalations of between 2.5% to 4.0% per annum.

Conclusion

The COVID-19 situation remains fluid. The economic outlook will be challenging for some time to come and this could impact the performance of Ascendas Reit. The Manager will work closely with its tenants through these difficult times. We will continue to keep a close eye on the changing situation so that we will be able to respond accordingly to protect Unitholders' interests. Ascendas Reit's well-diversified portfolio and tenant base should help us to mitigate the challenges ahead.

- End –

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 June 2020, investment properties under management stands at S$12.75 billion, comprising 197 properties across the developed markets of Singapore, Australia, the United Kingdom and the United States. 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 more than 1,460 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, CareFusion, Wesfarmers, 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 over S$131.9 billion as at 31 December 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 seven 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 Real Estate Investment Trust, CapitaLand Commercial Trust, Ascott Residence Trust, CapitaLand Retail China Trust, Ascendas India Trust and CapitaLand Malaysia Mall Trust.

For investor and media queries, please contact:

Ms Yeow Kit Peng
Head, Capital Markets & Investor Relations
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8822
Email: yeow.kitpeng@capitaland.com

Ms Wylyn Liu
Assistant Vice President, Investor Relations
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8840
Email: wylyn.liu@capitaland.com