

## **Ascendas Reit delivers healthy operational performance in 1Q FY2020**

1. Portfolio occupancy rate improved quarter-on-quarter (q-o-q) to 91.7% and positive rental reversion of 8.0% was achieved for leases that were renewed in 1Q FY2020.
2. Healthy aggregate leverage of 36.2% and strong liquidity position.
3. Besides fully passing the benefit of any reduction in property tax granted by the Singapore Government to all qualifying tenants in Ascendas Reit's Singapore portfolio, additional assistance will be provided to tenants in industries affected by COVID-19.

**28 April 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 Ascendas Reit delivered a healthy operational performance for the financial quarter ended 31 March 2020 (1Q FY2020).

### **Stable Operating Performance**

Overall portfolio occupancy rate improved q-o-q to 91.7% (30 December 2019: 90.9%) mainly attributable to the higher occupancy rate of 88.6% (31 December 2019: 87.2%) in Singapore portfolio on the back of higher demand for logistics space.

For the overseas portfolio, occupancies remained relatively stable at 97.3% in Australia, 92.9% in the United States (US) and 97.5% in the United Kingdom (UK).

Overall, the portfolio achieved a positive rental reversion<sup>1</sup> of 8.0% for renewed leases in multi-tenant buildings in 1Q FY2020.

Mr William Tay, Chief Executive Officer and Executive Director of the Manager, said: "Ascendas Reit has delivered a healthy performance in the first quarter. Due to the on-going COVID-19 impact on the various world economies, we expect more challenges ahead. We have sufficient cash and committed undrawn credit facilities to meet current financial and operational obligations.

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<sup>1</sup> 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 1Q FY2020 and average gross rents are weighted by area renewed.

We are also aligning our operations and strategy to anticipate and meet these challenges. In line with its support for tenants, Ascendas Reit will be fully passing the benefit of any reduction in property tax granted by the government by way of a property tax rebate to its qualifying tenants. With this property tax rebate and additional rental assistance, its retail and F&B tenants within individual buildings and amenity centres will have their rents waived for two months, from April to May 2020. As the COVID-19 situation remains uncertain, Ascendas Reit will continue to engage its tenants and is prepared to render additional support should the situation worsen.”

So far, none of Ascendas Reit’s properties were shut down due to COVID-19. Tenants in the essential industries continue to operate normally.

The Manager is committed to safeguarding the health and well-being of its stakeholders. Temperature screening, health declarations, social distancing within the offices, increase in cleaning and disinfection frequencies have been implemented in its properties.

**Robust Financial Metrics**

As at 31 March 2020, aggregate leverage was healthy at 36.2%. Weighted average all-in cost of borrowing was maintained at 2.9% and its debt maturity profile remains well-spread with weighted average tenure of debt outstanding at 3.8 years.

Ascendas Reit’s liquidity position remains robust. Currently, operating cashflow is stable, underpinned by a S\$12.8 billion diversified portfolio comprising of 45% business park/suburban office, 30% industrial properties and 25% logistics properties. In the event that COVID-19 prolongs, Ascendas Reit has in its reserves, S\$490 million comprising of S\$290 million in cash and S\$200 million in committed facilities to make up for any shortfall.

A high level of natural hedge in Australia (76%), the UK (100%) and the US (100%) minimises the effects of adverse exchange rate fluctuations.

### **Value-Adding Investments**

In March 2020, Ascendas Reit acquired a 25% stake in Galaxis, a prime business park property located in one-north, for a purchase consideration of \$102.9 million<sup>2</sup>. The acquisition is accretive to Ascendas Reit's Distribution per Unit and transacted at an attractive net property income yield of 6.2%. Galaxis is 99.6% occupied by highly reputable tenants such as Canon, Oracle and Sea (formerly Garena). The acquisition fits well with Ascendas Reit's strategy to invest in well-located and high-quality business park properties in Singapore.

### **Capital Recycling**

During 1Q FY2020, three Singapore properties, Wisma Gulab, 202 Kallang Bahru and 25 Changi South Street 1, were divested for total sales proceeds of S\$125.3 million.

### **A Well Diversified and Resilient Portfolio**

Total investment properties stood at S\$12.8 billion, comprising of 197 properties located in four countries, Singapore (71% of total investment properties), Australia (13%), the US (10%) and the UK (6%).

The customer base of about 1,490 tenants is diversified over more than 20 different industries. Whilst some industries such as retail, aviation, oil and gas and hospitality & leisure are more affected by COVID-19, they make up less than 15% of Ascendas Reit's monthly gross revenue. On the other hand, about 50% of monthly gross revenue is contributed by relatively more resilient industries such as financial services, government, data centres and biomedical.

### **Outlook**

Presently, COVID-19 continues to damage the various economies around the world. It is uncertain when COVID-19 will be contained and businesses will return to normal. Realistically, more challenges and uncertainty are to be expected.

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<sup>2</sup> The purchase consideration of Galaxis is estimated to be S\$102.91 million, and is based on 25% of the adjusted net asset value of Ascendas Fusion 5 Pte Ltd, the holding entity for Galaxis, as at the date of acquisition completion, being 31 March 2020. The Adjusted Net Asset Value takes into consideration the agreed value of the Property of S\$630.0 million.

## Press Release



In anticipation of these challenges, the Manager is proactively marketing the vacant spaces in Ascendas Reit's portfolio and engaging its customers digitally. Simultaneously, the Manager will exercise greater prudence, manage costs and improve efficiency.

Supported by a strong balance sheet, good liquidity position, well-diversified portfolio and strong tenant base, Ascendas Reit is well positioned to navigate the on-going challenges.

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### **About Ascendas Real Estate Investment Trust ([www.ascendas-reit.com](http://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 31 March 2020, investment properties under management stands at S\$12.8 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 around 1,490 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, 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](http://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](mailto:yeow.kitpeng@capitaland.com)

Ms Wyllyn Liu  
Assistant Vice President, Investor Relations  
Ascendas Funds Management (S) Ltd  
Tel: +65 6508 8840  
Email: [wyllyn.liu@capitaland.com](mailto:wyllyn.liu@capitaland.com)

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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, the Manager. 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.

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