

PRESS RELEASE

For immediate release

Ascendas Reit and Ascendas-Singbridge Group make their first foray into Europe

- Ascendas Reit will acquire a portfolio of 12 logistics properties in the United Kingdom for £207.27 million
- Ascendas-Singbridge Group, as the sponsor, will provide Ascendas Reit with asset management and related services in the UK
- This latest transaction is aligned with Ascendas-Singbridge's plans to grow its international presence

Singapore, 26 July 2018 – Ascendas Funds Management (S) Limited (the “**Manager**”), as manager of Ascendas Real Estate Investment Trust (“**Ascendas Reit**”), is pleased to announce that Ascendas Reit is expanding its footprint beyond Asia and Australia, through the proposed acquisition (“**Proposed Acquisition**”) of a portfolio of 12 logistics properties (“**Properties**”) located in the United Kingdom (“**UK**”).

The Properties will be acquired from two third-party vendors, Oxenwood Catalina Midco Limited and Oxenwood Catalina II Midco Limited (together, the “**Vendors**”) for £207.27 million (S\$373.15 million) (“**Purchase Consideration**”). Completion is expected to take place in the third quarter of 2018. Ascendas-Singbridge Pte Ltd (“**Ascendas-Singbridge**”), who is the sponsor of Ascendas Reit, will provide Ascendas Reit with asset management and related services in the UK through its UK subsidiary, Ascendas Management (UK) Ltd.

Strategically located in established distribution centres with good connections to core urban areas, the Properties are well-poised to capitalise on growing demand for supply chain and logistics services in the UK market, as a result of booming e-commerce activities. The Proposed Acquisition provides Ascendas Reit an entry into the UK logistics market, supported by Ascendas-Singbridge's asset management capabilities, and it will position Ascendas Reit strategically to strengthen its presence in other key UK locations.

Mr William Tay, Executive Director and Chief Executive Officer of Ascendas Funds Management (S) Limited, the manager of Ascendas Reit, said, “This acquisition is an important milestone as we continue to strengthen our franchise to meet the growth of Ascendas Reit. The investment presents an attractive and meaningful entry into the UK market. The portfolio has a long weighted average lease expiry (WALE) of 14.6 years and is largely comprised of freehold land. These are appealing attributes that will strengthen our existing portfolio. We are optimistic about this acquisition which will be DPU-accretive, and are pleased to have the strong support from our sponsor, Ascendas-Singbridge, in our maiden UK investment.”

Ms He Jihong, Chief Investment Officer of Ascendas-Singbridge Group, said, “We are delighted with Ascendas Reit's expansion into the UK. This fits well with Ascendas-Singbridge's plans to widen our international presence. We remain highly selective in deciding on the right asset classes for our entry into new markets and will focus on those that play to our core strengths. We will continue to provide Ascendas Reit with the necessary support as they grow their portfolio.”

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About Ascendas-Singbridge Group

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

Jointly owned by Temasek Holdings and JTC Corporation through a 51:49 partnership, Ascendas-Singbridge undertakes urbanisation projects spanning townships, mixed-use developments and business/industrial parks. Headquartered in Singapore, Ascendas-Singbridge has projects in 28 cities across 9 countries in Asia, including Australia, China, India, Indonesia, Singapore and South Korea.

Ascendas-Singbridge holds commercial, hospitality and industrial assets across Asia Pacific. 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

About Ascendas Reit

Ascendas Reit is Singapore's first and largest listed business space and industrial real estate investment trust. As at 31 March 2018, total assets were about S\$10.4 billion, comprising 99 properties in Singapore and 32 properties in Australia. The portfolio includes business and science park/suburban office properties, hi-specs industrial properties, light industrial properties, logistics and distribution centres, integrated development, amenities and retail properties. These properties house a tenant base of around 1,320 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, DBS, Citibank, Wesfarmers, JPMorgan, Ceva Logistics and Biomedical Sciences Institutes, 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. 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. www.ascendas-reit.com

Proposed Acquisition Details

The Proposed Acquisition will be by Ascendas REIT (Europe Sub 1) Ltd., a wholly-owned entity of HSBC Institutional Trust Services (Singapore) Limited, acting as trustee of Ascendas Reit (the “Trustee”). The Trustee has today entered into a share purchase agreement with the Vendors to acquire all the shares in the capital of the 10 companies which own the Properties.

Ascendas Reit is expected to incur an estimated transaction cost of about £[4.11] million (S\$[7.40] million), which includes professional advisory fees and the acquisition fee payable to the Manager (being 1% of the Purchase Consideration of £[207.27] million) which amounts to approximately £[2.07] million (S\$[3.73] million). The Proposed Acquisition is expected to generate a net property income yield of approximately [5.34]% pre-transaction costs in the first year ([5.24]% post-transaction costs).

The annualised pro forma financial effect of the Proposed Acquisition on FY17/18 distribution per Unit (“DPU”) would be an improvement of [0.021] Singapore cents.

The Proposed Acquisition is expected to complete in the third quarter of 2018.

Funding and Risk Management

The Manager intends to fund the Proposed Acquisition with [a combination of UK onshore and offshore loans]. Aggregate leverage is expected to increase from 34.4% to [36.8]% as at 31 March 2018.

The Manager plans to achieve a natural hedge by funding the Proposed Acquisition via pound sterling liabilities. The expected net income cash flow will be hedged via appropriate hedging instruments. The Manager will continue to manage Ascendas Reit’s interest rates exposure at the portfolio level, and will be guided by the existing policy of maintaining 50% to 75% of borrowings on fixed interest rates.

Ascendas Reit intends to appoint the existing third party property manager to manage the daily operational requirements of the Properties to maintain continuity. Ascendas Management (UK) Ltd (“ASB UK”) will be appointed as the asset manager to provide asset management and other related services. ASB UK is an indirect wholly-owned subsidiary of the Sponsor.

The Manager will continue to take a proactive approach to customer service, leasing and property management to mitigate operational risks.

Key Investment Merits for Ascendas Reit [TO MIRROR SGX]

- **Complementary to Ascendas Reit’s portfolio**

The real estate market in the United Kingdom is mature, transparent and provides opportunities for growth underpinned by domestic consumption. The Properties comprise freehold and 999-year leasehold properties which will complement Ascendas Reit’s current portfolio.

The Properties are well located and will serve as a good entry portfolio given their geographic spread in key distribution centres across the United Kingdom.

The Proposed Acquisition is in line with Ascendas Reit’s disciplined value-adding investment strategy of acquiring good quality, income-producing assets with established tenants and will strengthen Ascendas Reit’s ability to fulfil its mission to generate stable and predictable income streams and long term capital stability.

- **Diversification of Ascendas Reit's portfolio**

The Proposed Acquisition will benefit Ascendas Reit and its Unitholders with further diversification, both geographically and from an enlarged tenant base. The contribution of overseas investment (by asset value) is expected to increase from [15]% to [17]%. The tenant base of Ascendas Reit will also be enlarged to include more quality tenants such as DHL, Secretary of State for Communities and Local Government, Amazon and Howden Joinery, just to name a few.

- **Opportunity to expand into the United Kingdom**

The logistics property market in the United Kingdom is expected to see a sustained period of rental growth driven by strong demand and constrained supply conditions. One of the key demand drivers is the structural shift towards online retail sales, which accounted for 18% of take-up in 2017. This trend is expected to continue to benefit the logistics sector.

The addition of the 12 Properties will provide Ascendas Reit with a sizeable presence in the United Kingdom's logistics property sector.

- **Strengthens Ascendas Reit's Portfolio**

Following the completion of the Proposed Acquisition, the proportion of freehold properties (by asset value) will increase from [16]% to [19]%.

The Properties' long weighted average lease to expiry (WALE) of 14.6 years will also extend Ascendas Reit's portfolio WALE of 4.2 years (as at 31 March 2018) to 4.4 years.

As the Properties are leased to tenants on a [triple-net basis] (where the tenant pays all statutory outgoings, operating and maintenance costs), operational demand will be minimal and this will ease Ascendas Reit's initial entry into the market.

About the Target Portfolio

The 12 well-located logistics properties occupy a total gross floor area of 242,633 sqm. The Properties are sited on freehold and 999-year leasehold land in established industrial areas across various regions in the UK including Yorkshire and the Humber, North West England, East Midlands, West Midlands, South East of England and East of England.

The Properties are well accessible to the major motorways such as the M1 and M6, providing good connections to a large catchment of UK's population.

With the Proposed Acquisition, Ascendas Reit will own a total of 99 properties in Singapore, 33 properties in Australia and 12 properties in the UK.

For more details about the individual Properties, please refer to the "Proposed Acquisition of UK Logistics Portfolio" presentation slides dated [X July 2018]

Portfolio Statistics	
Location & Number of properties	12 logistics properties Yorkshire & the Humber – 3 properties North West England – 2 properties East Midlands – 2 properties West Midlands – 2 properties South East England – 2 properties East of England – 1 property
Land Area	559,236 sqm
Land Tenure	Freehold (10 properties) and 999-year leasehold (2 properties)

Total Net Lettable Area ("NLA")	242,633 sqm
Weighted Average Lease Expiry ("WALE")	14.6 years
Occupancy Rate	92%
Total number of leases	12 (with 9 customers)
Lease Structure	Tenant pays all statutory outgoings & operating expenses

Important Notice

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.

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. Any discrepancies in the figures included herein between the listed amounts and total thereof are due to rounding.