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**Basic Information**

Last Closed Price	S\$2.56
12M Target Price	S\$3.50
+/- Potential	+36.7%
Bloomberg Ticker	CLAR SP
GICS Sector	Real Estate
GICS Sub-Industry	Industrial REITs

**1Y Price v STI**



**Company Description**

CapitaLand Ascendas REIT is Singapore's first and largest listed business space and industrial REITs with a portfolio value of \$16.55 billion. It focuses on developed markets in a range of industries from Business Space and Life Sciences to Industrial and Data Centres segments, with holdings in Singapore, US, Australia and Europe.

**Key Financials**

Market Cap	S\$10.75b
Basic Shares O/S	S\$4.20b
Free Float	49.9%
52-Wk High-Low	S\$3.03 - S\$2.45
Fiscal Year End	31-Dec-2022

(S\$ M)	FY20A	FY21A	FY22E	FY23E
Revenue	1049.5	1226.5	1301.0	1380.1
Gr Rate (%)	50.1	16.9	6.1	6.1
NPI	776.2	920.8	968.6	1027.5
Margin (%)	53.0	57.0	55.8	57.3
ROE	6.3	7.0	7.2	7.5
ROA	3.7	3.9	3.9	4.0
ROIC	4.1	4.4	4.3	4.4
Gearing	31.0	34.3	36.6	37.7

**Key Executives**

Mr. William Tay	Chief Executive Officer
Ms. Koo Lee Sze	Chief Financial Officer

We are initiating coverage of **CapitaLand Ascendas REIT**, ("**Ascendas**" or the "**Company**") **SGX:A17U** with a **BUY** rating and a **\$3.50** 12M price target.

**1H22 Earnings Highlights**

- Gross Revenue increased 13.7% from S\$586.0m in 1H21 to \$666.5m in 1H22
- Net property income (NPI) increased 7.0% from S\$445.6m in 1H21 to \$476.9m in 1H22
- Distributable income increased 6.3% from S\$311.0m in 1H21 to \$330.8m in 1H22. DPU was 7.87 cents for the period declared
- Gearing Ratio decreased from 37.6% in 1H21 to 36.7% in 1H22, well below MAS mandate of 50.0%

**Investment Thesis**

- Ascendas remains attractive vis-à-vis peers with interest rate hedging** from accretive acquisitions and asset enhancement initiatives
- Ascendas' consumer base in rapidly developing industries** increases income stability and potential for continued outperformance
- Low cost of debt and smaller acquisition values** signals a shift to debt financing, resulting in resilient DPU growth

**Catalysts**

- Acquisitions of new properties or joint venture partnerships with CapitaLand
- Introduction of new AEI initiatives for properties with low occupancy rates
- Positive macro-outlook to buttress landlord market
- Upcoming dividend declarations for 1H 2023

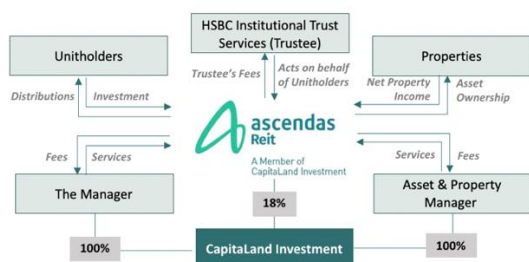
**Valuations**

Our 12M price target at the date of coverage is **S\$3.50**. Using the AEI targets guided by management, along with a dividend growth rate of 1.3% and units growth rate of 5.5% from FY22-FY26, a DDM model was used to obtain our valuation. Our target price falls within the valuations of Ascendas' competitors, as well as DCF valuation estimates. The current yield spread between Ascendas and 10-year SGS of 2.5% is lower than the 1-year lookback yield spread mean of 2.8% and a mean reversion is expected with a focus on financial prudence and healthy gearing.

**Investment Risks**

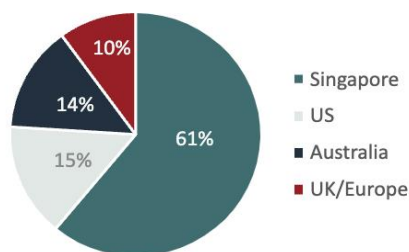
- Challenging macroeconomic conditions for rapidly rising industries:** The increased cost of debt may limit the ability to finance future acquisitions to boost portfolio return performance and depress bottom line figures.
- Sustained increase in electricity and production input costs:** Tight supply has led to an increase in utility costs for portfolio properties.
- Fluctuations in foreign exchange rates:** Exchange rate fluctuations resulted in the erosion of rental income.

**Figure 1: Ascendas Trust Structure**



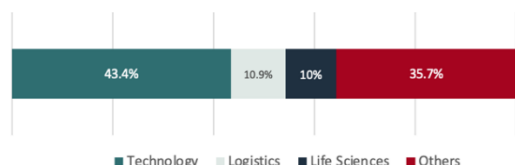
Source: Company Filings

**Figure 2: Gross Revenue Breakdown by Geographical Segment**



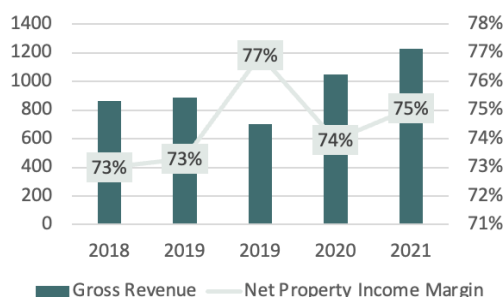
Source: Company Filings

**Figure 3: Gross Revenue Breakdown by Industry**



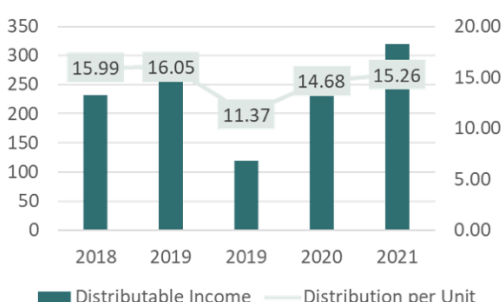
Source: Company Filings

**Figure 4: Gross Revenue and NPI**



Source: Company Filings

**Figure 5: Distributable Income and DPU**



Source: Company Filings

## Company Overview

CapitaLand Ascendas REIT is Singapore's first and largest listed business space and industrial REITs by asset size. It focuses on developed markets in a range of industries from Business Space and Life Sciences to Industrial and Data Centres segments with holdings in Singapore, US, Australia and Europe. Ascendas has been listed on the Singapore Exchange Securities Trading Limited since November 2002. The company is backed by CapitaLand Investment Limited, a leading global real estate investment manager with a strong Asia foothold. This is represented by its trust structure, where its managers are fully owned subsidiaries of CapitaLand.

As of 3<sup>rd</sup> December 2022, Ascendas has a portfolio value of \$16.55 billion. The company has a well-diversified portfolio across 4 key markets: Singapore, US, Australia and Europe, with a more substantial portion based in Singapore. Ascendas currently holds 228 properties across the business space, industrial and data centres as well as logistics sectors. On a more granular level, Ascendas is diversified over 20 subcategories of these industries with the largest representation being logistics and supply chain at 11.9%. Additionally, no single property accounted for more than 4.2% of its monthly gross revenue.

In terms of financial performance, both gross revenue and net property income margins are generally on an increasing trend, whereas the outlook for distributable income is optimistic with a gradual recovery. The reason for two 2019s is due to the change in Ascendas' financial year end, and the dip in DPU was due to a larger base of units for the REIT, where Ascendas raised 1.2 billion through a private offering which enlarged the REITs base by over 398 million units.

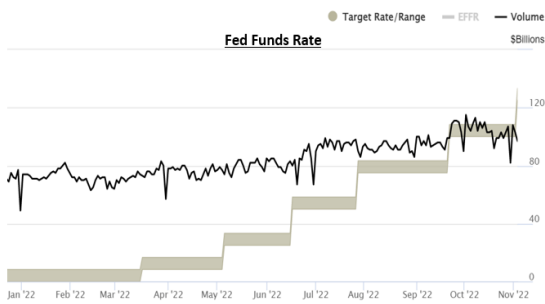
As for Capital Management, Ascendas' 36.7% aggregate leverage is well below MAS' limit of 50.0%, which represents an available debt headroom of approximately S\$4.6 billion. Debt maturities are well-spread across 10 years in conjunction with a healthy A3 credit rating. The REIT also ensures that majority of its portfolio is hedged against interest rate and exchange rate risks at 78.0% and 75.0% respectively.

Asset management remains strong with an upward trend for portfolio occupancy and rental reversion. Portfolio occupancy rate was 94.0% with a positive rental reversion of 9.4% for the period. Additionally, Ascendas has a Portfolio WALE of 3.7 years, with only 10.2% of gross rental income due in FY2022.

## 1H22 Earnings Review

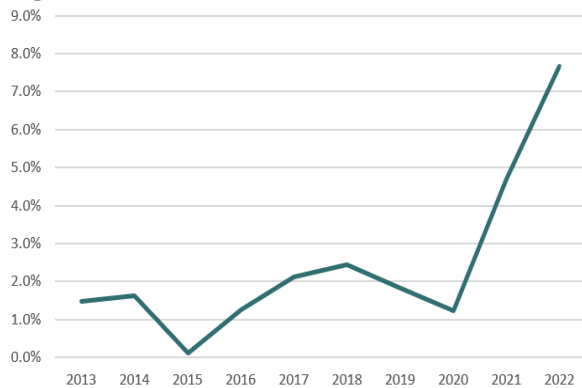
- Gross Revenue increased 13.7% from S\$586.0m in 1H21 to \$666.5m in 1H22
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- Distributable income increased 6.3% from S\$311.0m in 1H21 to \$330.8m in 1H22. DPU was 7.87 cents for the period declared
- Gearing Ratio decreased from 37.6% in 1H21 to 36.7% in 1H22, well below MAS mandate of 50.0%
- Overall Portfolio Occupancy Rate increased to 94.0% in 1H22 from 91.3% in 1H21 with a positive rental reversion of 9.4% in the period
- High level of natural hedging at ~75.0% of portfolio, which adds to Ascendas' income stability in the near-mid term

**Figure 6: Fed Funds Rate History**



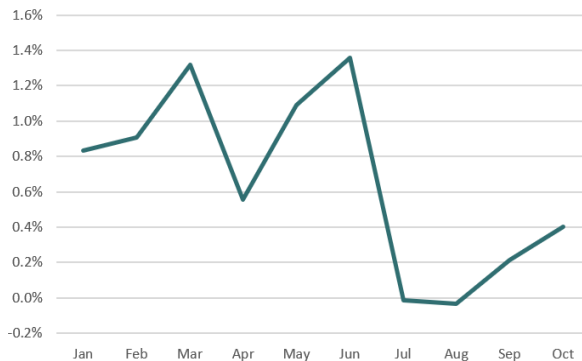
Source: NewYorkFed.org

**Figure 7: US Annual Inflation Rate**



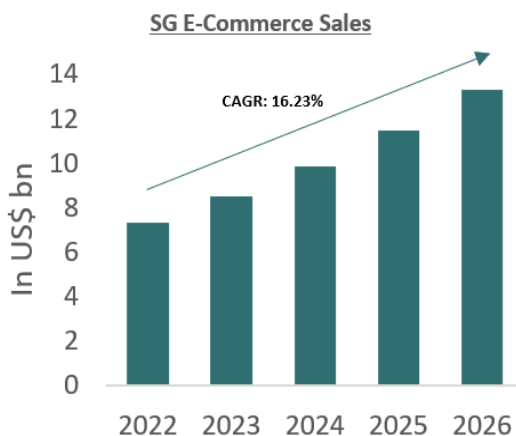
Source: US Bureau of Labor Statistics

**Figure 8: US Consumer Price Index % change for 2022**



Source: US Bureau of Labor Statistics

**Figure 9: Projected E-commerce Sales in Singapore**



Source: Statista

## Industry Outlook

The real estate industry is projected to experience greater uncertainty as central banks across the world continues to increase interest rates in response to rising unexpected and uncontrolled inflation. Despite inflationary headwinds, the industry still stands to gain from a shift in power dynamics and enjoy strong growth in the e-commerce market as seen in the increase in demand for logistics spaces.

**Projections of higher US interest rates to increase cost of debt**  
FY22 marks the start of the Fed's rate hikes (refer to Figure 6) to negate future inflationary pressures on the United States' economy as the world's largest economy deals with future inflationary pressures (refer to Figure 7). In doing so, REITs that are leveraged on floating interest rates will find a substantial increase in the cost of borrowing. This is supplemented by the traditionally high amounts of debt employed to finance the acquisition of properties and/or asset enhancement initiatives which instigates a heightened level of fear on REITs' ability to ensure bottom line protection and continued performance in dividend pay-outs for its shareholders. The expected increase in loan repayments will significantly depress bottom line figures into the future as REITs look towards locking in fixed interest rates on their existing loans and reducing future loans to not risk any illiquidity concerns. This will likely be followed by an increase in cash holdings to increase investor's confidence in the ability to cover interest repayments.

Moreover, the United States released news that the annual inflation rate (YTD) slowed to a gain of 7.7% compared to the market's expectation of 7.9%. The October Consumer Price Index (CPI) showed an increase of 0.4% change month-on-month relative to the street's estimates of 0.6%. Given the over-estimates of market expectations, it does seem that the interest rate hikes have taken effect to ease the exemplary growth seen during the pandemic bolstered by close to zero interest rates to boost spending all around. This may lead to a more optimistic outlook for investors and REITs as the monetary policy tightening seems to have taken its course to gradually slow down inflation and taking into account recessionary fears for the US economy to prevent any regression in business growth. As such, the industry faces an exponentially difficult time in finding accretive acquisitions to boost growth metrics and portfolio desirability given the aforementioned macroeconomic factors.

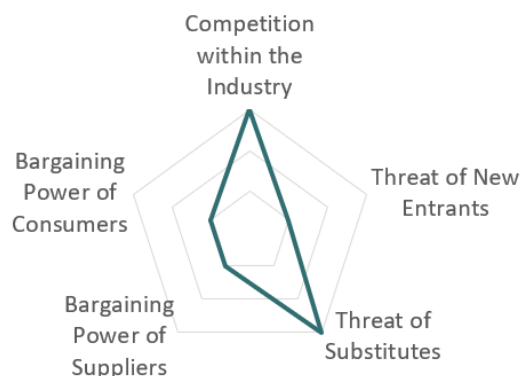
### Rising demand for onshore logistics facilities in Singapore

Singapore's e-commerce scene is expected to reach US\$13.3 billion in market size by 2026 at a compounded annual growth rate of 16.23%. The increased consumer preference for anything online shopping will result in the increased demand for distribution facilities within Singapore. As consumers prioritise the need for convenience and accessibility to various goods and services, there is a paradigm shift from physical to online retail and these firms will respond in kind to continue to capture more market share.

Additionally, the trend is exacerbated by government initiatives to facilitate the ease of trade through international agreements such as RCEP and FTAs to reduce any red tapes in cross-border business operations. To further develop the country's ability to handle rising demand for these products, the government sought out to increase the production capacity of to take on more shipping vessels and increase its efficiency via the much-anticipated development of the Tuas Mega Port. This will further bolster the capability of Singapore to unload shipping hauls and meet the projected increase in demand for e-commerce services.

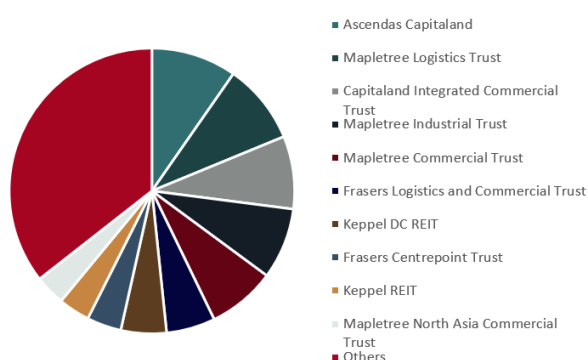


**Figure 10: Porter's Five Forces**



Source: Team Analysis

**Figure 11: IEdge S-REIT Index Weightage for Top 10 Biggest Components**



Source: Capital IQ

**Figure 12: S\$133.2 million Chicago Acquisition of Logistics Properties**



Source: Capitaland Website

**Figure 13: Ascendas Capitaland's Completion of UBIX**



Source: Capitaland Website

## Porter's Five Forces

Illustrating the points below using the Porter's Five Forces diagram, we observe that the expected uncertainty in interest rates and CapitaLand Ascendas REIT's cemented position will allow it to continue to be an industry leading option for investors looking to diversify their portfolio and increase exposure to the real estate industry.

### Competition within industry - Moderate

Entrenched oligopolistic position as the largest Singapore Industrial REIT by assets under management and market capitalization. Well positioned properties within finance hubs and industrial areas presents desirability across the portfolio.

### Threat of new entrants - Low

The industry presents high barriers to entry due to the requirement of large capital outlay to finance acquisitions. Additionally, due to the current inflationary economic climate and high interest rates, the presence of a strong sponsor to secure low cost of debt is a great competitive advantage to reduce interest repayments and protect the amount of income distributable to shareholders.

### Threat of substitutes - Moderate

Management is slated to continue to undertake redevelopment and asset enhancement initiatives (AEIs) to reposition and upgrade its properties to better differentiate quality offered to potential and current clientele. A new enhancement project of S\$15.5 million, commenced at The Alpha, a business space property located at Singapore Science Park 2. The initiative will include a refurbishment of the main lobby to include modern collaborative spaces such as meeting rooms and pods.

In total, there are a total of five current development and AEI projects worth S\$566.0 million and are expected to complete between 4Q 2022 and 2Q 2025.

### Bargaining power of customers - Low

The relatively low WALEs of 3.4 and 3.1 years for Singapore and Australia respectively will allow Ascendas to utilise their pricing power in the current landlord market on rental income in the short term to secure and incorporate rent hikes.

Strong demand for logistics properties are also likely to reduce customers' bargaining power as the landscape to obtain desirable locations for distribution to reduce transportation costs and optimise supply chain management becomes increasingly competitive.

### Bargaining power of suppliers - Low

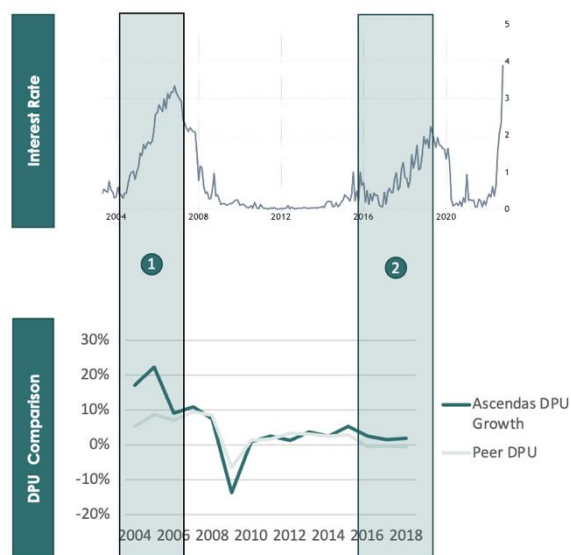
There is a small number of possible customers able to finance large purchases of property en-bloc as these properties tend to be listed the market for a long time. Hence, CapitaLand Ascendas REIT will have the ability to negotiate below listing prices and strategically acquire new properties.

## Investment Thesis

### 1. Ascendas remains attractive vis-à-vis peers with interest rate hedging from accretive acquisitions and asset enhancement initiatives

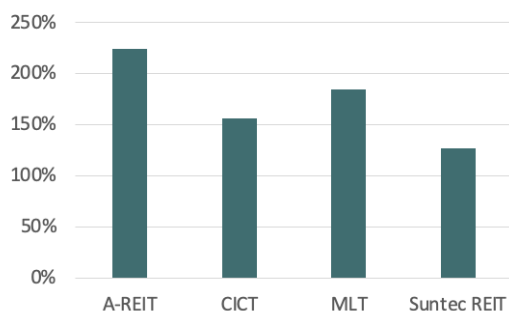
In an environment of high interest rates, REITs are faced with declining property values and increasing borrowing costs. Moreover, the relatively high dividend yields generated by REITs become less attractive in comparison with lower-risk fixed income securities, which erodes their value proposition to income-seeking investors.

**Figure 14: DPU vs Interest Rate**



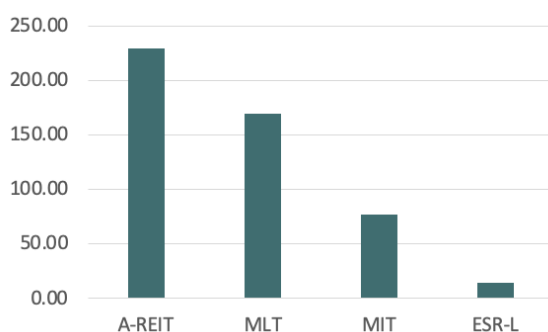
Source: TradingEconomics, MAS, DBS, Company Filings

**Figure 15: Increase in Asset Value (2004-2007)**



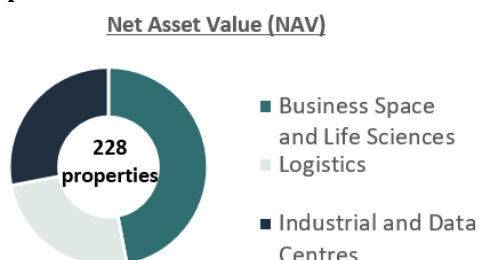
Source: Company Filings

**Figure 16: Increase in AEI investment (2016-2018, in millions)**



Source: Company Filings

**Figure 17: Portfolio Allocation by Property Type**



Source: Company Filings

Historically, Ascendas has remained resilient throughout such periods, and its DPU growth actually has a tendency to outperform peers during rate hikes. We identified the key drivers to be (i) property acquisitions and (ii) asset enhancement initiatives which have propelled an increase in DPU that offsets the interest rate drag on the REIT's performance.

#### Accretive Acquisitions

Breaking down the strategies into further detail, in the period of 2004-2007, Ascendas had the greatest increase in asset value amongst its peers with a rise of 224% relative to peers that ranged from 127% to 185%. We would like to point out that this is the only peer comparison that differs from the standard set that we use for our analysis, as these are the only comparable REITs that existed in the chosen time period.

Ascendas is also poised to maintain this edge against peers with an above-median 1H22 acquisition record of S\$212.1m relative to peers with Mapletree Logistics at S\$145.7m, Mapletree Industrials at S\$1.32b and ESR-LOGOS at S\$0m. Moreover, despite this outperformance, Ascendas had the lowest gearing percentage of 36.7% relative to 37.2%, 38.4% and 40.6% respectively. This indicates that such performance is sustainable, and Ascendas would be able to leverage on this capacity to maintain or even boost its DPU growth.

#### Asset Enhancement Initiatives (AEIs)

As for AEI investment, Ascendas similarly ranked the highest amongst its peers in the period of 2016-2018 with an investment of S\$229.5m in comparison to peers with Mapletree Logistics at S\$170.0m, Mapletree Industrials at S\$77.0m and ESR-LOGOS at S\$14.7m.

Ascendas' redevelopment pipeline also remains well ahead of peers at end 1H22 with a value of S\$566.0m that outshines peers with Mapletree Logistics at S\$197.0m, Mapletree Industrials at S\$0m and ESR-LOGOS at S\$38.5m. Ascendas' leading position allows it to capitalize on this strength to boost its property value and by extension its DPU performance.

Hence, we believe that Ascendas can make use of both strategies in its arsenal to bring about attractive DPU growth relative to peers, and can serve as a strong defensive position during periods with high interest rates. Ultimately, whether interest rates are rising or falling does not seem to be the key determinant of REIT performance in the medium to long-term. This is especially so if rate hikes are brought about by inflationary activity and overall strength in the economy. As such, stronger REIT fundamentals and sound management have the potential to mitigate or even outweigh any negative impact caused by rising rates.

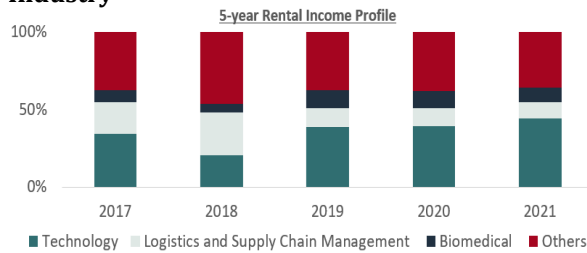
#### **2. Ascendas' consumer base in rapidly developing industries increases income stability and potential for continued out-performance**

Capitaland Ascendas REIT attributed 24.6% of net rental income generated for FY21 to biomedical and agriculture/aqua culture for the country. The life sciences and engineering space boom due to the tail-like increase in profits generated throughout the COVID-19 period helped facilitate the expansion of large firms such as Pfizer, Novartis, Sanofi, AbbVie and Amgen into Singapore. Singapore has been touted as a hot spot for biotechnology and pharmaceutical firms alike looking to develop new business units in the APAC region.

#### Future outperformance underpinned by high forecasted demand for biotechnology spaces in Singapore

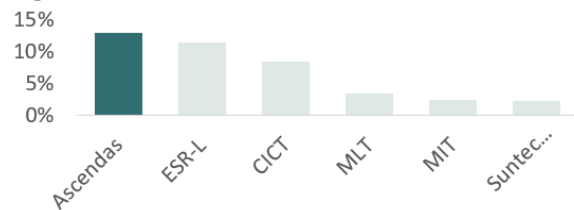
The Singaporean government is deeply committed to growing the country into a global hub for biotechnology seen by significantly increased investments through the Research, Innovation and

**Figure 18: 5-year Rental Income Profile by Industry**



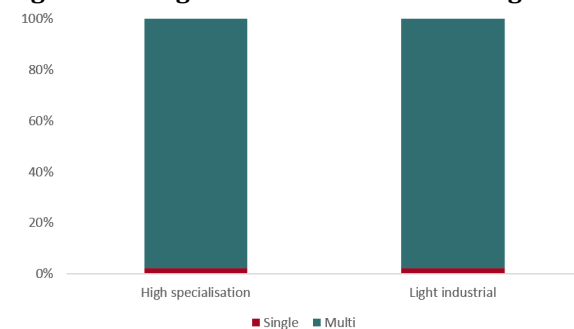
Source: Company Filings

**Figure 19: Rental Reversions for 1H22**



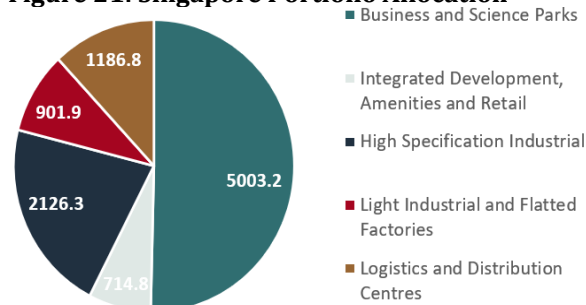
Source: Respective Company Filings

**Figure 20: Single vs Multi-Tenant Buildings**



Source: Company Filings

**Figure 21: Singapore Portfolio Allocation**



Source: Company Filings

**Figure 22 Inverse Correlation Between DPU and Common Stock Growth Rate**



Source: Company Filings

Enterprise (RIE) 2025 Plan to channel S\$25 billion into research and innovation. This represents a 32% increase compared to RIE2020 when the government committed S\$19 billion.

Strong governmental initiatives to shape the biomedical landscape further bolsters the increase in demand for high-specifications industrial and light industrial properties. The rise in desirability to base operations in Singapore is driven by the strong intellectual property protection laws and access to a global top talent pool. Companies in the industry prioritise the importance of safekeeping their key process drivers in the form of their technical knowledge and manufacturing know-how to ensure there is no unfair competition in the market when a new drug is developed for a limited time and reap the benefits of the company's research and development efforts.

#### Tenant-building metrics

Capitaland Ascendas REIT's focus on multi-tenant buildings and their relatively low WALEs of 3.4 and 3.3 years for high-specifications industrial and light industrial properties respectively creates out-performance opportunities via increased rentals upon lease renewals. In 1H2022, Ascendas enjoyed 13.0% in rental increases for lease renewals to be an industry leading player with ESR-L (11.4%), CICT (8.5%), MLT (3.5%) and Suntec REIT (2.3%). There is elevated confidence in the current and likely future landlord market to expect higher positive rental reversions as bargaining power of Capitaland Ascendas REIT skyrocket due to the tight supply and unprecedented heightened demand for these buildings.

### 3. Thesis 3: Reduction in equity financing due to smaller scale acquisitions and cheaper debt to prevent dilution of DPU

As REITs are mandated to give away 90% of total returns as dividends, they tend to keep small cash balances and require significant debt and equity financing for acquisitions. One drawback to equity financing would be the dilutive effect it has, where distributions are spread more thinly over a larger pool of shares. Tracking Ascendas REIT's Distributions per Unit (DPU) alongside common stock growth rate hence shows an inverse correlation, with distributions increasing generally when common stock grows at a slower rate.

We hence believe that DPU for Ascendas will remain resilient in the near future, predicated on management guidance for smaller scale acquisitions, in conjunction with the REIT's lower cost of debt compared to industry peers.

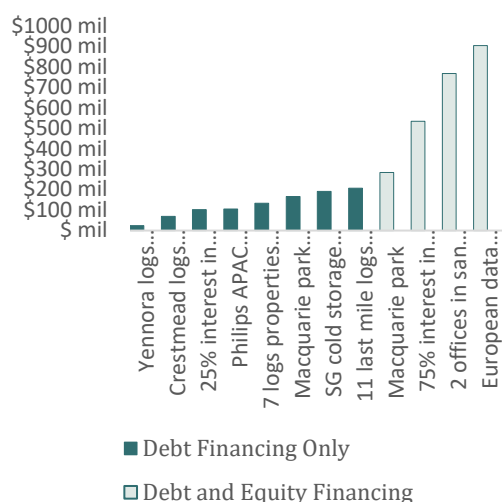
#### Smaller-Scale Acquisitions

Given the current macroeconomic climate, large acquisitions that require a significant amount of time to complete would be unlikely, due to the fears of interest rate fluctuations throughout the acquisition process. This point is reiterated by management multiple times in the recent earnings call, with the REIT's strategy to be remaining active on the investment front, but will look to smaller acquisitions to fund inorganic growth.

While a shift to smaller acquisitions may seem irrelevant, sorting the REIT's past acquisitions from 2020 to 2022, shows that acquisitions below the threshold of around S\$200 million were funded purely by debt, while those above that benchmark used a combination of debt and equity financing. Hence, this reduction in acquisition size would indicate a lower future reliance on equity financing. This would also be in line with a historical trend of decreasing growth rate of common stock, which has decreased on an average rate of 2% a year since the REIT's inception. The lower equity financing would therefore reduce the dilution of distributions, making DPU more resilient in the near future.

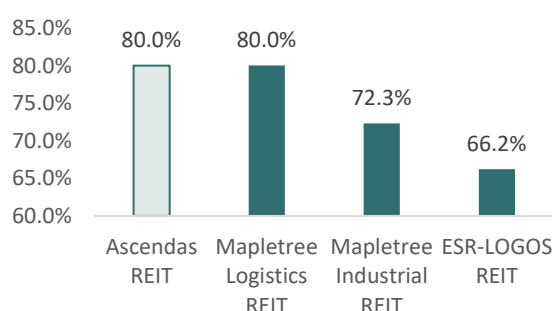


**Figure 23: Ascendas REIT 2020-2022 Acquisition Property Values**



Source: Company Filings

**Figure 24: Percent of Borrowings on Fixed Rates**



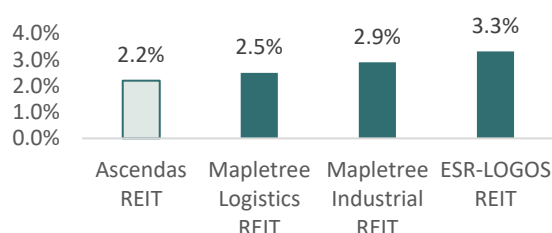
Source: Respective Company Filings

**Figure 25: REIT Credit Ratings**

REIT	Ascendas REIT	Mapletree Logistics REIT	Mapletree Industrial REIT	ESR-LOGOS REIT
Credit Rating	AAA	BBB+	BBB+	NA

Source: Respective Company Filings

**Figure 26: REIT Cost of Debts**



Source: Respective Company Filings

### Cheaper Debt Financing Compared to Peers

With a shift to more debt financing, the current high interest rates would seem detrimental for the REIT. However, Ascendas is better positioned than its peers, and hence will not be as affected by interest rate rises.

Comparing with other REITs with similar property types, Ascendas' 80% of borrowings on fixed rates provides the REIT with a significant hedge against interest rate fluctuations. Furthermore, their stellar credit rating of AAA compared to peers' BBB+ allows the REIT to enjoy a low cost of debt of 2.2%. In this tumultuous market where higher costs of debt makes it harder for REITs to find accretive acquisitions, Ascendas is uniquely positioned with a low cost of debt compared to peers, and a conservative gearing of 36.7% giving the REIT a significant debt headroom of S\$4.6 billion.

This results in Ascendas REIT having the capacity to take out large amounts of debt in order to fund future acquisitions, as opposed to relying solely on equity financing. In a time where other REITs seek to use more equity financing, Ascendas is able to maintain a resilient DPU by focusing funding acquisitions through debt.

### Catalysts

#### **1. Acquisitions of new properties or joint venture partnerships with CapitaLand**

Ascendas has a track record of acquiring properties from CapitaLand's property pipeline as well as joint venture partnerships for redevelopment initiatives. Additions to CapitaLand's portfolio (with CapitaLand's recent return to China investments) mean that Ascendas could potentially leverage on its sponsor to enter new markets and further diversify its portfolio.

#### **2. Introduction of new AEI initiatives for properties with low occupancy rates**

Ascendas has been very active in implementing AEI initiatives in an attempt to improve portfolio occupancy rate and command higher rental reversions. Assets with low occupancy rates such as its International Business park present unrealised opportunities for redevelopment which could enhance its performance metrics.

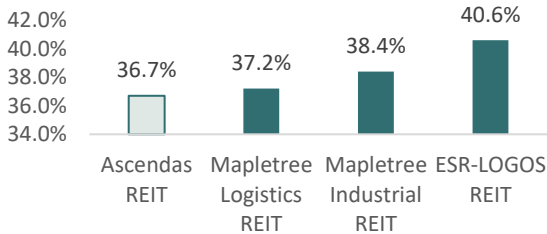
#### **3. Positive macro-outlook to buttress landlord market**

Optimistic and strong demand for e-commerce goods and services will create a consistent and strong demand for logistics buildings - those acquired in Chicago, United States and high-specialisation buildings in Singapore for FY22/23. Consequently, higher positive rental reversions will drive net operating income and capitalisation rates. Fundamental support in consumer spending will surpass analyst expectations to re-affirm shareholders' faith in CapitaLand Ascendas REIT portfolio and price in future expectations for additional potential out-performance.

#### **4. Upcoming dividend declarations**

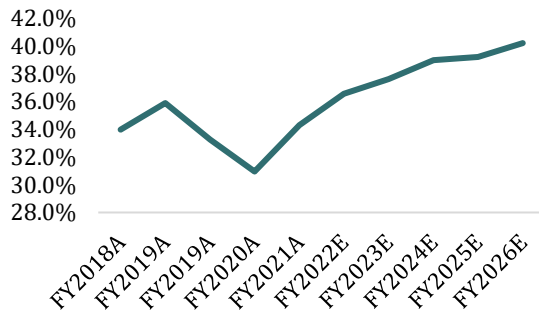
Ascendas REIT pays dividends semi-annually, with 2 distribution periods throughout the year. The upcoming announcement of 1H 2023 is likely to show growth in DPU due to the aforementioned reasons in the theses. This will serve as a strong catalyst to drive Ascendas REIT's share price higher.

**Figure 27: REIT Gearing Percentages**



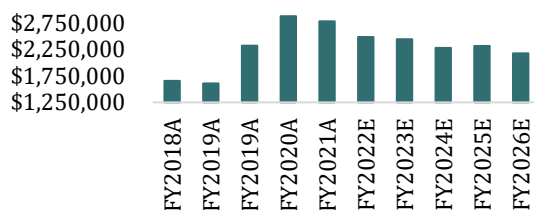
Source: Respective Company Filings

**Figure 28: Ascendas Gearing Percentage**



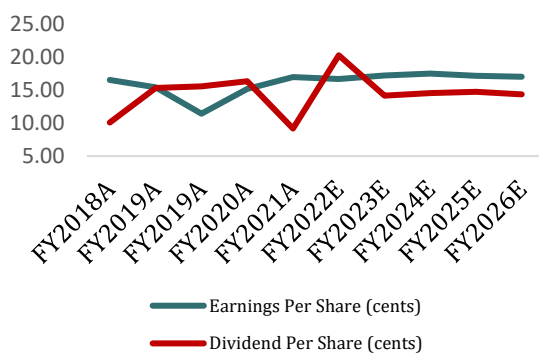
Source: NUS Investment Society Estimates

**Figure 29: Ascendas Gearing Headroom Amount**



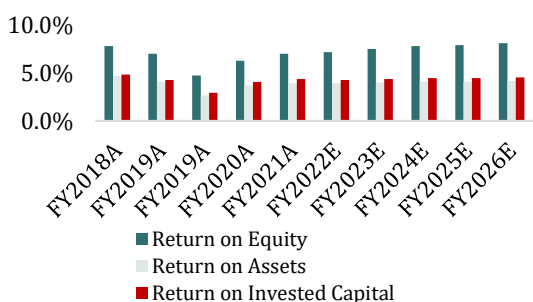
Source: NUS Investment Society Estimates

**Figure 30: Ascendas EPS and DPS Projections**



Source: NUS Investment Society Estimates

**Figure 31: Ascendas ROE, ROA, ROIC Projections**



Source: NUS Investment Society Estimates

## Financial Analysis

Ascendas REIT Discounted Cashflow Model (\$ in Thousands)										
Fiscal Year End	Historical					Projected				
	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Profitability Ratio										
Net Property Income Margin	73.0%	73.3%	76.9%	74.0%	75.1%	74.5%	74.5%	74.5%	74.5%	74.5%
EBITDA Margin	67.7%	65.7%	68.3%	68.6%	69.7%	67.8%	67.8%	67.8%	67.8%	67.8%
EBIT Margin	69.3%	71.5%	74.7%	62.3%	98.0%	69.6%	69.5%	69.4%	69.4%	69.3%
Net Income Margin	56.0%	52.5%	52.7%	53.0%	57.0%	55.8%	57.3%	58.2%	58.0%	58.8%
Return on Equity	7.8%	7.0%	4.7%	6.3%	7.0%	7.2%	7.5%	7.8%	7.9%	8.1%
Return on Assets	4.7%	4.1%	2.7%	3.7%	3.9%	3.9%	4.0%	4.1%	4.1%	4.2%
Return on Invested Capital	4.8%	4.3%	2.9%	4.1%	4.4%	4.3%	4.4%	4.5%	4.5%	4.5%
Liquidity Ratios										
Current Ratio	0.07	0.12	0.26	0.42	0.26	0.05	0.06	0.04	0.05	0.04
Quick Ratio	0.05	0.12	0.16	0.42	0.26	0.05	0.06	0.04	0.05	0.04
Cash Ratio	-0.02	0.01	0.06	0.33	0.21	0.02	0.02	0.01	0.01	0.01
Activity Ratios										
Total Asset Turnover	0.08	0.08	0.05	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Receivables Turnover	28.06	20.94	17.80	14.89	14.39	24.14	14.80	23.57	15.30	23.18
Financial Leverage Ratios										
Long-Term Debt to Assets	25.2%	30.5%	29.1%	28.2%	27.3%	28.9%	28.7%	29.0%	29.0%	29.2%
Long-Term Debt to Equity	40.2%	50.2%	49.7%	46.4%	47.0%	51.3%	52.4%	53.6%	54.5%	55.3%
Debt to Assets (Gearing)	34.0%	35.9%	33.3%	31.0%	34.3%	36.6%	37.7%	39.0%	39.2%	40.2%
Debt to Equity	54.2%	59.0%	56.9%	50.9%	59.2%	64.9%	68.7%	72.2%	73.7%	76.3%
Interest Coverage	5.93	5.46	4.60	4.10	7.57	5.81	6.61	7.25	7.12	7.73
Shareholder Return										
Earnings Per Share (cents)	16.50	15.38	11.42	15.17	16.93	16.67	17.20	17.48	17.14	16.98
Dividend Per Share (cents)	10.07	15.30	15.55	16.31	9.17	20.24	14.14	14.52	14.72	14.34
Dividend Payout Ratio	61.0%	99.5%	136.2%	107.5%	54.2%	121.4%	82.2%	83.1%	85.9%	84.5%

### Overview

The chart above reveals Ascendas REIT's financial prospects for the next 5 years, highlighting our assumptions. Most of the indicators yield positive and favourable trends that are supportive of our overall **BUY** recommendation.

### Ascendas maintains its gearing headroom, despite increasing debt acquisitions

Ascendas' gearing is expected to increase from 34.3% in FY21 to 40.2% in FY26. This is in line with our thesis where the acquisitions and AEs outlined by management are funded by debt. While this is the case, Ascendas is still able to maintain its debt headroom, with the gearing limit set by MAS at 50%. With this capacity to take on more debt, Ascendas can continue its acquisitions past FY26 without having to rely solely on equity financing.

### Higher earnings per share and dividends per share

Both earnings per share as well as dividends per share increases from FY21 to FY26, indicative of accretive acquisitions to the REIT. While we forecast that the earnings per share and dividends per share will fall from FY25 to FY26, this due to a conservative assumption that Ascendas will increase the growth rate of its number of shares from 5.5% to 6.35% as the REIT slowly relies more on equity financing for acquisitions.

### Stable profitability ratios

As costs scale proportionally to gross revenue, margins remain relatively stable, along with Return on Assets and Return on Invested Capital. However, Return on Equity increases from FY21 to FY26 given the use of lesser equity financing, combined with an increase in accretive acquisitions.

## Valuation

Valuation Price Target: **\$3.50**

### DDM model

A Dividend Discount Model was used to estimate Ascendas REIT's Share price, using a 5-year forecast due to the infeasibility of projecting acquisitions and AEs over a longer period.

AEIs were projected to be in line with management guidance of \$566 million of properties under development, with our model forecasting the REIT hitting that target in 2023. Acquisitions were forecasted to

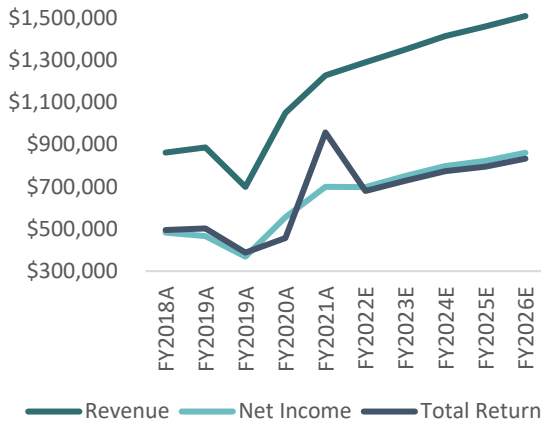


**Figure 32: Distribution Per Unit Calculation**

	FY2022E 31-Dec	FY2023E 31-Dec	Projected FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Beg. Amount Available for Distribution	319,331	59,436	98,779	144,639	173,933
Return Attributable to Unitholders	705,573	766,289	821,814	851,388	896,135
Amount Reserved for Perpetual Security Holders	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Distribution Adjustments	(179,139)	(178,558)	(178,003)	(177,671)	(177,234)
Distribution from Capital	104,052	110,408	116,761	121,423	126,307
Total Amount Available for Distribution	<b>621,487</b>	<b>689,139</b>	<b>751,571</b>	<b>786,141</b>	<b>836,208</b>
Distribution Per Unit (cents)	14.27	15.00	15.47	15.29	15.30
Distributions throughout the year	(881,382)	(649,796)	(705,711)	(756,847)	(784,083)
End Amount Available for Distribution	59,436	98,779	144,639	173,933	226,057

Source: NUS Investment Society Estimates

**Figure 33: Revenue Growth Projections**



Source: NUS Investment Society Estimates

**Figure 34: WACC Calculation**

<b>Singapore</b>			<b>UK</b>		
Risk Free Rate	3.7%		Risk Free Rate	3.5%	
Beta	0.44		Beta	0.44	
Market Return	5.5%		Market Return	7.1%	
<b>Cost of Equity</b>	<b>4.5%</b>		<b>Cost of Equity</b>	<b>5.1%</b>	
<b>Australia</b>			<b>USA</b>		
Risk Free Rate	3.8%		Risk Free Rate	4.1%	
Beta	0.44		Beta	0.44	
Market Return	6.9%		Market Return	17.0%	
<b>Cost of Equity</b>	<b>5.2%</b>		<b>Cost of Equity</b>	<b>9.8%</b>	
<b>Weighted Averages</b>			<b>Weights</b>		
SG	61.0%	2.7%			
AUS	14.2%	0.7%			
UK	10.8%	0.6%			
USA	14.0%	1.4%			
<b>Total</b>	<b>100.0%</b>	<b>5.4%</b>			

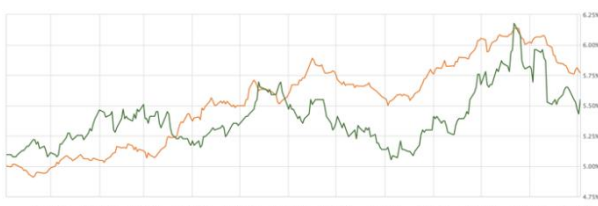
Source: NUS Investment Society Estimates

**Figure 35: Sensitivity Analysis**

		Dividend Growth Rate					
		0.76%	1.01%	1.26%	1.51%	1.76%	
Cost of Equity	4.8%	3.67	3.88	4.12	4.39	4.70	
	5.1%	3.42	3.59	3.79	4.02	4.28	
	5.4%	3.21	3.37	3.54	3.74	3.96	
	5.7%	3.00	3.14	3.28	3.45	3.63	
	6.0%	2.83	2.95	3.07	3.22	3.38	
		EV/EBITDA					
		17.75x	18.25x	18.75x	19.25x	19.75x	
WACC	2.5%	3.45	3.56	3.68	3.79	3.90	
	3.0%	3.34	3.45	3.56	3.67	3.78	
	3.5%	3.23	3.34	3.44	3.55	3.66	
	4.0%	3.13	3.24	3.34	3.45	3.55	
	4.5%	3.03	3.13	3.24	3.34	3.44	

Source: NUS Investment Society Estimates

**Figure 36: Yield Spread Analysis**



Source: Capital IQ

increase to a peak of S\$900 million in 2023. Both AEIs and acquisitions were forecasted to taper off to hedge against the uncertainty of the future.

For dividend distribution calculation it was assumed that the growth rate of the number of units were to decrease to 5.5% before increasing over time, in accordance of our thesis of reduced equity financing.

The total distributions available to unitholders was then obtained from revenue assumptions, and distribution adjustments were made in order to derive the total amount available for distribution. This was divided by projections for the number of units to obtain distribution per unit for the forecasted years.

### Revenue projections

Due to the vast number of properties within Ascendas' portfolio, revenue was calculated by obtaining Valuation, Net Leasing Area (NLA) and Revenue averages for the different countries constituting the REIT's portfolio. This was used to obtain the Valuation per NLA and Revenue per NLA metrics for the different countries.

We also obtained the current portfolio weights for each country based on valuation. Using this we assumed that the increase in acquisitions in our thesis would be in line with the current portfolio weights. The increase in portfolio valuation in each country was used to obtain increases in NLA and hence increases in revenue using the Valuation per NLA and Revenue per NLA metrics.

### Revenue growth

Ascendas REIT's historical revenue growth from FY12 to FY21 has been 10.8%. Given the current backdrop of high interest rates many analysts are expecting this growth rate to decrease as a result of fewer acquisitions. However, for reasons mentioned in the thesis, we are expecting Ascendas to hit the guidance provided by management in the form accretive acquisitions and increased AEIs, allowing strong top line growth despite macroeconomic pressures.

### Cost of equity

CAPM was used to estimate the cost of equity. We obtained the risk free rate using the 10-year government bond yield from Singapore, Australia, the UK and the US, and used the STI, ASX300, FTSE and S&P500 as market returns for the respective countries. Beta for the REIT was taken from Yahoo Finance which stands at 0.44. The cost of equity was calculated for each region, was weighted based on the percentage of revenue in each geography to obtain a blended cost of equity of 5.4%.

### Terminal growth

In the DDM, we discounted the historical dividend growth rate due to the uncertain macroeconomic environment, resulting in a terminal growth rate of 1.3% This was used in our calculation of terminal value.

In the DCF model, an EV/EBITDA multiple of 18.75x was used, which also represents a discount to the 5-year average EV/EBITDA multiple.

### Yield spread analysis

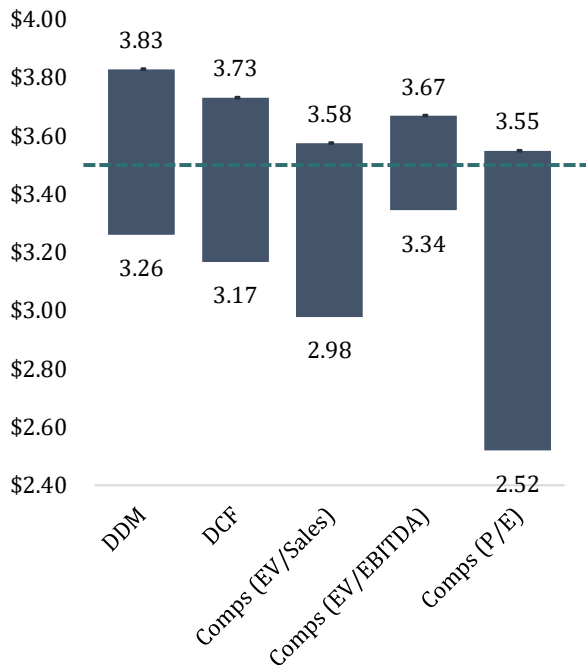
A yield spread analysis of Ascendas' dividend yield against that of the 10-year SGS yield was performed. Ascendas' current dividend yield is 5.6% vs the current SGS yield of 3.0%. The implies a current spread of 2.5% against a historical average of 2.8%. We expect a mean reversion with management commitment to financial prudence and healthy gearing.

**Figure 37: Ascendas Comps Set**

Comps Set	Valuation Multiples		
	EV/EBITDA	EV/Sales	P/E
1. Ascendas REIT	13.8x	13.4x	10.67
2. Mapletree Logistics Trust	16.6x	22.8x	9.1x
3. Mapletree Industrial Trust	13.1x	20.0x	13.1x
4. ESR-LOGOS REIT	17.2x	21.5x	18.25x

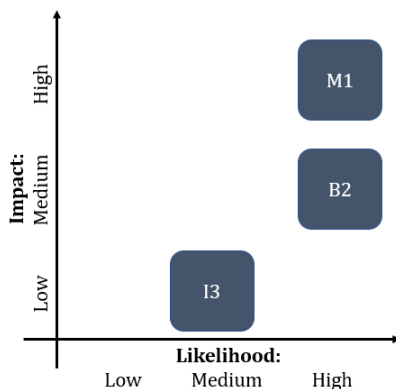
Source: Capital IQ

**Figure 38: Ascendas Valuation Summary**



Source: NUS Investment Society Estimates

**Figure 39: Investment Risk Matrix**



Source: NUS Investment Society Estimates

## Relative valuation

We performed relative valuation as a sanity check to our DDM valuations. For industry peers, we found REITs listed on the SGX that had either logistics, industrial or business park properties, that were of adequate size of S\$3 billion market capitalization and above. This gave us a comps set that included Mapletree Logistics Trust (SGX:M44U), Mapletree Industrial Trust (SGX:ME8U) and ESR-LOGOS REIT (SGX:J91U). Our comparable metrics included EV/EBITDA, EV/Sales and P/E, along with DCF (exit multiple method). Our target price of S\$3.50 was validated as it fell between the 25<sup>th</sup> and 75<sup>th</sup> percentile for all valuation methods, representing a 36.7% upside. We hence are confident that this valuation reaffirms our BUY recommendation.

## Investment Risks

### Market Risk 1 (M1)

#### Challenging macroeconomic conditions to affect rapidly developing industries such as technology, biomedical, etc.

The United States is slated to combat rising inflation through interest rate hikes with the rest of the world likely following suit with similar monetary policy tightening across the central banks. The increased cost of debt may limit the ability to finance future acquisitions to boost portfolio return performance and depress bottom line figures. Nevertheless, 80% of borrowings are on fixed rates with an average term of 3.7 years. The strong sponsorship of Capitaland will allow the company to enjoy lower borrowing costs and their fortress balance sheet will increase Ascendas' ability to stomach global uncertainty and volatility as compared to its peers.

### Business Risk 2 (B2)

#### Sustained increase in electricity and production input costs:

Around 95% of electricity generated in Singapore uses liquid natural gas and the tight supply has led to an increase in utility costs for its properties – with 61% of portfolio assets in Singapore. Capitaland Ascendas REIT aims to power common facilities electricity usage at Nucleus with renewable energy in addition to existing 3 properties at one-north and SLE industrial building, Logistech. Additionally, the company has been awarded 18 Green Mark Certifications in 1H22 and are looking to adopt more green certifications with 3 pending including IQuest@IBP, Singapore through eco-friendly implementations.

### Investment Risk 3 (I3)

#### Fluctuations in foreign exchange rates:

Given that 10% of their portfolio resides in the United Kingdom/Europe, England was set to increase the budget deficit and accelerate inflation. The market reacted negatively and raised interest rates to reduce future inflationary pressures which drove the pound down and reduced the valuations of the properties relative to the strength of the Singapore Dollar. Therefore, to avoid the erosion of rental income, Capitaland Ascendas REIT holds interest rate and cross currency swaps to lock in generated net rental income and prevent any loss to unexpected news.

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# Appendix:

## Pro Forma Financial Statements

Ascendas REIT										
Pro-Forma Financial Statements (\$ in Thousands)										
	Historical					Projected				
Fiscal Year End	FY2018A	FY2019A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
	31-Mar	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
Income Statement										
Fiscal Year End	FY2018A	FY2019A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
	31-Mar	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
Gross revenue	862,111	886,171	699,057	1,049,460	1,226,525	1,300,952	1,380,141	1,459,287	1,517,374	1,578,221
Property operating expenses	(232,711)	(236,592)	(161,379)	(273,214)	(305,775)	(332,369)	(352,600)	(372,820)	(387,660)	(403,206)
Net property income	629,400	649,579	537,678	776,246	920,750	968,583	1,027,541	1,086,467	1,129,713	1,175,015
Management fees	(50,707)	(54,379)	(43,332)	(67,065)	(86,681)	(82,414)	(87,430)	(92,444)	(96,124)	(99,978)
Trust expenses	(7,714)	(7,675)	(6,997)	(10,203)	(14,188)	(12,725)	(13,500)	(14,274)	(14,842)	(15,437)
Interest Expense	(100,761)	(116,040)	(113,397)	(159,489)	(158,880)	(156,052)	(145,205)	(139,861)	(147,888)	(141,582)
Net foreign exchange differences	7,275	(11,093)	(8,640)	11,152	97	-	-	-	-	-
Remeasurement gain	-	-	-	-	13,680	-	-	-	-	-
Gain on disposal of investment properties	5,309	5,088	3,220	5,390	23,994	8,464	8,981	9,513	9,974	10,374
Net Income	482,802	465,480	368,532	556,031	698,772	725,856	790,387	849,400	880,833	928,391
Net change in fair value of financial derivatives	9,805	22,197	(3,784)	(33,625)	64,832	11,885	11,885	11,885	11,885	11,885
Net change in fair value of right-of-use assets	-	-	(4,668)	(5,438)	(6,642)	(3,350)	(3,350)	(3,350)	(3,350)	(3,350)
Net change in fair value of investment properties and investment properties under development	3,800	29,304	48,059	(32,322)	283,245	12,210	12,210	12,210	12,210	12,210
Share of associated company's and joint venture's results	514	493	409	9,590	3,304	3,304	3,304	3,304	3,304	3,304
Total return for the year before tax	496,921	517,474	408,548	494,236	1,043,511	749,906	814,436	873,450	904,883	952,441
Tax expense	(2,827)	(14,391)	(20,677)	(37,158)	(86,472)	(44,333)	(48,147)	(51,635)	(53,494)	(56,306)
Total return for the year	494,094	503,083	387,871	457,078	957,039	705,573	766,289	821,814	851,388	896,135
Balance Sheet										
Fiscal Year End	FY2018A	FY2019A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
	31-Mar	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
Assets										
Non-current assets										
Investment properties	10,118,978	11,143,937	12,743,792	13,707,692	16,293,725	17,286,122	18,342,026	19,397,352	20,171,871	20,983,200
Investment properties under development	95,463	91,595	182,057	259,782	246,054	406,027	566,000	500,000	475,000	450,000
Finance lease receivables	-	50,554	48,331	45,050	41,393	41,393	41,393	41,393	41,393	41,393
Right-of-use assets	53,243	-	617,639	609,956	604,646	604,646	604,646	604,646	604,646	604,646
Investment in an associate company	-	-	-	112,240	35,019	35,019	35,019	35,019	35,019	35,019
Investment in a joint venture	123	102	154	195	165	165	165	165	165	165
Deferred tax asset	-	-	-	1,484	-	-	-	-	-	-
Derivative assets	9,129	31,546	20,890	33,893	53,868	53,868	53,868	53,868	53,868	53,868
Total Non-Current Assets	10,276,936	11,317,734	13,612,863	14,770,292	17,274,870	18,427,240	19,643,117	20,632,443	21,381,962	22,168,291
Current assets										
Finance lease receivables	2,385	2,688	2,932	3,281	3,657	3,657	3,657	3,657	3,657	3,657
Trade and other receivables	28,337	39,635	36,339	67,177	81,581	50,240	89,605	58,259	95,491	64,425
Derivative assets	819	1,425	17,896	4,490	1,834	1,834	1,834	1,834	1,834	1,834
Investment properties held for sale	20,300	-	98,400	-	-	-	-	-	-	-
Cash and fixed deposits	25,016	52,341	95,705	277,979	368,549	33,637	35,617	37,595	39,047	40,569
Total Current Assets	76,857	96,089	251,272	352,927	455,621	89,367	130,712	101,345	140,029	110,484
Total Assets	10,353,793	11,413,823	13,864,135	15,123,219	17,730,491	18,516,607	19,773,829	20,733,788	21,521,990	22,278,775
Liabilities										
Current Liabilities										
Trade and other payables	143,831	158,255	255,836	297,635	385,926	287,458	426,915	328,424	456,981	359,919
Security deposits	42,095	46,862	93,356	67,758	76,582	76,582	76,582	76,582	76,582	76,582
Derivative liabilities	616	8	6,279	7,847	1,516	1,516	1,516	1,516	1,516	1,516
Short term borrowings	624,700	215,820	215,082	226,430	626,708	861,343	1,173,263	1,457,038	1,550,584	1,792,639
Term loans	285,243	301,094	261,829	-	274,155	363,171	385,277	407,372	423,587	440,573
Medium term notes	-	94,994	99,966	194,209	349,958	193,380	205,151	216,915	225,550	234,594
Lease liabilities	-	-	37,509	37,222	36,656	36,656	36,656	36,656	36,656	36,656
Provision for taxation	7,016	7,934	9,109	11,965	19,825	14,241	15,467	16,588	17,185	18,088
Total Current Liabilities	1,103,501	824,967	978,966	843,066	1,771,326	1,834,347	2,320,827	2,541,090	2,788,641	2,960,567
Non-current liabilities										
Security deposits	77,985	82,167	65,210	100,327	103,848	117,164	124,321	131,474	136,723	142,222
Derivative liabilities	62,923	64,112	67,174	99,187	58,774	58,774	58,774	58,774	58,774	58,774
Term loans	1,008,211	1,595,947	2,239,135	2,560,701	2,857,904	2,814,350	2,985,661	3,156,878	3,282,536	3,414,167
Medium term notes	1,601,066	1,889,936	1,795,636	1,700,624	1,975,623	2,541,299	2,695,989	2,850,594	2,964,061	3,082,921
Lease liabilities	-	-	580,130	572,734	567,990	567,990	567,990	567,990	567,990	567,990
Other payables	-	-	87	86	86	86	86	86	86	86
Deferred tax liabilities	1,411	10,701	26,559	55,941	117,772	150,452	185,944	224,008	263,442	304,948
Total Non-Current Liabilities	2,751,596	3,642,863	4,773,931	5,089,600	5,681,997	6,250,115	6,618,765	6,989,803	7,273,612	7,571,108
Total Liabilities	3,855,097	4,467,830	5,752,897	5,932,666	7,453,323	8,084,462	8,939,591	9,530,894	10,062,253	10,531,675
Net Assets	6,498,696	6,945,993	8,111,238	9,190,553	10,277,168	10,432,145	10,834,238	11,202,894	11,459,738	11,747,100



Equity										
Unitholders' Funds										
Balance at beginning of the financial year	6,030,710	6,194,310	6,641,611	7,810,370	8,891,615	9,978,230	10,133,207	10,535,300	10,903,956	11,160,800
Operations										
Total return for the year attributable to Unitholders	494,118	503,087	387,871	457,078	957,039	705,573	766,289	821,814	851,388	896,135
Less: Amount reserved for distribution to perpetual securities holders	(14,250)	(14,250)	(10,736)	(15,142)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Net increase in net assets resulting from operations	479,868	488,837	377,135	441,936	948,039	696,573	757,289	812,814	842,388	887,135
Movement in foreign currency translation reserve	(31,822)	(38,104)	(27,002)	41,478	(886)	(11,267)	(11,267)	(11,267)	(11,267)	(11,267)
Unitholders' transactions										
Units issued through equity fund raising	-	452,138	1,309,848	1,196,490	420,003	338,385	291,732	257,349	165,425	177,806
Consideration Units	-	-	-	-	79,997	-	-	-	-	-
Development management fees paid in Units	-	840	-	-	-	-	-	-	-	-
Acquisition fee paid in Units	-	-	16,536	-	5,400	-	-	-	-	-
Divestment fee paid in Units	-	-	-	-	516	-	-	-	-	-
Management fees paid / payable in Units	10,139	10,873	8,642	13,292	15,873	16,164	17,148	18,131	18,853	19,609
Unit issue costs	-	(4,200)	(14,500)	(14,068)	(3,866)	(3,496)	(3,014)	(2,659)	(1,709)	(1,837)
Distributions to Unitholders	(294,585)	(463,083)	(501,900)	(597,883)	(378,461)	(881,382)	(649,796)	(705,711)	(756,847)	(784,083)
Net increase in net assets resulting from Unitholders' transactions	(284,446)	(3,432)	818,626	597,831	139,462	(530,329)	(343,929)	(432,890)	(574,278)	(588,506)
Balance at end of the financial year	6,194,310	6,641,611	7,810,370	8,891,615	9,978,230	10,133,207	10,535,300	10,903,956	11,160,800	11,448,162
Perpetual Securities Holders' Funds										
Balance at beginning of the financial year	304,382	304,382	304,382	300,868	298,938	298,938	298,938	298,938	298,938	298,938
Redemption of perpetual securities	-	-	-	(300,000)	-	-	-	-	-	-
Proceeds from the issuance of perpetual securities	-	-	-	300,000	-	-	-	-	-	-
Issue costs	-	-	-	(1,635)	-	-	-	-	-	-
Amount reserved for distribution to perpetual securities holders	14,250	14,250	10,736	15,142	9,000	9,000	9,000	9,000	9,000	9,000
Distribution to perpetual securities holders	(14,250)	(14,250)	(14,250)	(15,437)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Balance at end of the financial year	304,382	304,382	300,868	298,938	298,938	298,938	298,938	298,938	298,938	298,938
Non-controlling interests										
Balance at beginning of the financial year	28	4	-	-	-	-	-	-	-	-
Total return for the year attributable to non-controlling interests	(24)	(4)	-	-	-	-	-	-	-	-
Balance at end of the financial year	4	-	-	-	-	-	-	-	-	-
Total	6,498,696	6,945,993	8,111,238	9,190,553	10,277,168	10,432,145	10,834,238	11,202,894	11,459,738	11,747,100

Cash Flow Statement										
Fiscal Year End	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Cash Flow from Ops										
Total return for the year before tax	496,921	517,474	408,548	494,236	1,043,511	749,906	814,436	873,450	904,883	952,441
Adjustments for:										
Finance costs, net	109,842	126,488	121,556	159,489	158,880	169,368	152,362	147,014	153,138	147,081
Management fees paid / payable in Units	10,139	10,873	8,642	13,292	15,873	16,164	17,148	18,131	18,853	19,609
Provision of expected credit loss on receivables	10	(10)	16	3,144	43	-	-	-	-	-
Bad debt written off	-	30	-	-	195	-	-	-	-	-
Net change in fair value of financial derivatives	(9,805)	(22,197)	3,784	33,625	(64,832)	(11,885)	(11,885)	(11,885)	(11,885)	(11,885)
Finance income	(9,081)	(10,448)	(8,159)	-	-	-	-	-	-	-
Net foreign exchange differences	(7,275)	11,093	8,640	(11,152)	(97)	-	-	-	-	-
Remeasurement gain	-	-	-	-	(13,680)	-	-	-	-	-
Gain from disposal of investment properties	(5,309)	(5,088)	(3,220)	(5,390)	(23,994)	(8,464)	(8,981)	(9,513)	(9,974)	(10,374)
Net change in fair value of investment properties and investment properties under development	(3,800)	(29,304)	(48,059)	32,322	(283,245)	(12,210)	(12,210)	(12,210)	(12,210)	(12,210)
Net change in fair value of right-of-use assets	-	-	4,668	5,438	6,642	3,350	3,350	3,350	3,350	3,350
Share of joint venture's results	(514)	(493)	(409)	(9,590)	(3,304)	(3,304)	(3,304)	(3,304)	(3,304)	(3,304)
Deferred tax liabilities	-	-	-	-	-	32,680	35,492	38,064	39,434	41,506
Operating income before working capital changes	581,128	598,418	496,007	715,414	835,992	902,924	950,915	1,005,033	1,042,850	1,084,707
Changes in working capital:										
Trade and other receivables	10,984	(3,373)	9,949	(37,260)	(26,815)	31,341	(39,365)	31,346	(37,231)	31,066
Trade and other payables	(28,548)	23,117	86,759	57,730	(55,921)	(98,468)	139,457	(98,491)	128,557	(97,062)
Cash generated from operations	563,564	618,162	592,715	735,884	753,256	835,797	1,051,007	937,888	1,134,175	1,018,711
Income tax paid	(24,677)	(5,729)	(3,609)	(6,404)	(26,495)	(11,653)	(12,655)	(13,572)	(14,061)	(14,800)
Net cash provided by operating activities	538,887	612,433	589,106	729,480	726,761	824,144	1,038,352	924,315	1,120,114	1,003,912
Cash Flow from Investing										
Purchase of investment properties	(206,643)	(914,244)	(1,655,533)	(767,967)	(1,873,236)	(992,397)	(1,055,904)	(1,055,326)	(774,519)	(811,329)
Payment for capital improvement on investment properties	(77,630)	(66,162)	(67,376)	(74,501)	(114,441)	(110,681)	(117,418)	(124,151)	(129,093)	(134,270)
Payment for investment properties under development	(55,088)	(109,888)	(49,653)	(171,036)	(159,085)	(159,973)	(159,973)	66,000	25,000	25,000
Payment of deferred sum payable for an investment property	-	(20,000)	-	-	-	-	-	-	-	-
Proceeds from the disposal of investment properties	60,760	37,580	27,000	123,690	262,396	88,717	94,129	99,706	104,541	108,731
Dividend received from a joint venture company and an associate company	517	514	357	2,841	2,060	2,060	2,060	2,060	2,060	2,060
Interest received	22,971	24,413	20,545	6,498	6,927	6,927	6,927	6,927	6,927	6,927
Incorporation of an associate company	-	-	-	-	(39,312)	-	-	-	-	-
Acquisition of an associate company	-	-	-	(107,113)	-	-	-	-	-	-
Return of capital from an associate company	-	-	-	2,200	-	-	-	-	-	-
Net cash used in investing activities	(275,113)	(1,027,787)	(1,724,660)	(985,388)	(1,914,691)	(1,165,346)	(1,230,179)	(1,004,784)	(765,084)	(802,881)
Cash Flow from Financing										
Proceeds from issuance of Units	-	452,138	1,309,848	1,196,490	420,003	338,385	291,732	257,349	165,425	177,806
Equity issue costs paid	-	(3,970)	(12,067)	(14,068)	(3,866)	(3,496)	(3,014)	(2,659)	(1,709)	(1,837)
Distributions paid to Unitholders	(294,585)	(463,083)	(501,900)	(597,883)	(378,461)	(881,382)	(649,796)	(705,711)	(756,847)	(784,083)
Distributions paid to perpetual securities holders	(14,250)	(14,250)	(14,250)	(15,437)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Finance costs paid	(118,388)	(128,650)	(108,239)	(138,929)	(129,142)	(156,052)	(145,205)	(139,861)	(147,888)	(141,582)
Payment of lease liabilities	-	-	(24,596)	(32,578)	(33,456)	-	-	-	-	-
Transaction costs paid in respect of borrowings	(1,633)	(7,407)	(2,091)	(926)	(4,998)	-	-	-	-	-
Proceeds from term loans	-	-	-	-	-	319,462	681,417	572,311	690,874	833,617
Proceeds from medium term note borrowings	-	-	-	-	-	759,098	366,461	263,868	455,571	388,436
Proceeds from short term loan borrowings	-	-	-	-	-	430,672	371,296	327,535	210,541	226,298
Proceeds from borrowings	1,103,111	2,311,699	1,858,358	3,409,428	3,782,408	-	-	-	-	-
Repayment of borrowings	(982,319)	(1,702,070)	(1,319,277)	(3,325,962)	(2,366,101)	(792,510)	(711,198)	(482,498)	(961,659)	(890,277)
Proceeds from issuance of perpetual securities	-	-	-	300,000	-	-	-	-	-	-
Perpetual securities issue cost paid	-	-	-	(1,635)	-	-	-	-	-	-
Redemption of perpetual securities	-	-	-	(300,000)	-	-	-	-	-	-
Net cash provided by financing activities	(308,064)	444,407	1,185,786	478,500	1,277,387	5,177	192,694	81,334	(354,691)	(200,622)
Net increase in cash and cash equivalents	(44,290)	29,053	50,232	222,592	89,457	(336,025)	867	866	339	408
Cash and cash equivalents at beginning of the financial year	22,000	(22,949)	4,921	54,555	277,979	368,549	33,637	35,617	37,595	39,047
Effect of exchange rate changes on cash balances	(659)	(1,183)	(598)	832	1,113	1,113	1,113	1,113	1,113	1,113
Cash and cash equivalents at end of the financial year	(22,949)	4,921	54,555	277,979	368,549	33,637	35,617	37,595	39,047	40,569

## Drivers

### Ascendas REIT

Balance Sheet & Income Statement Drivers  
(\$ in Thousands)

Toggle:  
2

Fiscal Year End

### Income Statement Projections

	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Fiscal Year End										
Gross revenue	862,111	886,171	699,057	1,049,460	1,226,525	1,300,952	1,380,141	1,459,287	1,517,374	1,578,221
Property operating expenses	(232,711)	(236,592)	(161,379)	(273,214)	(305,775)	(332,369)	(352,600)	(372,820)	(387,660)	(403,206)
% of revenue	-27.0%	-26.7%	-23.1%	-26.0%	-24.9%	-25.5%	-25.5%	-25.5%	-25.5%	-25.5%
Bear Case						-26.8%	-26.8%	-26.8%	-26.8%	-26.8%
Base Case						-25.5%	-25.5%	-25.5%	-25.5%	-25.5%
Bull Case						-24.3%	-24.3%	-24.3%	-24.3%	-24.3%
Management Fees	(50,707)	(54,379)	(43,332)	(67,065)	(86,681)	(82,414)	(87,430)	(92,444)	(96,124)	(99,978)
% of revenue	-5.9%	-6.1%	-6.2%	-6.4%	-7.1%	-6.3%	-6.3%	-6.3%	-6.3%	-6.3%
Bear Case						-6.7%	-6.7%	-6.7%	-6.7%	-6.7%
Base Case						-6.3%	-6.3%	-6.3%	-6.3%	-6.3%
Bull Case						-6.0%	-6.0%	-6.0%	-6.0%	-6.0%
Trust expenses	(7,714)	(7,675)	(6,997)	(10,203)	(14,188)	(12,725)	(13,500)	(14,274)	(14,842)	(15,437)
% of revenue	-0.9%	-0.9%	-1.0%	-1.0%	-1.2%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Bear Case						-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Base Case						-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Bull Case						-0.9%	-0.9%	-0.9%	-0.9%	-0.9%
Gain on disposal on investment properties	5,309	5,088	3,220	5,390	23,994	8,464	8,981	9,513	9,974	10,374
% of disposal on investment properties	8.7%	13.5%	11.9%	4.4%	9.1%	9.5%	9.5%	9.5%	9.5%	9.5%
Net change in fair value of financial derivatives	9,805	22,197	(3,784)	(33,625)	64,832	11,885	11,885	11,885	11,885	11,885
4 year average						11,885	11,885	11,885	11,885	11,885
Net change in fair value of right-of-use assets	-	-	(4,668)	(5,438)	(6,642)	(3,350)	(3,350)	(3,350)	(3,350)	(3,350)
4 year average						(3,350)	(3,350)	(3,350)	(3,350)	(3,350)
Net change in fair value of investment properties and investment properties under development	3,800	29,304	48,059	(32,322)	283,245	12,210	12,210	12,210	12,210	12,210
4 year average						12,210	12,210	12,210	12,210	12,210

### Balance Sheet Projections

	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Fiscal Year End										
Finance lease receivables	2,385	2,688	2,932	3,281	3,657	4,190	4,445	4,699	4,887	5,082
% of revenue	0.3%	0.3%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Security deposits	77,985	82,167	65,210	100,327	103,848	117,164	124,321	131,474	136,723	142,222
% of investment properties	0.8%	0.7%	0.5%	0.7%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%
Management fees paid / payable in Units	10,139	10,873	8,642	13,292	15,873	16,164	17,148	18,131	18,853	19,609
% of management fees	-20.0%	-20.0%	-19.9%	-19.8%	-18.3%	-19.6%	-19.6%	-19.6%	-19.6%	-19.6%
Unit issue costs	-	(4,200)	(14,500)	(14,068)	(3,866)	(3,496)	(3,014)	(2,659)	(1,709)	(1,837)
% of units issued through equity fundraising	-	-0.9%	-1.1%	-1.2%	-0.9%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Provision For Taxation	7,016	7,934	9,109	11,965	19,825	14,241	15,467	16,588	17,185	18,088
% of income before tax	1.4%	1.5%	2.2%	2.4%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%
Payment for capital improvement on investment properties	(77,630)	(66,162)	(67,376)	(74,501)	(114,441)	(110,681)	(117,418)	(124,151)	(129,093)	(134,270)
% of revenue	-9%	-7%	-10%	-7%	-9%	-8.5%	-8.5%	-8.5%	-8.5%	-8.5%

### Working Capital Projections

	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Fiscal Year End										
Trade and Other Receivables	28,337	39,635	36,339	67,177	81,581	50,240	89,605	58,259	95,491	64,425
Receivables Turnover		26	18	20	16	20	20	20	20	20
Days Receivable Outstanding		14	20	18	22	18	18	18	18	18
Trade and Other Payables	143,831	158,255	255,836	297,635	385,926	287,458	426,915	328,424	456,981	359,919
Receivables Turnover		1.6	0.8	1.0	0.9	1.0	1.0	1.0	1.0	1.0
Days Receivable Outstanding		233	468	370	408	370	370	370	370	370

## Debt Schedule

### Debt Schedule

	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Fiscal Year End										
Cash Flow from Financing										
Fiscal Year End										
Current Debt										
Short Term Borrowings	624,700	215,820	215,082	226,430	626,708	861,343	1,173,263	1,457,038	1,550,584	1,792,639
Term Loans	285,243	301,094	261,829	-	274,155	363,171	385,277	407,372	423,587	440,573
Medium term Notes	-	94,994	99,966	194,209	349,958	193,380	205,151	216,915	225,550	234,594
Total Current Debt	909,943	611,908	576,877	420,639	1,250,821	1,417,894	1,763,691	2,081,325	2,199,721	2,467,806
Non Current Debt										
Term Loans	1,008,211	1,595,947	2,239,135	2,560,701	2,857,904	2,814,350	2,985,661	3,156,878	3,282,536	3,414,167
Medium term Notes	1,601,066	1,889,936	1,795,636	1,700,624	1,975,623	2,541,299	2,695,989	2,850,594	2,964,061	3,082,921
Total Non Current Debt	2,609,277	3,485,883	4,034,771	4,261,325	4,833,527	5,355,649	5,681,650	6,007,472	6,246,597	6,497,087
Total Debt	3,519,220	4,097,791	4,611,648	4,681,964	6,084,348	6,773,543	7,445,341	8,088,796	8,446,318	8,964,894

## Debt Assumptions

Current portion of term loans	285,243	301,094	261,829	-	274,155	363,171	385,277	407,372	423,587	440,573
% of total term loans	22.1%	15.9%	10.5%	0.0%	8.8%	11%	11%	11%	11%	11%
Current portion of medium term notes	-	94,994	99,966	194,209	349,958	193,380	205,151	216,915	225,550	234,594
% of total medium term notes	0.0%	4.8%	5.3%	10.2%	15.0%	7%	7%	7%	7%	7%
Minimum Cash Balance	25,016	52,341	95,705	277,979	368,549	32,524	34,504	36,482	37,934	39,456
% of revenue						2.5%	2.5%	2.5%	2.5%	2.5%
Debt/Equity Ratio	54%	59%	57%	51%	59%	56%	56%	56%	56%	56%
5 year average						56.0%	56.0%	56.0%	56.0%	56.0%
Term Loans	1,293,454	1,897,041	2,500,964	2,560,701	3,132,059	3,177,521	3,370,938	3,564,249	3,706,123	3,854,740
% of revenue	150%	214%	358%	244%	255%	244.2%	244.2%	244.2%	244.2%	244.2%
Medium Term Notes	1,601,066	1,984,930	1,895,602	1,894,833	2,325,581	2,734,679	2,901,140	3,067,509	3,189,611	3,317,515
% of revenue	186%	224%	271%	181%	190%	210.2%	210.2%	210.2%	210.2%	210.2%

## Debt Borrowing Schedule

Current Term Loan Borrowings						36,513	77,882	65,412	78,963	95,277
% of current term loans to total term loans						11%	11%	11%	11%	11%
Noncurrent Term Loan Borrowings						282,950	603,535	506,900	611,911	738,339
% of noncurrent term loans to total term loans						89%	89%	89%	89%	89%
Current Medium Term Note Borrowings						53,679	25,914	18,659	32,215	27,468
% of current medium term notes to total medium term notes						7.1%	7.1%	7.1%	7.1%	7.1%
Noncurrent Medium Term Note Borrowings						705,419	340,547	245,209	423,356	360,968
% of noncurrent medium term notes to total medium term notes						92.9%	92.9%	92.9%	92.9%	92.9%

## Revolving Credit Line

Opening Cash Balance						368,549	33,637	35,617	37,595	39,047
Cash Flow From Ops						824,144	1,038,352	924,315	1,120,114	1,003,912
Cash Flow From Investing						(1,165,346)	(1,230,179)	(1,004,784)	(765,084)	(802,881)
Cash Flow From Financing (Before Additional Financing)						(763,880)	(470,334)	(503,550)	(730,657)	(604,726)
Cash Balance Before Additional Financing						(736,532)	(628,524)	(548,402)	(338,032)	(364,648)
Mandatory Debt Issuance / (Repayment)						430,672	371,296	327,535	210,541	226,298
Equity Issuance / (Repurchase)						338,385	291,732	257,349	165,425	177,806
Min Cash Balance						32,524	34,504	36,482	37,934	39,456

D/E Ratio: 56.0%

## Debt Repayment Schedule

Fiscal Year End	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Short Term Borrowings										
Short term borrowings repayment schedule						626,708	430,672	371,296	327,535	210,541

## Medium Term Notes Principal Repayments

Maturity	Interest Rat	Amount								
Feb-2022	4.00%	200,000				200,000	-	-	-	-
Jun-2022	3.20%	150,000				150,000	-	-	-	-
Aug-2023	2.47%	200,000				-	200,000	-	-	-
Apr-2024	2.55%	97,498				-	-	97,498	-	-
Mar-2025	3.14%	200,000				-	-	-	200,000	-
May-2025	3.66%	133,470				-	-	-	133,470	-
Feb-2026	3.00%	91,543				-	-	-	-	91,543
Aug-2026	2.77%	168,989				-	-	-	-	168,989
Jun-2028	0.75%	417,706				-	-	-	-	-
Mar-2029	3.57%	265,475				-	-	-	-	-
Sep-2029	3.64%	117,175				-	-	-	-	-
Aug-2030	2.65%	100,000				-	-	-	-	-
Oct-2031	2.63%	173,932				-	-	-	-	-
Medium Term Notes Principal Repayment Schedule						350,000	200,000	97,498	333,470	260,532

## Medium Term Notes Interest Payments

Maturity	Interest Rat	Amount								
Feb-2022	4.00%	200,000				8,000	-	-	-	-
Jun-2022	3.20%	150,000				4,800	-	-	-	-
Aug-2023	2.47%	200,000				4,940	4,940	-	-	-
Apr-2024	2.55%	97,498				2,486	2,486	2,486	-	-
Mar-2025	3.14%	200,000				6,280	6,280	6,280	6,280	-
May-2025	3.66%	133,470				4,885	4,885	4,885	4,885	-
Feb-2026	3.00%	91,543				2,746	2,746	2,746	2,746	2,746
Aug-2026	2.77%	168,989				4,681	4,681	4,681	4,681	4,681
Jun-2028	0.75%	417,706				3,133	3,133	3,133	3,133	3,133
Mar-2029	3.57%	265,475				9,477	9,477	9,477	9,477	9,477
Sep-2029	3.64%	117,175				4,265	4,265	4,265	4,265	4,265
Aug-2030	2.65%	100,000				2,650	2,650	2,650	2,650	2,650
Oct-2031	2.63%	173,932				4,574	4,574	4,574	4,574	4,574
Medium Term Notes Interest Payments Schedule						62,918	50,118	45,178	42,692	31,527

## Term Loans

### Term Loan Principal Repayment Schedule

						274,000	488,000	379,000	549,000	685,000
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### Term Loan Interest Payment Schedule

Interest Rate: 2.2%

						69,405	72,033	76,287	79,974	83,169
Medium Term Notes Interest Payment						62,918	50,118	45,178	42,692	31,527
Term Loan Interest Payment						69,405	72,033	76,287	79,974	83,169
New LT Borrowings Interest Payments						23,728	23,053	18,396	25,222	26,885
						156,052	145,205	139,861	147,888	141,582

## Debt Closing Balances

Fiscal Year End	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Beginning Short Term Borrowings Balance		624,700	215,820	215,082	226,430	626,708	861,343	1,173,263	1,457,038	1,550,584
Borrowings						430,672	371,296	327,535	210,541	226,298
Repayments						(196,036)	(59,376)	(43,760)	(116,994)	15,757
Net Borrowings (Repayments)										
End Short Term Borrowings Balance		624,700	215,082	226,430	626,708	861,343	1,173,263	1,457,038	1,550,584	1,792,639
Beginning Term Loan Balance		1,293,454	1,897,041	2,500,964	2,560,701	3,132,059	3,177,521	3,370,938	3,564,249	3,706,123
Borrowings						319,462	681,417	572,311	690,874	833,617
Repayments						(274,000)	(488,000)	(379,000)	(549,000)	(685,000)
Net Borrowings (Repayments)										
End Term Loan Balance		1,293,454	1,897,041	2,500,964	2,560,701	3,132,059	3,177,521	3,370,938	3,706,123	3,854,740
Beginning Medium Note Balance		1,601,066	1,984,930	1,895,602	1,894,833	2,325,581	2,734,679	2,901,140	3,067,509	3,189,611
Borrowings						759,098	366,461	263,868	455,571	388,436
Repayments						(350,000)	(200,000)	(97,498)	(333,470)	(260,532)
Net Borrowings (Repayments)										
End Medium Note Balance		1,601,066	1,984,930	1,895,602	1,894,833	2,325,581	2,734,679	2,901,140	3,067,509	3,317,515

Dividend Distribution

	FY2018A	FY2019A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
Fiscal Year End	31-Mar	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
Trustee Fee	2,749	1,993	1,575	2,328	2,570	2,937	3,050	3,154	3,226	3,307
% of net assets	0.042%	0.029%	0.019%	0.025%	0.025%	0.028%	0.028%	0.028%	0.028%	0.028%
Number of Units	2,926,788	3,025,745	3,228,336	3,666,077	4,127,570	4,354,586	4,594,089	4,859,397	5,140,027	5,466,548
Average growth rate to decrease from 5y average of 9.51%						5.50%	5.50%	5.78%	5.78%	6.35%
Distributions throughout the year	(294,585)	(463,083)	(501,900)	(597,883)	(378,461)	(881,382)	(649,796)	(705,711)	(756,847)	(784,083)
% of prev year total return		-93.719%	-99.765%	-154.145%	-82.800%	-92.1%	-92.1%	-92.1%	-92.1%	-92.1%
Bear Case						-87.5%	-87.5%	-87.5%	-87.5%	-87.5%
Base Case						-92.1%	-92.1%	-92.1%	-92.1%	-92.1%
Bull Case						-96.7%	-96.7%	-96.7%	-96.7%	-96.7%
Distribution from capital (current period)	29,665	53,630	47,971	107,876	174,652	104,052	110,408	116,761	121,423	126,307
% of investment properties	0.293%	0.481%	0.376%	0.787%	1.072%	0.602%	0.602%	0.602%	0.602%	0.602%

Dividends Supporting Schedule

Amount reserved for distribution to perpetual securities holders	14,250	14,250	10,736	15,142	9,000	9,000	9,000	9,000	9,000	9,000
Management fee paid/payable in Units	10,139	10,873	8,642	13,292	15,873	16,164	17,148	18,131	18,853	19,609
Rollover adjustment from prior years	5,851	7,762	-	-	-	-	-	-	-	-
Trustee fee	2,749	1,993	1,575	2,328	2,570	2,937	3,050	3,154	3,226	3,307
Others	15,071	29,903	36,877	4,580	(710)	17,144	17,144	17,144	17,144	17,144
Income from subsidiaries and joint venture	(63,359)	(76,069)	(73,386)	(124,029)	(191,824)	(191,824)	(191,824)	(191,824)	(191,824)	(191,824)
Net change in fair value of financial derivatives	(9,805)	(22,197)	3,784	33,625	(64,832)	(11,885)	(11,885)	(11,885)	(11,885)	(11,885)
Net foreign exchange differences	(7,275)	11,093	8,640	(11,152)	(97)	-	-	-	-	-
Gain on disposal of investment properties	(5,309)	(5,088)	(3,220)	(5,390)	(23,994)	(8,464)	(8,981)	(9,513)	(9,974)	(10,374)
Net change in fair value of investment properties (Note 4)	(3,800)	(29,304)	(48,059)	32,322	(283,245)	(12,210)	(12,210)	(12,210)	(12,210)	(12,210)
Remeasurement gain on the acquisition of remaining 75% equity interests in AF5PL	-	-	-	-	(13,680)	-	-	-	-	-
Deferred tax expenses	-	-	-	27,898	58,229	-	-	-	-	-
Total distribution adjustments	(41,488)	(56,784)	(54,411)	(11,384)	(492,710)	(179,139)	(178,558)	(178,003)	(177,671)	(177,233)

Dividends Distribution

Total amount available for distribution to Unitholders at beginning of the financial year	57,694	231,154	253,754	127,266	67,811	319,331	59,436	98,779	144,639	173,933
Total return for the year attributable to Unitholders and perpetual securities holders	494,118	503,083	387,871	457,078	957,039	705,573	766,289	821,814	851,388	896,135
Less: Amount reserved for distribution to perpetual securities holders	(14,250)	(14,250)	(14,250)	(15,437)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Distribution adjustments (Note A)	(41,488)	(56,784)	(54,411)	(11,384)	(492,710)	(179,139)	(178,558)	(178,003)	(177,671)	(177,233)
Distribution from capital (current period)	29,665	53,630	47,971	107,876	174,652	104,052	110,408	116,761	121,423	126,307
Total amount available for distribution to Unitholders for the year	468,045	485,679	367,181	538,133	629,981	621,487	689,139	751,571	786,141	836,208
Distribution Per Unit (cents)	15.99	16.05	11.37	14.68	15.26	14.27	15.00	15.47	15.29	15.30
Distributions throughout the year	(294,585)	(463,083)	(501,900)	(597,883)	(378,461)	(881,382)	(649,796)	(705,711)	(756,847)	(784,083)
Total amount available for distribution to Unitholders at end of the financial year	231,154	253,750	119,035	67,516	319,331	59,436	98,779	144,639	173,933	226,058

Deferred Taxes

Deferred Taxes

	FY2018A	FY2019A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
Fiscal Year End	31-Mar	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
Tax Assumptions										
Tax Expense	(2,827)	(14,391)	(20,677)	(37,158)	(86,472)	(44,333)	(48,147)	(51,636)	(53,494)	(56,306)
% of income before tax	-0.57%	-2.78%	-5.06%	-7.52%	-8.29%	-5.91%	-5.91%	-5.91%	-5.91%	-5.91%
Taxes Paid	(24,677)	(5,729)	(3,609)	(6,404)	(26,495)	(11,653)	(12,655)	(13,572)	(14,061)	(14,800)
% of tax expense	872.90%	39.81%	17.45%	17.23%	30.64%	26.28%	26.28%	26.28%	26.28%	26.28%

Tax Ending Balances

Beginning Deferred Tax Liabilities Amount		1,411	10,701	26,559	55,941	117,772	150,452	185,944	224,008	263,442
Change In Deferred Tax Liabilities Amount		9,290	15,858	29,382	61,831	32,680	35,492	38,064	39,434	41,506
Ending Deferred Tax Liabilities Amount		1,411	10,701	26,559	55,941	117,772	150,452	185,944	224,008	304,948
Beginning Deferred Tax Assets Amount		-	-	-	1,484	-	-	-	-	-
Change In Deferred Tax Assets Amount		-	-	1,484	(1,484)	-	-	-	-	-
Ending Deferred Tax Assets Amount		-	-	1,484	-	-	-	-	-	-

Revenue Assumptions

Ascendas REIT

Investment Properties & Revenue Drivers  
(\$ in Thousands)

	FY2018A	FY2019A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
Fiscal Year End	31-Mar	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec

Investment Properties Projections

Properties Under Development

	Country	Valuation ('000)	Estimated Completion
UBIX	SG	59,800	Completed
iQuest @ IBP	SG	5,000	Q4 2024
7 Kiara Crescent	AUS	35,791	Completed
500 Green Road	AUS	65,687	Completed
MOX4	AUS	79,776	Q4 2022

Redevelopment Assumptions

	FY2018A	FY2019A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
	31-Mar	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
End Development Property Value	95,463	91,595	182,057	259,782	246,054	406,027	566,000	500,000	475,000	450,000
Bear Case						324,822	452,800	400,000	380,000	360,000
Base Case						406,027	566,000	500,000	475,000	450,000
Bull Case						487,232	679,200	600,000	570,000	540,000
Disposals of Investment Properties	(54,700)	(19,783)	(23,600)	(19,900)	(234,109)	(88,717)	(94,129)	(99,706)	(104,541)	(108,731)
% of investment properties balance	-0.55%	-0.19%	-0.20%	-0.15%	-1.56%	-0.53%	-0.53%	-0.53%	-0.53%	-0.53%
Acquisition of Investment Properties	232,139	919,491	1,692,146	767,967	2,186,284	750,000	900,000	900,000	855,000	855,000
Bear Case						600,000	720,000	720,000	684,000	684,000
Base Case						750,000	900,000	900,000	855,000	855,000
Bull Case						900,000	1,080,000	1,080,000	1,026,000	1,026,000



Property Transfer Schedule

	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
UBIX						(59,800)				
IQuest @ IBP								(5,000)		
7 Klora Crescent						(35,791)				
500 Green Road						(65,687)				
MQX4						(79,776)				
Projected Redevelopments										
Total Transfers						(241,054)	(159,973)	(164,973)	66,000	25,000

Property Development Balance

	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
Beginning Development Property Value	125,062	95,463	91,595	182,057	259,782	246,054	406,027	566,000	500,000	475,000
Transfer to/from Inv Properties under Development	(64,190)	(112,111)	21,200	(76,303)	(190,738)	(241,054)	(159,973)	(164,973)	66,000	25,000
Capital Expenditure	37,072	108,385	34,674	126,582	142,734	384,124	303,043	82,070	(107,903)	(66,903)
Acquisition	9,163	-	36,029	35,491	16,351	19,407	19,407	19,407	19,407	19,407
Exchange Differences	(11,544)	(142)	(1,441)	4,095	(3,485)	(2,503)	(2,503)	(2,503)	(2,503)	(2,503)
Fair Value Changes	(100)	-	-	(12,140)	21,410	-	-	-	-	-
At the end of the FY	95,463	91,595	182,057	259,782	246,054	406,027	566,000	500,000	475,000	450,000

Investment Properties Balance

	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
At the beginning of the financial year	9,874,204	10,118,978	11,143,937	12,743,792	13,707,692	16,293,725	17,286,122	18,342,026	19,397,352	20,171,871
Acquisition of investment properties	232,139	919,491	1,692,146	767,967	2,186,284	750,000	900,000	900,000	855,000	855,000
Transfer from / (to) investment properties under development (Note 5)	64,190	112,111	(21,200)	76,303	190,738	241,054	159,973	164,973	(66,000)	(25,000)
Transfer to investment properties held for sale	(20,300)	-	(98,400)	-	-	-	-	-	-	-
Capital expenditure incurred	83,838	61,946	56,981	72,041	114,441	77,849	77,849	77,849	77,849	77,849
Disposal of investment properties	(54,700)	(19,783)	(23,600)	(19,900)	(234,109)	(88,717)	(94,129)	(99,706)	(104,541)	(108,731)
Exchange differences	(74,832)	(84,966)	(58,472)	76,729	43,661	-	-	-	-	-
Fair value change	14,439	36,160	52,400	(9,240)	285,018	12,210	12,210	12,210	12,210	12,210
At the end of the financial year	10,118,978	11,143,937	12,743,792	13,707,692	16,293,725	17,286,122	18,342,026	19,397,352	20,171,871	20,983,200

Net New Acquisitions by Geography

SG						604,991	643,707	643,355	472,167	494,608
AUS						141,243	150,282	150,200	110,234	115,473
UK						107,202	114,063	114,000	83,666	87,643
USA						138,960	147,852	147,771	108,452	113,606
Total						992,397	1,055,904	1,055,326	774,519	811,329

Revenue Projections

	FY2018A 31-Mar	FY2019A 31-Mar	FY2019A 31-Dec	FY2020A 31-Dec	FY2021A 31-Dec	FY2022E 31-Dec	FY2023E 31-Dec	FY2024E 31-Dec	FY2025E 31-Dec	FY2026E 31-Dec
New Acquisition NLA by Segment (\$'000)										
SG						1,585	1,686	1,685	1,237	1,296
AUS						517	550	550	403	423
UK						375	398	398	292	306
USA						359	381	381	280	293
Total						2,835	3,016	3,014	2,212	2,317
New Acquisition Revenue by Segment (\$'000)										
SG						48,007	51,079	51,051	37,467	39,248
AUS						8,783	9,345	9,340	6,855	7,180
UK						7,418	7,893	7,889	5,790	6,065
USA						10,219	10,872	10,866	7,975	8,354
Total						74,427	79,189	79,146	58,086	60,847
Gross Revenue	862,111	886,171	699,057	1,049,460	1,226,525	1,300,952	1,380,141	1,459,287	1,517,374	1,578,221

Dividend Discount Model Valuation

Ascendas REIT Dividend Discount Model (\$ in Thousands)										
Fiscal Year End	FY2018A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E	
	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	
DDM Model										
Time Periods										
				Entry	0	1	2	3	4	5 Terminal Value
DPU (cents)	15.99	11.37	14.68	15.26	14.27	15.00	15.47	15.29	15.30	376.29
DPU (dollars)	0.160	0.114	0.147	0.153	0.143	0.150	0.155	0.153	0.153	3.763
Distribution growth rate		-29.1%	29.1%	4.0%	-6.5%	5.1%	3.1%	-1.1%	0.0%	
PV					0.135	0.135	0.132	0.124	0.118	2.896
Share Price										3.54
Discount Rate										
Singapore		Australia		UK		USA		Weighted Averages	Weights	Cost of Equity
Risk Free Rate	3.7%	Risk Free Rate	3.8%	Risk Free Rate	3.5%	Risk Free Rate	4.1%	SG	61.0%	2.7%
Beta	0.44	Beta	0.44	Beta	0.44	Beta	0.44	AUS	14.2%	0.7%
Market Return	5.5%	Market Return	6.9%	Market Return	7.1%	Market Return	17.0%	UK	10.8%	0.6%
Cost of Equity	4.5%	Cost of Equity	5.2%	Cost of Equity	5.1%	Cost of Equity	9.8%	USA	14.0%	1.4%
								Total	100.0%	5.4%
Growth Rate										
Dividend Growth Rate	1.3%	Rate of Return		Dividend Growth Rate						
		Current Price	2.56							
		Target Price	3.54							
		TP Upside	38.3%							
Cost of Equity	0.76%	3.67	3.88	4.12	4.39	4.70				
	4.8%	3.42	3.59	3.79	4.02	4.28				
	5.1%	3.21	3.37	3.54	3.74	3.96				
	5.4%	3.00	3.14	3.28	3.45	3.63				
	5.7%	2.83	2.95	3.07	3.22	3.38				
	6.0%									

Discounted Cash Flow Valuation

Ascendas REIT										
Discounted Cashflow Model										
(\$ in Thousands)										
	Historical					Projected				
	FY2018A	FY2019A	FY2019A	FY2020A	FY2021A	FY2022E	FY2023E	FY2024E	FY2025E	FY2026E
Fiscal Year End	31-Mar	31-Mar	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
DCF Model										
Time Periods						1	2	3	4	5
Gross Revenue	862,111	886,171	699,057	1,049,460	1,226,525	1,300,952	1,380,141	1,459,287	1,517,374	1,578,221
Net Property Income	629,400	649,579	537,678	776,246	920,750	968,583	1,027,541	1,086,467	1,129,713	1,175,015
EBIT	597,682	633,514	521,945	653,725	1,202,391	905,958	959,641	1,013,311	1,052,771	1,094,023
D&A	(13,605)	(51,501)	(44,275)	65,947	(348,077)	(24,095)	(24,095)	(24,095)	(24,095)	(24,095)
EBITDA	584,077	582,013	477,670	719,672	854,314	881,863	935,546	989,216	1,028,676	1,069,927
Tax Rate	0.6%	2.8%	5.1%	7.5%	8.3%	5.9%	5.9%	5.9%	5.9%	5.9%
EBIT(1-Tax Rate)	594,282	615,896	495,529	604,576	1,102,753	852,400	902,910	953,407	990,534	1,029,347
Changes in NWC		(27,594)	(77,211)	(100,957)	(85,954)	72,711	(101,318)	66,024	(91,922)	65,093
Capital Expenditures	120,910	170,331	91,655	198,623	257,175	461,973	380,892	159,919	(30,054)	10,946
FCF (Before Discounting)	473,372	473,159	481,085	506,910	931,532	317,716	623,335	727,463	1,112,510	953,308
PV of FCF						306,900	581,616	655,667	968,575	801,715
WACC										
Cost of Equity		5.38%								
Cost of Debt		2.20%								
Tax Rate		5.91%								
D/E Ratio		56.00%								
WACC		3.52%								

Terminal Value			
Exit Multiple Method	Multiple	Value	PV of Terminal Value
EV/EBITDA	18.75x	20,061,140	16,871,048
Valuation			
Exit Multiple Method			
Enterprise Value	20,185,520		
Cash and Cash Equivalents	368,549		
Debt	6,084,348		
Equity Value	14,469,721		
Shares Outstanding	4,200,900		
Share Price	3.44		
Upside	35%		

		EV/EBITDA				
WACC		17.75x	18.25x	18.75x	19.25x	19.75x
	2.5%	3.45	3.56	3.68	3.79	3.90
	3.0%	3.34	3.45	3.56	3.67	3.78
	3.5%	3.23	3.34	3.44	3.55	3.66
	4.0%	3.13	3.24	3.34	3.45	3.55
	4.5%	3.03	3.13	3.24	3.34	3.44

Relative Valuation

Ascendas REIT					
Comps Table					
(\$ in Thousands)					
Comps Table					
Market Data					
Company Name	Price	Shares('000)	Market Cap	Net Debt	EV
Mapletree Logistics Trust (SGX:M44U)	1.07	4,802,900	5,159,000	3,315,700	8,482,600
Mapletree Industrial Trust (SGX:ME8U)	1.55	2,704,100	4,204,000	1,990,200	6,194,200
ESR-Logos REIT (SGX:J91U)	0.24	6,685,200	1,606,300	1,680,100	3,358,600
Financial Data					
Company Name			Sales	EBITDA	Earnings
Mapletree Logistics Trust (SGX:M44U)			509,700	371,600	567,000
Mapletree Industrial Trust (SGX:ME8U)			473,600	310,000	321,000
ESR-Logos REIT (SGX:J91U)			195,600	156,000	(216,700)
Valuation					
Company Name			EV/Sales	EV/EBITDA	P/E
Mapletree Logistics Trust (SGX:M44U)			16.6x	22.8x	9.1x
Mapletree Industrial Trust (SGX:ME8U)			13.1x	20.0x	13.1x
ESR-Logos REIT (SGX:J91U)			17.2x	21.5x	18.1x
Average			15.6x	21.4x	11.1x
Median			16.6x	21.5x	13.1x
75th Percentile			16.9x	22.2x	15.6x
25th Percentile			14.9x	20.8x	11.1x
Comps Valuation					
Comps Median			EV/Sales	EV/EBITDA	P/E
EV			16.6x	21.5x	13.1x
Net Debt			20,412,244	20,508,476	
Equity Value			5,715,799	5,715,799	
Shares			14,696,445	14,792,677	
Share Price			4,200,900	4,200,900	4,200,900
			3.50	3.52	2.97
Comps 75th Percentile			16.9x	22.2x	15.6x
EV			20,736,303	21,129,473	
Net Debt			5,715,799	5,715,799	
Equity Value			15,020,504	15,413,674	
Shares			4,200,900	4,200,900	4,200,900
Share Price			3.58	3.67	3.55
Comps 25th Percentile			14.9x	20.8x	11.1x
EV			18,226,964	19,767,633	
Net Debt			5,715,799	5,715,799	
Equity Value			12,511,165	14,051,834	
Shares			4,200,900	4,200,900	4,200,900
Share Price			2.98	3.34	2.52