Press Release
17 July 2009

A-REIT achieved 15.8% year-on-year increase in Net Property Income for 1QFY2009/10

Highlights:

1. Net property income increased by 15.8% year-on-year (y-o-y) to S$80.7 million
2. Distributable income per unit ("DPU") of 3.62 cents represents a 17.9% y-o-y growth over proforma 1QFY2008/09 DPU of 3.07[1] cents
3. Issued S$150 million of 2-year notes under the Medium Term Note programme. In the process of finalizing second issuance totaling S$125 million

Summary of A-REIT Results (For the three months ended 30 Jun)

	1Q FY 2009/10	1Q FY 2008/09	Variance (%)
Gross Revenue (S$m)	102.4	92.5	10.7
Net Property Income (S$m)	80.7	69.7	15.8
Available for distribution (S$m)	61.0	51.8	17.9
DPU for the quarter (cents)	3.62	3.89 3.07[1]	(6.9) 17.9

1. Proforma DPU taking into account units issued as at 30 June 2009

17 July 2009, Singapore – The Board of Directors of Ascendas Funds Management (S) Limited (the "**Manager**"), the manager of Ascendas Real Estate Investment Trust ("**A-REIT**"), is pleased to announce a Net Property Income of S$80.7 million for 1QFY09/10 which is 15.8% higher than 1QFY2008/09 due mainly to an enlarged portfolio.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "We are pleased to report a set of sustained results for the first quarter of the financial year. Distribution per unit of 3.62 cents, based on a larger unitholder base, compares favourably to a proforma DPU of 3.07 cents in 1QFY08/09 taking into account units issued as at 30 June 2009. Net property income continued to hold up at a respectable S$80.7 million, representing an increase of 15.8% y-o-y, of which 36.7% is contributed organically through increase in rental rates in our multi-tenanted buildings and the stepped rental increases incorporated in A-REIT's long-term leases.

Reflecting the slowdown in global demand, occupancy rate for A-REIT's multi-tenanted properties declined marginally from 95.3% to 94.0%. However, overall portfolio occupancy remains high at 97.1% due to the contribution from single tenanted buildings with long term leases which accounts for about half of the portfolio. We continue to see positive rental reversion, albeit at a slower pace, in the renewal rental rates for the Business & Science Parks and Hi-Tech Industrial properties. This is mainly due to the in-place rent of the expiring leases being significantly below the current market rental rates whose rate of decline is seen moderating.

Credit market conditions have improved in the last few months and interest margins have also improved slightly. A maiden issue of S$150m of 2-year fixed rate medium term note in 1QFY2009/10 further diversifies A-REIT's sources of debt funding and reduces our reliance on revolving credit facilities. A second issuance amounting to S$125 million is in the process of finalization. The Manager will continue to explore various funding options to further diversify A-REIT's sources of funding.

Barring any further deterioration in the global economic climate, the Manager expects to maintain a net property income level comparable to the previous financial year. However, due to the larger unitholder base, distribution per unit is expected to be diluted."

Enhancing A-REIT's Portfolio through Disciplined Investments

As at 30 June 2009, A-REIT had a portfolio of 89 properties with a total book value of about S$4.4 billion, housing a tenant base of over 900 international and local companies. In 1QFY2009/10, A-REIT announced a new investment in the development of a hi-tech industrial facility for SingTel. This facility, when completed in 4QFY2009/10, will be leased to SingTel for a period of 20 years with an option to extend for another 10 years with annual stepped rental increases. Two other development projects are currently under construction:

1. A multi-tenanted building of about 33,000 sqm including about 8,000 sqm of amenity space at Plot 8 Changi Business Park.
2. A built-to-suit project, a part 2-storey / part 4-storey logistics facility, at Plot 6 of the Airport Logistics Park of Singapore for Expeditors Singapore Pte Ltd.

The Manager will continue to maintain its disciplined approach to investment activities with a particular focus on potential built-to-suit development opportunities with high credit quality tenants and income producing properties with good potential to ensure yield accretive returns on any investment undertaken.

A Well Diversified and Resilient Portfolio

A-REIT's portfolio continues to be well-diversified across six sectors of Business & Science Parks, Hi-Tech Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities. Through the diversification, A-REIT has also minimized its reliance on any one property such that no single property accounts for more than 5.0% of its monthly gross revenue. About 79% of the total net leasable area is occupied by tenants engaged in non-manufacturing activities while the balance is used for conventional manufacturing activities.

A-REIT has a mix of long and short term leases (47% and 53% by portfolio value respectively). Long term leases were the results of sale-and-leaseback and built-to-suit transactions. A-REIT's weighted lease term to expiry is about 5 years.

14.1% of its gross revenue was due for renewal at the start of the current financial year. About 64,021 sqm have been successfully renewed in the three months ended 30 June 2009. These leases accounts for about 7.1% of the net lettable area of A-REIT's multi-tenanted buildings and is expected to have an annualized revenue contribution of about S$17.5 million. Consequently, only 9.4% of A-REIT's gross revenue is due for renewal for the rest of the financial year. Some of the tenants that A-REIT retained in 1QFY2009/10 include John Wiley & Sons (Asia) Pte Ltd at LogisHub and Federal Express (Singapore) Pte Ltd at Logistech, International Flavors & Fragrances (Asia Pacific) Pte Ltd at The Gemini and Heraeus Materials Singapore Pte Ltd at Techplace II.

Total new leases (including expansion by existing tenants) for 1QFY2009/10 were 11,422 sqm and are expected to have an annualized revenue contribution of about S$3.3 million. New tenants which A-REIT signed this quarter includes TAC Controls Pte Ltd at TechPoint, Watchdata Technologies Pte Ltd at 84 Genting Lane, McCoy Components Pte Ltd at TechPlace II, and Memject Printhead Singapore Pte Ltd at Acer Building.

The Manager continues to record positive rental reversion for the renewed leases in the Business & Science Parks, Hi-Tech Industrial and Logistics sectors though at a smaller increase compared to a year ago. However, occupancy moderated downwards throughout all sectors in A-REIT's multi-tenanted properties, reflecting the weak economic sentiments.

As at 30 June 2009, outstanding accounts receivables that are more than two months past due amounted to about S$386,000 or about 0.09% of annualised gross revenue.

Within the portfolio, the Manager estimates about 12,000 sqm (about 0.6% of total portfolio net leasable area) accounting for about S$0.14m (about 0.4% of total monthly portfolio revenue) of gross monthly revenue is occupied by tenants that are considered vulnerable. However, A-REIT holds about S$1.08 m in security deposits from these tenants.

An anchor tenant previously occupying 8,202 sqm at 13 International Business Park (about 0.004% of A-REIT's total NLA) was unable to fulfill its lease obligations and the building was hence re-possessed recently. The property accounted for about 0.64% of A-REIT's monthly gross revenue. A-REIT has a security deposit equivalent to eight months' rental which will be used to pay rent due while the space is being marketed. The Manager has since leased 36.9% of the space at rental rates not lower than the existing rate (more than 50% of the space was contracted at higher rental rates). Another 16.8% of space is in active negotiation with a prospective tenant.

Prudent and Proactive Capital Management

With a view to strengthen A-REIT's balance sheet and maintain an optimum capital structure, the Manager continues to explore and deploy various capital management strategies amidst a turbulent financial market. In recent months, credit availability has improved and margin spread has also improved modestly.

Aggregate leverage as at 30 June 2009 is 35.5%. About 98% of A-REIT's total debt is hedged into fixed rate for the next 3.1 years with an all-in cost of borrowings of 3.75%.

Following the establishment of the S$1 billion Medium Term Note (MTN) program in March 09, the first issue of a 2-year note was up-sized to S$150 million and was completed in May 09. As a result, short term revolving credit borrowings outstanding as at 30 June 2009 is

S$114 million. The second issuance under the MTN programme for a 4-year S$125 million fixed rate note is in the process of finalization.

The CMBS of S$300 million due in August 09 will be repaid with credit facility which has already been arranged.

Outlook for FY2009/10

The panic felt in the global markets since September 2008 may have subsided by the end of 1Q 2009. There are tentative signs of the global economy bottoming but they may not yet point to a clear recovery. Still susceptible to downside risks, the underlying global economy is expected to remain weak in the coming quarters. As for Singapore, MTI's revised estimate for real GDP in 2009 still shows a contraction of between 4% and 6%.

The global economic recovery, if any, is likely to be fragile and 2009 is expected to be a difficult year for most businesses. The outlook for A-REIT in FY09/10 will depend largely on whether there is a sustainable recovery especially in terms of global end consumer demand which will in turn have an impact on our existing tenants as well as on demand for industrial space.

The diversified nature of A-REIT's portfolio should prove to be advantageous during such times of economic uncertainty. As at 30 June 2009, about 90% of A-REIT's portfolio revenue is committed for the balance of FY09/10 and the weighted average lease to expiry is approximately 5 years. A fair mix of long and short term leases (47% versus 53% by portfolio value respectively) in the portfolio provides a certain degree of predictability and sustainability. Barring any significant deterioration in market conditions, we expect the net property income outlook for A-REIT for FY09/10 to be about the level achieved in FY08/09. However, with an expected higher cost of borrowing, the income available for distribution may be lower and will also be spread over a larger unit base as a result of the private placement and preferential offering of new units in the first quarter of 2009.

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About A-REIT (www.a-reit.com)
A-REIT is Singapore's first listed business space and industrial real estate investment trust. It has a diversified portfolio of 89 properties in Singapore, comprising business and science park properties, hi-tech industrial properties, light industrial properties, and logistics and

distribution centres, with total assets of about S$4.6 billion. These properties house a tenant base of over 900 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, C&P Logistics, Siemens, Honeywell, Zuellig Pharma, LFD (Singapore), OSIM International, Venture Corporation, Federal Express, Freight Links Express, Johnson & Johnson, RSH, Infineon Technologies, Procter & Gamble and Hyflux.

A-REIT is listed in several indices. These include 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 and FTSE ST Mid Cap.

A-REIT is managed by **Ascendas Funds Management (S) Limited** (in its capacity as manager of A-REIT), a wholly-owned subsidiary of the Singapore-based **Ascendas Group**.

About the Ascendas Group (www.ascendas.com)

Ascendas is Asia's premier provider of business space solutions with a significant presence in the region. Ascendas develops, manages and markets IT Parks, industrial parks (manufacturing, logistics and distribution centres), business parks, science parks, hi-tech facilities, office and retail space. Among its flagships are the Singapore Science Park, International Tech Park Bangalore, Ascendas-Xinsu in Suzhou and Dalian-Ascendas IT Park. More than 1,800 of the world's leading companies, many in the Fortune 500 list, have made Ascendas properties their preferred address in Asia.

Ascendas is also a leading real estate fund management player focused on the management of public-listed property trusts and private real estate funds, investing in a diverse range of industrial and commercial real estate properties across Asia. Listed on the main board of Singapore Exchange Securities Trading Limited are Ascendas Real Estate Investment Trust (A-REIT), Singapore's first business space trust, and Ascendas India Trust (a-iTrust), Asia and Singapore's first Indian property trust. The Ascendas Group also manages a range of private real estate funds which invest in business space in India, China, South Korea and ASEAN. All the funds are supported by Ascendas' strong fund management and real estate expertise, and are testament to its commitment to each of its markets.

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Important Notice

The value of 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 A-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 A-REIT is not necessarily indicative of the future performance of A-REIT.

This release may contain forward-looking statements that involve 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 other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support 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.