Press Release
17 January 2011

A-REIT delivers 3.7% year-on-year growth in 3Q FY2010/11 Gross Revenue

Highlights:

1. 3Q FY2010/11 Net Property and related finance lease interest income increased 3.3% year-on-year to S$84.1 million

2. 3Q FY2010/11 Distribution Per Unit (DPU) grew by 0.6% year-on-year to 3.29 cents

3. Occupancy for the entire portfolio and for the multi-tenanted properties improved over prior quarter to 95.6% and 91.1% respectively

4. Commenced 11th development project, a built-to-suit logistics facility worth about S$35.9 million

5. Completed Phase 2 of Plot 8 Changi Business Park within budget and on schedule, achieving a revaluation gain of approximately 123.1% (S$42.9 million) over total development cost

Summary of A-REIT Results (For the quarter ended 31 December)

	3Q FY2010/11	3Q FY2009/10	Variance (%)
Gross Revenue (S$ m)	109.0 (1)	105.1	3.7%
Net Property Income	83.0 (1)	81.3	2.0%
Net Property & Related Finance Lease Interest Income (S$m)	84.1(1)	81.3	3.3%
Distributable Income (S$ m)	61.7(2)	61.2	0.8%
DPU for the quarter (cents)(3)	3.29	3.27	0.6%
DPU for the nine months YTD (cents) (3)	9.96	10.37	(4.0%)
		9.81(4) (proforma)	1.5%

(1) Interest income from finance lease of about S$1.1 million was not included in the Gross Revenue and Net Property Income figure as it is classified as finance income. However, in essence, it forms an integral part of the building and the lease to the tenant.

(2) Distributable income excludes interest income of S$1.1m for 3Q FY2010/11 derived from a finance lease granted to a tenant. This income has been retained pending further discussion with IRAS on the tax transparency treatment. For YTD 3Q FY2009/10, A-REIT has retained S$4.5 million. Upon tax clearance from IRAS, A-REIT will distribute this income to Unitholders

(3) DPU is computed on the basis that none of the S$300m convertible collateral loan due February 2017 is converted into A-REIT Units on or before the book closure date. Accordingly, the actual quantum of DPU may differ if any portion of the convertible collateral loan is converted into Units on or prior to the book closure date

(4) The proforma DPU for FY2009/10 has been calculated using distributable income for the nine months ended 31 December 2009 and the applicable number of units as at 31 December 2010

17 January 2011, 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 year-on-year growth of 3.3% in A-REIT's net property and related interest income for 3Q FY2010/11.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "Gross revenue grew by 3.7% due mainly to additional rental income from the completion of investments since December 2009. However, the increase was partially offset by higher operating expenses arising from the cessation of land rent and property tax rebates granted by the Singapore Government in 2009 and the enlarged portfolio of properties, resulting in a smaller net property and related finance lease interest income increase of 3.3% to S$84.1 million.

On the investment front, the Manager is pleased to announce that it has embarked on A-REIT's 11th development project, a built-to-suit logistics facility in the eastern part of Singapore. This facility is fully pre-committed for a period of 10 years upon completion which is expected in 4Q FY2011/12.

A-REIT has also completed Phase 2 of Plot 8 Changi Business Park within budget and on schedule in December 2010, achieving a revaluation gain of approximately S$42.9 million or about 123.1% above the total development cost. This property is fully pre-committed to Citibank N.A. and the lease will commence progressively from February 2011."

Investment Management

In 3Q FY2010/11, A-REIT embarked on its 11th development project for the construction of a built-to-suit logistics facility in the eastern part of Singapore at an estimated cost of S$35.9 million (the **"Proposed Development"**).

With expected completion in 4Q FY2011/12, the Proposed Development will be a part 1-storey, part 2-storey air cargo express logistics facility to be located next to the Airport Logistics Park of Singapore (ALPS). The Proposed Development is easily accessible to other parts of Singapore via major expressways and is expected to have a gross floor area of 26,277 sqm sited on a land area of 40,831 sqm. The entire facility has been pre-committed to a multi-national company for an initial tenure of 10 years with annual rental escalation and an option to renew for another two terms of five years each. The annualised pro forma financial effect of the Proposed Development on the DPU for FY2009/10 is expected to be an additional 0.037 cents per unit [(1)].

The Manager is also pleased to announce the completion of Phase 2 of Plot 8, Changi Business Park (5 Changi Business Park Crescent) within budget and on schedule on 31 December 2010. This facility is 100% pre-committed to Citibank N.A. for a period of six years with annual rental escalation and options to renew for another two terms of three years each. The lease will commence progressively from February 2011. This property has been valued by Jones Lang LaSalle at S$77.7 million as at 31 December 2010, representing a revaluation gain of about S$42.9 million (123.1%) over the total development cost.

In addition, the three asset enhancement initiatives that the Manager announced earlier are well under way. They are:

1) Redevelopment of 1 Senoko Avenue (FoodAxis @ Senoko)
   Estimated to cost about S$59.0 million, the redevelopment will create an additional gross floor area of 34,519 sqm with the maximization of plot ratio from 0.6x to 2.5x. Situated within the designated food zone in the north of Singapore and easily accessible by major expressways, this facility will be positioned as a food hub for the food & beverages industry to address the relative shortage of suitable food processing space in Singapore. Completion is expected in 4Q FY2011/12.

2) Asset Enhancement for Techview
   With a view to enhance the attractiveness and value of the property, the Manager has commenced work on the reconfiguration of selected floors through the creation of an internal courtyard on the upper levels of the building. When the planned Downtown Line (DTL3) MRT station is ready by 2017, Techview will have a station exit within its compound. This asset enhancement initiative has an estimated cost of S$4.3 million and is expected to complete by 1Q FY2011/12.

3) Asset Enhancement for 10 Toh Guan Road
   The Manager is in the process of obtaining the necessary regulatory approvals for the asset enhancement works to reposition the building for higher value usage.

[(1)] Assuming A-REIT had completed and held the Proposed Development for the whole of FY2009/10 ; the Proposed Development was funded using 40% debt and 60% equity; and in respect of the Proposed Development, the Manager had elected to receive its base fee 80% in cash and 20% in units

Commencing in 4Q FY2010/11, the exercise will comprise the removal of the existing Automated Service & Recovery System to create more parking space and the enhancement of its exterior façade to reflect its repositioned image. At an expected cost of S$33.7 million, this exercise will be undertaken over two phases and completion of phase I is expected in 3Q FY2011/12 and phase II in 2Q FY2012/13.

The above asset enhancement initiatives are expected to deliver a weighted average yield in excess of 8.5%.

A Well Diversified and Resilient Portfolio

A-REIT continues to hold a diversified portfolio comprising 92 properties in Singapore with a total asset value of about S$4.9b in the following sub-sectors: Business & Science Parks, Hi-Tech Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities. As at 31 December 2010, these properties house a tenant base of about 950 local and international companies across an array of industries including research and development, life sciences, information technology, engineering, lifestyle and apparels, light manufacturing, logistics service providers, electronics, telecommunications, manufacturing services and back-room office support in service industries.

A-REIT maintains a fine mix of long and short term leases (44% and 56% by portfolio value respectively) and a weighted lease term to expiry of about 4.8 years. Long term leases are the results of sale-and-leaseback and built-to-suit transactions of which about 34% have rental escalation pegged to CPI with a fixed rate floor. The remaining long term leases have incorporated fixed periodic rental escalation of varying percentages. Long term leases, with weighted average lease-to-expiry of about 6.8 years, provide stability and predictability in earnings while the short term leases (typically of 3 years duration) generate potential positive rental reversion during the upturn of the economy.

As at 31 December 2010, A-REIT registered an improvement in occupancy for its entire portfolio and for its multi-tenanted properties to 95.6% and 91.1% respectively compared to the prior quarter. The rental rates for new space leased in the Business & Science Parks as well as the Light Industrial sectors continued on a positive trend for the second consecutive quarter, registering a growth of 12.2% and 6.0% respectively over the prior quarter's signing rate. However, this may be a rebound from a lower base and sustainability of the uptrend will be largely dependent on the strength of the improving economy.

With a large base of properties and tenants, A-REIT is not reliant on any single property or tenant as no single property or tenant account for more than 4.5% and 7.2% of A-REIT's monthly gross revenue respectively.

Outstanding accounts receivables that are more than two months past due stand at about S$0.4m as at 31 December 2010 or about 0.08% of annualized gross revenue. These are adequately covered by security deposits on hand.

Proactive Capital Management

The Manager continues to adopt a proactive approach to capital and risk management. As at 31 December 2010, A-REIT's aggregate leverage was 34.7%. Weighted average cost of funding has improved marginally to 3.84%. It has an average term of debt maturity of 3.1 years. All of A-REIT's floating interest rate exposure is hedged into fixed rate for the next 2.9 years.

A-REIT continues to maintain a balanced debt maturity profile such that only about 26.7% of its total debt outstanding is due for refinancing over the next two years. A-REIT also has diversified sources of funding such that no one type of funding accounts for more than 26% of its total debt.

Outlook for FY2010/11

In spite of Singapore's strong economic performance in 2010, uncertainties remain. The global economy has showed mixed signs and varying speed of recovery after the sharp downturn in 2009. The emerging Latin American and Asian economies are expected to lead as engines of global growth.

For the balance of this financial year, only 2.9% of A-REIT's revenue is due for renewal. With a diversified portfolio across five segments of the business space and industrial property sector and a good mix of long and short term leases with a weighted average lease to expiry of about 4.8 years, A-REIT aims to provide sustainability and steady growth for earnings of the portfolio. Therefore, barring any unforeseen events, the Manager should be able to at least maintain the previous financial year's level of net income for FY2010/11.

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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 92 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$4.9 billion. These properties house a tenant base of about 950 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 has a corporate family rating of "A3" by Moody's Investor Services.

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.

For enquiries, please contact:

Media

Sabrina Tay
IR & Corporate Communications
Ascendas Funds Management (S) Ltd
Tel : +65 6508 8840
Mobile : +65 9833 5833
Email: sabrina.tay@ascendas-fms.com

Analysts & Investors

Tan Shu Lin (Ms)
Head, Capital Markets
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8822
Mobile: +65 9683 1500
Email: shulin.tan@ascendas-fms.com

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.

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