

Press Release
23 July 2014



A-REIT's Amount Available for Distribution grew by 2.8% y-o-y to S\$87.6 million

Highlights:

1. 1Q FY14/15 Amount Available for Distribution increased by 2.8% y-o-y to S\$87.6 million; Distribution per Unit ("DPU") grew 2.5% to 3.64 cents per Unit from 3.55 cents per Unit in 1Q FY13/14
2. Same-store occupancy held steady at 93.8%
3. Balance sheet remains robust with aggregate leverage of 31.6%; total assets stand at about S\$7.5 billion as at 30 June 2014
4. Completed acquisition of Hyflux Innovation Centre for S\$191.2 million

Summary of A-REIT's Group Results (For the financial year period 30 June 2014)

	1Q FY14/15	1Q FY13/14	Variance
Number of Properties	105	103	2
Gross revenue (S\$ million)	163.2	150.9	8.1%
Net property income (S\$ million)	116.3	108.0	7.7%
Amount available for distribution (S\$ million)	87.6	85.2	2.8%
DPU for the 1 st quarter (cents) ^{(1) (2)}	3.64	3.55	2.5%

Notes:

- (1) As at the date of this announcement, none of the S\$300 million Exchangeable Collateralised Securities with maturity date on 1 February 2017 is converted into A-REIT's Units. As at 30 June 2014, 2,404,060,171 Units are in issue, compared to 2,400,871,877 Units in 30 June 2013.
- (2) As announced on 17 January 2014, distributions will be made on a semi-annual basis based on amounts calculated as at 30 September and 31 March of each year starting from FY14/15.

23 July 2014, 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 report that for 1Q FY14/15, A-REIT's Amount Available for Distribution grew 2.8% year-on year ("y-o-y") to S\$87.6 million.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "We are pleased to enhance our portfolio with another high-specifications building, Hyflux

Innovation Centre, during the first quarter. This strengthens our capacity to offer high quality space to attract discerning industrialists into our tenant base.

With passing rental rates still under current market levels, A-REIT's portfolio was able to achieve positive rental reversion averaging 11.8% for leases renewed in 1Q FY14/15. We continue to expect positive rental reversion this financial year at a mid- to high single-digit rate".

A Well Diversified and Resilient Portfolio

As at 30 June 2014, A-REIT continues to have a portfolio of long and short term leases (27.6% and 72.4% by property value respectively) with a weighted average lease to expiry of about 3.94 years. Long-term leases are typically the result of sale-and-leaseback or built-to-suit arrangements and these have stepped rental escalation, of which 30.5% of such leases incorporate CPI-based adjustment with a floor. Such leases provide stability and predictability in earnings while short term leases are typically of three-year duration where rental rates are marked-to-market upon renewal.

Net Lettable Area ("NLA") increased by 7.3% y-o-y arising mainly from new acquisitions, developments and asset enhancement works.

Same-store portfolio occupancy held steady at 93.8% while same-store multi-tenanted building occupancy improved to 90.6% from 89.9% in March 2014. However, two single-leased buildings' leases expired during the quarter and are currently in leasing transition. One is 61.2% occupied and the other is vacant. However, the latter is expected to be fully occupied by August 2014.

The top 10 tenants accounted for not more than 21.8% of A-REIT's total portfolio income. With around 1,330 tenants in a portfolio of 103 properties in Singapore and two in China, A-REIT is well-diversified in terms of rental income where no single property accounts for more than 4.4% of A-REIT's monthly gross revenue.

At the beginning of FY14/15, about 21.3% of A-REIT's property income was due for renewal, of which 6.2% were leases of single-tenanted buildings and 15.1% were leases of multi-tenanted buildings. The Manager had proactively negotiated and secured renewal commitments for some of these lessees. As at 30 June 2014, 15.4% of A-REIT's property income is due for renewal (comprising 4.9% of single-tenanted building tenancies and 10.5% of multi-tenanted building tenancies).

Disciplined and Yield Accretive Investments

The sale-and-leaseback of Hyflux Innovation Centre (“HIC”) was completed in June 2014. HIC is a prime high-specifications property on a 60-year land lease, located at the fringe of the central business district of Singapore. This acquisition further strengthens A-REIT’s portfolio with a high-quality asset, broadens its tenant base and lengthens its weighted land lease tenure. Hyflux’s commitment to lease back 50% of gross floor area for 15 years contributed to the increase in A-REIT’s portfolio weighted lease expiry profile. The total purchase consideration of S\$191.2 million for HIC includes an upfront land premium of S\$21.2 million paid to JTC Corporation (“JTC”) for the balance of the initial 30-year land tenure.

The Manager continues to focus on improving returns from existing buildings via asset enhancement projects. During 1Q FY14/15, the asset enhancement works to upgrade the building specifications at 5 Toh Guan Road East was completed. The building is currently 96% occupied. The Manager also embarked on two new asset enhancement initiatives with an estimated total value of S\$25.6 million at The Gemini and The Aries, as well as the Science Hub.

Details of the asset enhancement works are in **Annex A**.

Divestment

The divestment of 1 Kallang Place to Flextronics Manufacturing (Singapore) Pte Ltd was completed during the quarter. The sale price of S\$12.6 million represents a 20% premium over its latest book value of S\$10.5 million. 1 Kallang Place is a light industrial warehouse facility that was acquired by A-REIT in 2007 in a sale-and-leaseback transaction. The property has a land tenure of about 10 years as at May 2014.

Proactive Capital Management

In 1Q FY14/15, the Manager secured a S\$100 million 5-year Murabahah Term Loan Facility and issued S\$95 million 2.5% p.a. Notes due 2019 under its Medium Term Note Programme. Both loans were competitively priced.

The funds secured were used to partially refinance the S\$395 million Commercial Mortgage Backed Securities (“CMBS”) and to acquire HIC.

The proportion of unencumbered investment properties increased to 84.7% (from 62.2% as at 31 March 2014), and the weighted average tenure of debt outstanding extended to 3.7 years from 3.3 years.

A-REIT's weighted average all-in borrowing cost is maintained at 2.7%, which includes amortisation of setup costs and interest rate swaps that are used to manage the interest rate exposure of its debts. About 70.0% of A-REIT's interest rate exposure is hedged with a weighted average duration of 3.5 years remaining.

A-REIT's aggregate leverage stands at 31.6% as at 30 June 2014 and is expected to increase to 32.8% after funding committed investments. With debt headroom of around S\$1.1 billion before its aggregate leverage reaches 40%, A-REIT is well-positioned to continue to seize investment opportunities when they arise.

Outlook for FY14/15

At the beginning of FY14/15, about 21.3% of A-REIT's lease (by rental income) was due for renewal. As at 30 June 2014, this figure has been reduced to 15.4% (comprising 10.5% multi-tenanted buildings and 4.9% single-tenanted buildings) as the Manager proactively negotiated and secured renewal commitments for some of these leases.

With a customer base of around 1,330 tenants in a portfolio of 103 properties in Singapore and 2 business park properties in China, A-REIT is well-diversified in terms of rental income. No single property accounts for more than 4.4% of A-REIT's monthly gross revenue. A-REIT's predictable earnings stream is underpinned by its portfolio of long and short term leases (27.6% versus 72.4% by asset value respectively) with a weighted average lease to expiry of about 3.94 years.

There could be potential upside in net property income when the 11.9% vacant space in our portfolio is leased up, the speed of which will largely depend on prevailing market conditions. In addition, the average passing rental rates of leases in our portfolio due for renewal in FY14/15 are still below the market spot rental rates; hence, positive rental reversion can be expected when leases are renewed.

In China, the Manager will adopt a prudent approach and continue to look for opportunities in the target product segments and cities. Over the longer term, demand for high quality business and industrial space should be strong as the Chinese Government reforms the

economy towards more sustainable growth through higher consumer spending and private demand.

Barring any unforeseen event and any weakening of the economic environment, the Manager expects A-REIT to maintain a stable performance for the financial year ending 31 March 2015.

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Annex A:

New asset enhancement works committed in 1Q FY14/15: S\$25.6 million

	Asset Enhancement Works	Value (S\$m)	Estimated Completion
1	The Gemini and The Aries	17.2	2Q 2015
2	Techquest	8.4	1Q 2015
	TOTAL	25.6	

1) The Gemini and The Aries for S\$17.2 million (New)

Located at Science Park Road, both The Gemini and The Aries are 4-storey research and development buildings. The asset enhancement works will maximise unutilised plot ratio and enhance connectivity between the buildings. The additional amenities space of approximately 2,100 sqm will create more vibrancy, benefit existing tenants and improve marketability of the properties within Science Park II. The asset enhancement works are expected to complete by 2Q 2015.

2) Science Hub for S\$8.4 million (New)

Science Hub, located at Science Park Drive, is a 4-storey building with existing amenities such as fitness centre, pool, auditorium, seminar rooms, F&B outlets such as café and deli bar. The enhancement works will upgrade the building's image, amenities space and improve the building specifications and façade. Through this enhancement, the Manager seeks to differentiate the Science Park region by creating an exclusive tenant's social club for business and social activities and providing wider food and beverage options and other amenities for tenants. The asset enhancement works are expected to complete by 1Q 2015.

Asset enhancement works committed in FY13/14: S\$106.5 million

	Asset Enhancement Works	Value (S\$m)	Estimated Completion
1	C&P Logistics Hub	35.7	4Q 2015
2	Techlink and Techview	26.2	4Q 2015
3	The Alpha	11.1	4Q 2014
4	Corporation Place	14.5	3Q 2014
5	LogisTech	6.6	3Q 2014
6	Techquest	4.3	3Q 2014
7	1 Changi Business Park Crescent	8.1	3Q 2014
	TOTAL	106.5	

1) C&P Logistics Hub for S\$35.7 million

The C&P Logistics Hub is located in the Jurong Industrial Area and was acquired from C&P Holdings Pte Ltd on a sale-and-leaseback basis in 2004. The enhancement work includes building a new 4-storey warehouse block with Gross Floor Area ("GFA") of 24,111 sqm over the existing vacant open container yard. This new block will be connected to the existing 40 feet vehicular ramp and driveways, greatly improving the utilisation of the premises. The asset enhancement works are expected to complete by 4Q 2015.

2) Techlink and Techview for S\$26.2 million

Techlink and Techview are multi-tenanted High-Specs industrial properties located within the Kaki Bukit Industrial Estate. GFA at Techlink will be increased by 1,820 sqm, creating prime space for showrooms on level 1 and more business space on level 2 and 3. Techview, which is well-located next to the upcoming Kaki Bukit MRT station, will be upgraded with amenities such as walkway to the new MRT station, new food court, childcare centre and upgraded lifts and toilets to enhance the marketability of the building. The completion date of the asset enhancement works is estimated to be in 4Q 2015.

3) The Alpha for S\$11.1 million

The Alpha is a 4-storey building that is situated along Science Park Road within Science Park 2. It is within 5-10 minutes' drive from the National University of Singapore and about 15 minutes' drive from the CBD. The asset enhancement works comprise enhancing the buildings specifications and positioning through improving connectivity from bus stop to the building, converting the lobby to natural ventilation, upgrading of lifts and toilets, converting underutilised common area to create new leasable space. The asset enhancement works are expected to complete by 4Q 2014.

4) Corporation Place for S\$14.5 million

Corporation Place is located at Corporation Road and enjoys immediate access to the Ayer Rajah Expressway (AYE) which conveniently leads to the city centre, airport and seaport. The Manager will upgrade all lifts and toilets, and create extended lobbies and physical connectivity between all lobbies. The upgrade is expected to improve marketability of the building when it is completed in 3Q 2014.

5) LogisTech for S\$6.6 million

LogisTech is located in Changi International LogisPark (north) and in close proximity to Changi Airport and easily accessible via major expressways (ECP, PIE and TPE). The Manager is building a new 2-storey air-conditioned warehouse annex block of 3,370 sqm to capitalise on the strong demand for such space in the eastern part of Singapore through maximisation of plot ratio from existing 1.16 times to 1.25 times. The work is scheduled for completion in 3Q 2014.

6) Techquest for S\$4.3 million

Located within International Business Park and the Jurong Lake District and easily accessible via major expressways, Techquest is one of six A-REIT properties in International Business Park. The asset enhancement works comprise improving building efficiency and specifications through reconfiguration of floor layout and upgrading of façade, restrooms, lobbies, etc. to improve marketability. The asset enhancement work is expected to be completed in 3Q 2014.

7) 1 Changi Business Park Crescent (Plaza 8) for S\$8.1 million

Plaza 8 is located within close proximity to the Singapore Expo, the Expo MRT station and Changi Airport. It is easily accessible via major expressways like East Coast Parkway and Pan Island Expressway. The asset enhancement works involve converting the 2nd level amenity space to business park space to increase potential income and is expected to complete in 3Q 2014.

Works in progress: development and asset enhancement projects committed before FY13/14

	Ongoing	Value (S\$m)	Estimated Completion
	Development		
1	DBS Hub Asia Phase 2	21.8	2Q 2015
	Asset Enhancement Works		
2	5 Toh Guan Road East	7.0	Completed in June 2014
	TOTAL	28.8	

1) DBS Asia Hub Phase 2 for S\$21.8 million

An extension of the existing DBS Asia Hub, DBS Asia Hub Phase 2 caters to DBS Bank's increasing business space requirement within the Changi Business Park. The development of Phase 2 commenced in 4Q 2013. It involves developing a new 6-storey

business park annex building with an estimated GFA and NLA of 7,081 sqm and 6,074 sqm respectively. Upon completion, which is expected to be in 2Q 2015, DBS Bank will lease the entire block until July 2020 to coincide with the lease expiry of DBS Asia Hub. DBS has options to renew the combined buildings for another 3 terms of 3 years each.

2) 5 Toh Guan Road East for S\$7.0 million

5 Toh Guan Road East was converted to a multi-tenanted property in January 2013. The property is well-served by major roads and expressways such as Toh Guan Road, Boon Lay Way, Ayer Rajah Expressway (AYE) and Pan-Island Expressway (PIE), which provide efficient links to the city centre, airport and other parts of Singapore. The asset enhancement involves upgrading of lifts and subdivision of units to enhance marketability. The asset enhancement works was completed in June 2014.

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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 103 properties in Singapore, comprising business and science park properties, hi-specs industrial properties, light industrial properties, and logistics and distribution centres, and 2 business park properties in China. As at 30 June 2014, total assets amount to about S\$7.5 billion. These properties house a tenant base of around 1,330 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, Siemens, Honeywell, Zuellig Pharma, Citibank N.A., OSIM International, DBS Bank, Federal Express, Baidu, Inc., Johnson & Johnson, RSH, Infineon Technologies, Cold Storage and Hyflux.

A-REIT is listed in several indices. These include the FTSE Straits Times Index (with effect from 4 June 2014), 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. A-REIT has an issuer 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 Ascendas (www.ascendas.com)

Ascendas is Asia's leading provider of business space solutions with more than 30 years of experience. Based in Singapore, Ascendas has built a strong regional presence and serves a global clientele of over 2,400 customers in 25 cities across 10 countries including Singapore, China, India, South Korea and Vietnam.

Ascendas specialises in masterplanning, developing, managing and marketing IT parks, industrial & logistics parks, business parks, science parks, hi-specs facilities, office and retail spaces. Leveraging on its track record and experience, Ascendas has introduced new business space concepts such as integrated communities and solutions which seamlessly combine high-quality business, lifestyle, retail and hospitality spaces to create conducive human-centric work-live-play-learn environments. Its

flagship projects include the Singapore Science Park and Changi City at Changi Business Park in Singapore, International Tech Park Bangalore in India and Ascendas-Xinsu in Suzhou Industrial Park, China. Ascendas provides end-to-end real estate solutions, assisting companies across the entire real estate process.

In November 2002, Ascendas launched Singapore's first business space trust, Ascendas Real Estate Investment Trust (A-REIT), and in August 2007, Ascendas India Trust (a-iTrust) was launched as the first listed Indian property trust. In July 2012, Ascendas listed Ascendas Hospitality Trust (A-HTRUST), which comprises a portfolio of quality hotels in Australia, China, Japan and Singapore. Besides managing listed real estate funds, Ascendas also manages a series of private funds with commercial and industrial assets across Asia.

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Important Notice

The value of A-REIT's Units ("**Units**") and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of 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 are due to rounding.