

Press Release
23 October 2014



A-REIT's Distribution per Unit in 1H FY14/15 grew by 2.1% y-o-y to 7.30 cents

Highlights:

1. Distribution per Unit ("DPU") of 7.30 cents (+2.1% y-o-y) for 1H FY14/15 will be paid in November 2014
2. 2Q FY14/15 Total Amount Available for Distribution increased by 1.6% y-o-y to S\$87.8 million; DPU grew 1.7% y-o-y to 3.66 cents per Unit from 3.60 cents per Unit
3. Balance sheet remains robust with aggregate leverage of 32.6%; total assets stand at about S\$7.9 billion as at 30 September 2014
4. Added Aperia, a new generation integrated mixed-use industrial property, to the portfolio in August 2014

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

	2Q FY14/15	2Q FY13/14	Variance
Number of Properties	106	105	1
Gross revenue (S\$ million)	164.8	151.7	8.6%
Net property income (S\$ million)	114.7	107.1	7.0%
Total amount available for distribution (S\$ million)	87.8	86.4	1.6%
DPU for the 2 nd quarter (cents) ^{(1) (2)}	3.66	3.60	1.7%

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 September 2014, 2,404,060,171 Units are in issue, compared to 2,400,871,877 Units in 30 September 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 October 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 2Q FY14/15, A-REIT's total amount available for distribution grew 1.6% year-on year ("y-o-y") to S\$87.8 million.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "The completion of Aperia, an integrated mixed-use industrial property located at the fringe of the

central business district, offers a unique and holistic working environment catering to many renowned and global companies with operations in Singapore. The leasing of the property is progressing well and its occupancy is expected to stabilise within a year.

In 2Q FY14/15, the portfolio achieved positive rental reversion averaging 6.3% as the passing rental rates for most of these leases were below the current market rental rates. However, the challenging operating environment, weaker portfolio occupancy, disposal of three properties and slightly higher number of units outstanding moderated DPU growth to 2.1% y-o-y for the first half.”

A Well Diversified and Resilient Portfolio

As at 30 September 2014, A-REIT continues to have a portfolio of long and short term leases (23.2% and 76.8% by property value respectively) with a weighted average lease to expiry of about 4 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 34.1% 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.

With the completion of Aperia, Gross Floor Area (“GFA”) increased by 3.0% quarter-on-quarter (“q-o-q”) to 3 million square metres (“sqm”).

Overall committed (i.e. including leases committed¹ but yet to commence) portfolio occupancy is 87.2%. The physical occupancy as at 30 September 2014 was 85.6%. This is a decline from 88.1% as at end of 1Q FY14/15, mainly due to the addition of Aperia which has a 27.7% occupancy and the conversion of C&P Logistics Hub from single-tenancy to multi-tenancy with a 66.4% occupancy as at 30 September 2014. Multi-tenanted building occupancy, on a same store basis, declined marginally to 86.0% compared to 86.5% at the end of June 2014.

The top 10 tenants accounted for not more than 20.1% of A-REIT’s total portfolio income. With around 1,360 tenants in a portfolio of 104 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 4.0% of A-REIT’s monthly gross revenue.

¹ Additional committed occupancy: 21 Jalan Buroh (+40.4%), Aperia (+21.9%) and Hansapoint (+26.6%)

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 many of these lessees. As at 30 September 2014, 8.0% of A-REIT's property income is due for renewal (comprising 1.4% of single-tenanted building tenancies and 6.6% of multi-tenanted building tenancies).

Disciplined and Yield Accretive Investments

In August 2014, the acquisition of Aperia, a newly completed integrated mixed-use development in Kallang iPark was completed for a total transaction value of S\$458 million. Aperia has a total GFA of 86,696 sqm, consisting of two Business-1 towers (with a GFA of 72,290 sqm) and three levels of retail and amenity space (with a GFA of 14,406 sqm). Centrally located at the fringe of the Central Business District, Aperia is sited on a 60-year leasehold land which commenced in February 2012 and the land price of S\$218.3 million for the full 60-year tenure had been paid. The property was valued at S\$488 million as at 18 July 2014. Aperia is 27.7% occupied as at 30 September 2014 and has another 21.9% of its space committed; a further 15% of the space is under offer/negotiations.

The Manager continues to focus on improving returns from existing buildings via asset enhancement projects. During 2Q FY14/15, the asset enhancement works at Corporation Place, LogisTech and Techquest were completed. At Corporation Place and Techquest, the buildings' lifts, lobbies and restrooms were upgraded to improve marketability. To maximise plot ratio at LogisTech, a new 2-storey air-conditioned warehouse block was constructed to capitalise on the strong demand for such space in the eastern part of Singapore.

There is a plan to convert the property at 2 Senoko South Road into a multi-tenanted food factory upon the expiry of the existing lease in October 2014. The proposed works will involve reconfiguration of floor layout, installation of mechanical ventilation for sub-divided units, new loading/unloading bays, new cargo lifts, toilets etc. Work will begin immediately upon obtaining the relevant approvals.

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

Proactive Capital Management

In 2Q FY14/15, the Manager issued HKD620 million 3.5-year Notes and HKD640 million 15-year Notes (total of S\$203 million) under its Medium Term Note Programme. Both loans

were competitively priced and they further diversified A-REIT's source of funds. The funds were used to refinance short-term borrowings and the acquisition of Aperia.

The proportion of unencumbered investment properties increased to 85.8% (from 84.7% as at 30 June 2014), and the weighted average tenure of debt outstanding extended to 4.0 years from 3.7 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 risk exposure of the portfolio. About 68.8% of A-REIT's interest rate risk exposure is hedged with a weighted average duration of 3.2 years remaining.

A-REIT's aggregate leverage stands at 32.6% as at 30 September 2014. With debt headroom of around S\$1.8 billion before its aggregate leverage reaches 45%, A-REIT is well-positioned to continue to seize investment opportunities when they arise.

Outlook for FY14/15

With 12.8% of vacant space in A-REIT's portfolio, there could be potential upside when some of the space 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 such leases are renewed.

In China, the Manager will continue to adopt a prudent approach while seeking 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 a more sustainable growth driven by domestic consumption 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 balance of the financial year ending 31 March 2015.

- End -

Annex A:

New asset enhancement works committed in 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	Science Hub	8.4	1Q 2015
	TOTAL	25.6	

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

Located in Singapore Science Park II, 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 created will enhance vibrancy in the Park, benefit existing tenants and improve marketability of the properties within Singapore Science Park II. The asset enhancement works are expected to complete by 2Q 2015.

2) Science Hub for S\$8.4 million

Science Hub, located in Singapore Science Park I, 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	1 Changi Business Park Crescent	8.1	4Q 2014
5	Corporation Place	14.5	Completed in Aug-14
6	LogisTech	6.6	Completed in Aug-14
7	Techquest	4.3	Completed in Jul-14
	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 on a sale-and-leaseback basis in 2004. The enhancement work includes building a new 4-storey warehouse block with 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 within Singapore Science Park II. It is within a 5 minutes' drive to the National University of Singapore and is about 15 minutes' drive to 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) 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. Estimated completion is 4Q 2014.

5) 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 lifts and toilets have been upgraded, and extended lobbies and physical connectivity between all lobbies were created. The upgrading was completed in August 2014 and is expected to improve the marketability of the building.

6) LogisTech for S\$6.6 million

LogisTech is located in Changi International LogisPark (north) and in close proximity to the Changi Airport, is easily accessible via major expressways (ECP, PIE and TPE). The new 2-storey air-conditioned warehouse annex block of 3,370 sqm was completed in August 2014 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. .

7) 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, completed in July 2014, comprised improving building efficiency and specifications through reconfiguration of floor layout and upgrading of façade, restrooms, lobbies, etc. to improve marketability.

Works in progress: Development project committed before FY13/14

	Development	Value (S\$m)	Estimated Completion
1	DBS Hub Asia Phase 2	21.8	2Q 2015
	TOTAL	21.8	

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.

- End -

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 104 properties in Singapore, comprising business and science park properties, hi-specs industrial properties, light industrial properties, logistics and distribution centres, integrated development, amenities and retail properties and 2 business park properties in China. As at 30 September 2014, total assets amount to about S\$7.9 billion. These properties house a tenant base of around 1,360 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, Zuelig 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 Group (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 2,700 customers in 26 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 listed as the first Indian property trust in Asia. 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.