

A-REIT's Total Amount Available for Distribution in FY14/15 grew by 2.7% y-o-y to S\$351.1 million

Highlights:

1. Occupancy rates for the portfolio as at 31 March 2015 improved to 87.7%.
2. Achieved average positive rental reversion of 8.3% for the portfolio in FY14/15.
3. 4Q FY14/15 Distribution per Unit ("DPU") grew by 4.5% y-o-y and 3.3% q-o-q

Summary of A-REIT's Group Results (For the financial years ended 31 March)

	FY14/15	FY13/14	Variance
Number of Properties	107 ⁽¹⁾	105	+2
Gross revenue (S\$ million)	673.5	613.6	+9.8%
Net property income (S\$ million)	462.7	436.0	+6.1%
Total amount available for distribution (S\$ million)	351.1	342.0	+2.7%
DPU for the financial year (cents) ⁽²⁾⁽³⁾	14.60	14.24	+2.5%
DPU for the 4th quarter (cents) ⁽²⁾⁽³⁾	3.71	3.55	+4.5%

Notes:

(1) Includes 26 Senoko Way which was divested on 7 April 2015 (in FY15/16).

(2) As at the date of this announcement, none of the S\$300 million Exchangeable Collateralised Securities with maturity date on 1 February 2017 had been converted into A-REIT's Units. As at 31 March 2015, 2,405,706,572 Units are in issue, compared to 2,402,521,658 Units in 31 March 2014.

(3) With effect from 1 April 2014, A-REIT adopted a semi-annual distribution frequency, with distributions being made for the quarters ending 30 September and 31 March in each year.

23 April 2015, 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 FY14/15, A-REIT's total amount available for distribution grew 2.7% year-on year ("y-o-y") to S\$351.1 million.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, “Capitalising on available market opportunities, A-REIT’s portfolio grew to S\$8.2 billion from S\$7.4 billion a year ago, mainly through the addition of Aperia, Hyflux Innovation Centre and The Kendall. In FY14/15, we continued to focus on broadening and deepening our tenant base, and increase the proportion of our business and science park, integrated development and high-specifications segments to make up 64% of our portfolio. Given the changing and challenging landscape in Singapore, we will continue to explore other opportunities for growth.”

A Well Diversified and Resilient Portfolio

As at 31 March 2015, A-REIT continues to have a portfolio of long and short term leases (21.9% and 78.1% by property value respectively) with a weighted average lease to expiry of about 3.8 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 32.5% 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.

Occupancy rates for the overall portfolio and multi-tenant buildings improved to 87.7% (Dec 2014: 86.8%) and 83.0% (Dec 2014: 82.8%) respectively. This is mainly attributable to higher occupancies at Aperia, 21 Jalan Buroh and A-REIT City @Jinqiao. Notably, the new development, Aperia, secured 82% committed occupancy within eight months from acquisition. 21 Jalan Buroh, a logistics property, was leased to a single tenant in two phases, and has achieved full occupancy in 4Q FY14/15. Occupancy at A-REIT City @Jinqiao (Shanghai) has gradually improved to 56.4% as at 31 March 2015. Another 6.3% of net lettable area (“NLA”) is under offer/negotiations at A-REIT City @Jinqiao.

Positive rental reversion was achieved across all segments of the portfolio. A weighted average rental reversion of 8.3% was achieved for leases renewed in FY14/15.

The top 10 tenants accounted for not more than 19.2% of A-REIT’s total portfolio income. With around 1,410 tenants in a portfolio of 107 properties (as at 31 March 2015) in Singapore and two in China, A-REIT is well-diversified in terms of rental income where no single property accounts for more than 4.8% of A-REIT’s monthly gross revenue.

As at 31 March 2015, leases for about 18.1% of A-REIT's property income will be due for renewal. 3.8% were leases of single-tenant buildings and 14.3% were leases of multi-tenant buildings. The Manager is proactively working on the renewal of these leases.

A-REIT's portfolio is revalued every year. For the financial year ended 31 March 2015, the portfolio achieved a revaluation gain of S\$47.0 million. The weighted average capitalisation rate of its Singapore portfolio remained stable at 6.46% vs 6.57% in FY13/14.

Disciplined and Yield Accretive Investments

The Manager continues to focus on improving returns from existing buildings via asset enhancement projects. During the financial year, the Manager completed the acquisitions of three high-quality properties for a total investment amount of S\$770.6 million.

- 1) Hyflux Innovation Centre, a prime high-specifications property located at Bendemeer Road was acquired for S\$193.9 million in June 2014. Hyflux has leased 50% of the gross floor area for 15 years.
- 2) Aperia is a newly completed integrated mixed-use development in the Lavender precinct. The acquisition was completed in August 2014 for S\$463 million. Aperia is home to renowned companies such as Intel, Roche Diagnostics, Audi, Cardinal Health, McDonald's and popular retailers such as Cold Storage, Tim Ho Wan and Old Town Cafe. More recent Business-1 tenants include DHL Express and Dimension Data.
- 3) The Kendall was acquired from A-REIT's sponsor, Ascendas Group, for S\$113.7 million in March 2015. The Kendall is located in the Singapore Science Park II and caters to Research & Development and related companies. This is the 19th acquisition from the sponsor since the IPO with 8 properties in 2002.

In March 2015, the Manager secured a 57,513 sqm plot of land to develop a logistics property in Jiashan, at the south-western border of Shanghai, China. A single-storey logistics facility with a gross floor area of approximately 35,244 sqm, based on a plot ratio utilisation rate of 0.6 (permitted 1.5), will be built on the site and is expected to complete in the first quarter of 2016. The total cost of the development, including the cost of the land is approximately RMB105.2 (or approximately S\$23.7 million). With China's rising domestic consumption and booming e-commerce market, there has been higher demand for modern logistics facilities located close to major markets. Most of the current warehouses in China are unable to meet the standards required by logistics providers, hence demand has continued to outpace the limited supply. The Manager believes that leasing activity and

rentals of logistics properties will be well supported by the on-going developments in China. Pre-completion marketing of the space has already commenced.

The Manager continues to focus on improving returns from its existing properties via asset enhancement initiatives. During FY14/15, a total of 7 asset enhancement works with a value of around S\$60.0 million were completed. The Manager embarked on three new asset enhancement initiatives during the year. One of which, Oasis (formerly Science Hub), has been completed. On-going asset enhancement and development projects amount to approximately S\$136.7 million.

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

Divestment

During the financial year, the Manager completed the divestment of 1 Kallang Place to its incumbent tenant, Flextronics Manufacturing (Singapore) Pte Ltd for S\$12.6 million, realising capital gains of S\$0.4 million over the original cost of investment. The property has remaining land tenure of about 10 years. This is the 3rd divestment by A-REIT.

The Manager will continue to selectively divest properties that have reached a stage which offers limited scope for further income growth and to recycle capital and optimise A-REIT's portfolio. In April 2015, the Manager also divested 26 Senoko Way to JTC Corporation for S\$24.8 million.

Proactive Capital Management

A-REIT's aggregate leverage was maintained at 33.5% as at 31 March 2015. With debt headroom of around S\$1.7 billion before its aggregate leverage reaches 45%, A-REIT is well-positioned to seize investment opportunities when they arise.

Weighted average all-in borrowing cost is maintained at 2.7%. About 68.2% of A-REIT's interest rate risk exposure is hedged with a weighted average duration of 3.7 years remaining.

The proportion of unencumbered investment properties stands at 86.1% (85.8% as at 31 December 2014), and the weighted average tenure of debt outstanding is 3.6 years.

Outlook for FY15/16

With 12.3% vacant space in A-REIT's portfolio, there could be potential upside when some of the space is leased, the speed of which will largely depend on prevailing market conditions. In addition, the average passing rental rates of most of the leases in our portfolio due for renewal in FY15/16 are still below market spot rental rates; hence, moderate positive rental reversion can be expected when such leases are renewed.

However, the changing industrial property landscape in Singapore poses challenges. Stringent government policies, as well as the conversion of single-tenant to multi-tenant buildings, may still cause short term volatility in occupancy rates. The Manager will continue to improve and reposition A-REIT's assets to serve the needs of current and prospective tenants. Simultaneously, A-REIT will continue to evaluate and seek growth opportunities as and when they arise.

In China, the Manager will adopt a cautious approach while seeking opportunities in the business park and logistics segments. Over the longer term, demand for high quality business and logistics 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 events 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 2016.

- End -

Annex A:

On-going Asset Enhancement Works: S\$91.2 million

	Asset Enhancement Works	Value (\$m)	Estimated Completion	Committed Period
1	2 Senoko South Road	12.1	4Q 2015	FY14/15
2	SSPARKLE @SP2 (Gemini-Aries link)	17.2	2Q 2015	FY14/15
3	40 Penjuru Lane (formerly C&P Logistics Hub)	35.7	4Q 2015	FY13/14
4	Techlink and Techview	26.2	4Q 2015	FY13/14
	TOTAL	91.2		

1) 2 Senoko South Road for S\$12.1 million

Well-located within JTC's designated Food Zone in Senoko area, 2 Senoko South Road will be converted from the existing single-tenant food factory into a multi-tenant light industrial food building. The proposed works will involve the reconfiguration of floor layout, installation of mechanical ventilation for sub-divided units, new loading/unloading bays, new cargo lifts, toilets etc. Post-enhancement, 2 Senoko South Road will be well positioned to cater to tenants looking for units with good specifications for their food production, processing, storage and central kitchen activities.

2) SSPARKLE @SP2 (Gemini-Aries link) 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.

3) 40 Penjuru Lane (formerly C&P Logistics Hub) for S\$35.7 million

40 Penjuru Lane 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 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.

4) Techlink and Techview for S\$26.2 million

Techlink and Techview are multi-tenant 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 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.

Completed Asset Enhancement Works in 4Q FY14/15: S\$19.5 million

	Asset Enhancement Works	Value (S\$m)	Completion
1	Oasis (formerly Science Hub)	8.4	Jan 2015
2	The Alpha	11.1	Jan 2015
	TOTAL	19.5	

1) Oasis (formerly Science Hub) for S\$8.4 million

Oasis, 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 facility for business and recreational activities and providing wider food and beverage options and other amenities for tenants. The asset enhancement works were completed in January 2015.

2) 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 building's 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 were completed in January 2015.

Development Projects: S\$45.5 million

	Development	Value (S\$m)	Estimated Completion	Committed Period
1	Jiashan Logistics Facility	23.7	1Q 2016	FY14/15
2	DBS Hub Asia Phase 2	21.8	April 2015 (TOP)	FY13/14
	TOTAL	45.5		

1) Jiashan Logistics Facility (Shanghai) for S\$23.7 million

The Manager is developing a single-storey modern logistics facility with GFA of approximately 35,244 sqm in Jiashan, at the south-western border of Shanghai, China. The total cost of the development, including the cost of the land is approximately RMB105.2 million (or approximately S\$23.7 million). The land has an area of 57,513 sqm and lease tenure of 50 years. The rapid rise of e-commerce businesses and robust domestic consumption has driven demand for modern logistics facilities in China. The development is expected to complete in 1Q 2016.

2) 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 and completed in April 2015. DBS Asia Hub Phase 2 is a new 6-storey business park annex building with an estimated GFA and NLA of 7,081 sqm and 6,074 sqm respectively. DBS Bank will lease the entire block from 2Q 2015 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.

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About A-REIT (www.a-reit.com)

A-REIT is Singapore's first and largest 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 31 March 2015, total assets amount to about S\$8.2 billion. These properties house a tenant base of around 1,410 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 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 2,400 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 assumptions, 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 similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support A-REIT's 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.