

A-REIT's Total Amount Available for Distribution for 2Q FY15/16 grew by 14.0% y-o-y to S\$100.2 million

Highlights:

1. 2Q FY15/16 Distribution per Unit ("DPU") grew by 13.7% y-o-y to 4.160 cents. Including a proforma adjustment⁽⁴⁾ for 2Q FY15/16, DPU would have grown by 6.3% y-o-y.
2. Portfolio occupancy as at 30 September 2015 improved to 89.0% from 88.8% a quarter ago.
3. Achieved average positive rental reversion of 9.1% for the portfolio in 2Q FY15/16.

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

	2Q FY15/16	2Q FY14/15	Variance (%)
Number of Properties	104 ⁽¹⁾	106	-
Gross revenue (S\$ million)	182.6	164.8	+10.8
Net property income (S\$ million)	123.8	114.7	+8.0
Total amount available for distribution (S\$ million)	100.2	87.8	+14.0
DPU for the 2 nd quarter (cents) ⁽²⁾⁽³⁾	4.160	3.660	+13.7
Recurrent amount available for distribution (S\$ million)	93.6	87.8	+6.6
Recurrent DPU for the 2 nd quarter (cents) ⁽⁴⁾	3.889	3.660	+6.3

Notes:

- (1) A-REIT has 102 properties in Singapore and 2 properties in China.
- (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 30 September 2015, 2,407,795,198 Units are in issue, compared to 2,404,060,171 Units in 30 September 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.
- (4) Adjusted for a one-off distribution of taxable income from operations of S\$6.5 million (DPU impact of 0.271 cents) for 2Q FY15/16 in relation to a rollover adjustment from prior years arising from a ruling by IRAS on the non-deductibility of certain upfront financing fees incurred in FY09/10 for certain credit facilities.

22 October 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 2Q FY15/16, A-REIT’s total amount available for distribution grew 14.0% year-on year (“y-o-y”) to S\$100.2 million.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, “Despite the challenging operating environment, A-REIT achieved a creditable performance in the second quarter of the financial year. Net property income rose year-on-year with contributions from new acquisitions, completed asset enhancement initiatives, higher rental reversion and occupancy. We look forward to the completion of the proposed Australian acquisition, which will further diversify our portfolio and enhance value for Unitholders.”

A Well Diversified and Resilient Portfolio

As at 30 September 2015, A-REIT continues to own a portfolio of long and short term leases (21.5% and 78.5% by property value respectively) with a weighted average lease to expiry (“**WALE**”) of about 3.6 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 32.8% 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 89.0% (Jun 2015: 88.8%) and 84.9% (Jun 2015: 84.7%) respectively. This was mainly attributable to higher occupancies at 40 Penjuru Lane (75.5% from 70.9% in 1Q FY15/16), Aperia (90.4% from 83.9% in 1Q FY15/16) and A-REIT City @Jinqiao (60.7% from 58.1% in 1Q FY15/16).

Positive rental reversion was achieved across all segments of the portfolio. A weighted average rental reversion of 9.1% was achieved for leases renewed in 2Q FY15/16. Weighted average lease term of new leases signed in 2Q FY15/16 was 3.0 years.

The top 10 tenants accounted for not more than 19.0% of A-REIT’s total portfolio income. With around 1,430 tenants in a portfolio of 102 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 6.0% of A-REIT's monthly gross revenue.

At the beginning of FY15/16, about 18.1% of A-REIT's property income was due for renewal, of which 3.8% was leases of single-tenant buildings and 14.3% was leases of multi-tenant buildings. The Manager proactively negotiated and secured renewal commitments for expiring leases during the past quarter. As at 30 September 2015, leases for about 10.2% of A-REIT's property income were due for renewal (2.3% relating to single-tenant buildings tenancies and 7.9% relating to multi-tenant buildings tenancies).

Disciplined and Yield Accretive Investments

In September 2015, the Manager announced the proposed acquisition of a portfolio of 26 logistics properties located in Australia for A\$1,013.0 million (S\$1,013.0 million)¹. The portfolio comprises a gross floor area ("GFA") of approximately 630,946 sqm across 26 prime logistics properties on freehold land in the key Australian cities of Sydney, Melbourne, Brisbane and Perth. The acquisition will establish A-REIT as the 8th largest industrial landlord in Australia and diversify A-REIT's portfolio geographically. A-REIT portfolio will also be strengthened with the addition of mostly new logistics properties (average age of 6.4 years) with a WALE of 5.9 years as at 30 September 2015. The acquisition is expected to complete in 4Q 2015.

The Manager continues to focus on improving returns from existing buildings via asset enhancement. In 2Q FY15/16, the Manager completed the enhancement works at Techlink and Techview to maximise plot ratio and upgrade specifications to reposition the properties. At Honeywell Building, enhancement works to the main entrance foyer and drop-off point, lift lobby, restrooms and common corridors were also completed.

There are four on-going asset enhancement projects and a logistics development project in Jiashan, China, which amount to approximately S\$94.9 million.

¹ For more information, please refer to the press release "A-REIT makes maiden acquisition of logistics portfolio in Australia for A\$1,013.0 million" on 18 September 2015.

Divestment

In September 2015, the Manager completed the divestment of BBR Building to BBR Holdings (S) Ltd for S\$13.9 million and realised capital gains of S\$6.8m over the original cost of investment. 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.

Proactive Capital Management

A-REIT's aggregate leverage was 34.6% as at 30 September 2015.

Taking into account the proposed acquisition of the Australian logistics portfolio and S\$300 million 4.75% perpetual securities issued on 14 October 2015, aggregate leverage is expected to increase to 37.8%.

Weighted average all-in borrowing cost is approximately 2.7%. About 72.1% of A-REIT's interest rate risk exposure is hedged with a weighted average duration of 3.4 years remaining.

The proportion of unencumbered investment properties remained unchanged at 86.2% (86.2% as at 30 June 2015), and the weighted average tenure of debt outstanding is 3.6 years.

Outlook for FY15/16

With 11.0% 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 industrial property market conditions in Singapore are expected to remain challenging. With significant new supply and tepid economic growth both in Singapore and globally, there may be pressure on occupancy growth. 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 evaluate and seek growth opportunities in developed and

mature markets to deliver stable distributions to and maintain capital stability for our Unitholders.

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 –

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 102 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 2015, total assets amount to about S\$8.3 billion. These properties house a tenant base of around 1,430 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 and a member of the Ascendas-Singbridge Group.

About Ascendas Group (www.ascendas.com)

A member of the Ascendas-Singbridge Group, 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, Malaysia, 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.