

Press Release
21 July 2016



A-REIT's 1Q FY16/17 estimated DPU rose 4.0% y-o-y to 3.996 cents

Highlights:

1. 1Q FY16/17 Distribution per Unit (DPU) grew 4.0% y-o-y to 3.996 cents.
2. Performance boosted mainly by contributions from the Australia Portfolio and ONE@Changi City.
3. Portfolio occupancy improved to 88.2% from 87.6% a quarter ago.
4. Achieved average positive rental reversion of 4.1% for the Singapore portfolio in 1Q FY16/17.

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

	1Q FY16/17	1Q FY15/16	Variance	4Q FY15/16	Variance
Number of Properties	131 ⁽¹⁾	105	+26	133	-2
Gross revenue (S\$ million)	207.6	180.5	+15.0%	204.0	+1.7%
Net property income (S\$ million)	149.5	124.3	+20.3%	143.5	+4.2%
Total amount available for distribution (S\$ million)	106.9	92.5	+15.5%	89.1	+19.9%
DPU before performance fee					
DPU for the 1 st quarter (cents) ⁽⁵⁾	3.996 ⁽²⁾	3.841 ⁽³⁾	+4.0%	3.759	+6.3%
DPU after performance fee					
DPU for the 1 st quarter (cents) ⁽⁵⁾	3.996 ⁽²⁾	3.841 ⁽³⁾	+4.0%	3.410 ⁽⁴⁾	+17.2%

Notes:

- (1) As at 30 June 2016, A-REIT has 102 properties in Singapore, 27 properties in Australia and 2 properties in China.
- (2) Includes taxable, tax exempt and capital distributions of 3.817 cents, 0.161 cents and 0.018 cents respectively.
- (3) Includes taxable tax exempt and capital distributions of 3.777 cents, 0.046 cents and 0.018 cents respectively.
- (4) Includes taxable, tax exempt and capital distributions of 3.247 cents, 0.146 cent and 0.017 cents respectively.
- (5) The estimated DPU for 1Q FY16/17 have been computed on the basis that no Exchangeable Collateralised Securities will be exchanged into Units before the next books closure date. Accordingly, the actual quantum of DPU may differ if A-REIT receives Exchange Notices before the next books closure date.

21 July 2016, 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 FY16/17, A-REIT's total amount available for distribution grew 15.5% year-on year (y-o-y) to S\$106.9 million.

Estimated 1Q FY16/17 DPU rose 4.0% y-o-y to 3.996 cents boosted mainly by the Australia Portfolio and ONE@Changi City, which were acquired in the second half of FY15/16. Lower utilities expenses also contributed due to lower rates contracted for certain properties with effect from 1Q FY16/17.

Mr Chia Nam Toon, Chief Executive Officer and Executive Director of the Manager said, "A-REIT achieved a steady set of results for 1Q FY16/17 performance despite tough market conditions. Our new acquisitions contributed to the performance, while the existing properties remained resilient with moderately improved occupancies and rental reversions. We are mindful of the current challenging environment but will endeavour to deliver steady performance for the rest of the year."

Value-adding Asset Enhancements

The Manager continues to focus on improving returns from existing properties via asset enhancement initiatives. A total of three enhancement projects were completed in 1Q FY16/17, while another three are on-going as at 30 June 2016. Works at 279 Jalan Ahmad Ibrahim (formerly known as IDS Logistics Corporate HQ) commenced in the quarter, and will cost approximately S\$61.4 million. The site will be redeveloped into a new 3-storey ramp-up warehouse with regular floor plates and will optimise the available plot ratio.

Capital Recycling

In 1Q FY16/17, the Manager completed two divestments - Four Acres Singapore and A-REIT Jiashan Logistics Centre (in Shanghai) for S\$34.0 million and S\$25.4 million¹ (RMB 125.0 million) respectively. Total capital gains of about S\$3.8 million were realised over the original cost of investments.

¹ Based on exchange rate of RMB1.00 = SGD 0.2035

On 11 July 2016, the Manager also completed the divestment of Ascendas Z-Link (in Beijing). The sale price of S\$154.7 million¹ (RMB 760.0 million) is equivalent to 2.5 times the original price of about S\$61.8 million¹ (RMB 303.7 million) paid in 2011 for the property.

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.

A Well Diversified and Resilient Portfolio

A-REIT is well-diversified in terms of rental income. The customer base is about 1,450 tenants spread over 102 properties in Singapore, 27 in Australia and 2 in China as at 30 June 2016. No single property accounts for more than 5.6% of A-REIT's monthly gross revenue. The stability of A-REIT's future performance is underpinned by the diversity and depth of its portfolio.

As at 30 June 2016, A-REIT owns a portfolio of properties with long and short term leases (26.3% and 73.7% by property value respectively). A-REIT's portfolio has a weighted average lease to expiry (WALE) of about 3.6 years.

In Singapore, occupancy improved to 88.3% (as at June 2016) from 87.9% (as at March 2016) mainly due to new takeup at 40 Penjuru Lane and 5 Toh Guan Road East in the logistics cluster.

Overall portfolio occupancy rate also rose to 88.2% (as at June 2016) from 87.6% (as at March 2016) as a result of the divestment of A-REIT Jiashan Logistics Centre and improved occupancy at A-REIT City@Jinqiao to 59.9% from 56.7%. On the other hand, the Australia portfolio saw a decline in occupancy to 90.9% from 94.7% due to the expiry of a single tenant lease at 494 Great Western Highway (Sydney).

Positive rental reversion was achieved across all segments of the Singapore portfolio. A weighted average rental reversion of 4.1% was achieved for leases renewed in 1Q FY16/17.

Tenants from the transport and storage sector accounted for the largest proportion of new demand (30.0%) based on gross income for the quarter.

About 14.9% of A-REIT's gross revenue will be due for renewal for the remaining of FY16/17. Of these expiring leases, 2.3% are from single-tenant buildings and 12.6% are from multi-tenant buildings. The Manager is proactively working on the renewal of these leases.

Proactive Capital Management

Aggregate leverage stood at 37.0% as at 30 June 2016 and weighted average all-in cost of borrowing is 3.0% for the quarter. About 75.9% of A-REIT's interest rate risk exposure is hedged with a weighted average duration of 3.8 years remaining.

The debt maturity profile remains well-spread and weighted average tenure of debt outstanding is 3.3 years.

We continue to enjoy the A3 credit rating by Moody's.

Outlook for FY16/17

Singapore

Leases for about 16.6% of gross revenue in Singapore are due for renewal in FY16/17. Modest rental reversion can be expected as the average passing rental rates are close to the current market rates.

The industrial property market condition in Singapore is expected to remain challenging. With significant new supply and tepid economic growth both in Singapore and globally, there may be pressure on occupancy growth in Singapore.

With 11.7% vacant space in the Singapore portfolio, there is potential upside when the space is leased.

Press Release



Australia

Demand for logistics space is expected to be strong, backed by a fairly steady labour market, weaker Australian dollar and firm consumer spending. Thus, the outlook is positive for the 9.1% of vacant space and 2.2% of gross revenue due for expiry in FY16/17 in Australia's portfolio.

Barring any unforeseen events and any weakening of the economic environment, the Manager expects A-REIT to maintain a stable performance for the financial year ending 31 March 2017.

- 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. In Australia, A-REIT owns 27 logistics properties and in China it owns two business park properties. As at 30 June 2016, total assets amount to about S\$9.8 billion. These properties house a tenant base of around 1,450 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, DBS, Citibank, Wesfarmers Group, JPMorgan, Ceva Logistics, Siemens, Biomedical Sciences Institutes, Hydrochem and Credit Suisse AG.

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-Singbridge Group (www.ascendas-singbridge.com)

Ascendas-Singbridge Group is Asia's leading provider of sustainable urban solutions. With the combined capabilities of Ascendas and Singbridge, the group is uniquely placed to undertake urbanisation projects spanning townships, mixed-use developments and business/industrial parks. Headquartered in Singapore, Ascendas-Singbridge has projects in 29 cities across 10 countries in Asia, including Australia, China, India, Indonesia, Singapore and South Korea.

Ascendas-Singbridge Group has a substantial interest in and also manages three Singapore-listed funds under its subsidiary Ascendas. Besides these listed funds – Ascendas REIT, Ascendas India Trust (a-iTrust) and Ascendas Hospitality Trust (A-HTRUST), Ascendas also manages a series of private real estate funds, which hold commercial and industrial assets across Asia.

Jointly owned by Temasek and JTC Corporation (JTC) through a 51:49 partnership, Ascendas-Singbridge Group is the asset and investment holding arm of the integrated urban solutions platform formed by Temasek and JTC to capitalise on urbanisation trends in the region.

For enquiries, please contact:

Yeow Kit Peng (Ms)
Head, Capital Markets & Corporate
Development
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8822
Email: kitpeng.yeow@ascendas-fms.com

Press Release



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.