Press Release
16 October 2013

A-REIT's Amount Available for Distribution grew by 9.3% y-o-y to S$86.4 million

Highlights:

1. 2Q FY13/14 amount available for distribution increased by 9.3% y-o-y to S$86.4 million

2. Distribution per Unit ("**DPU**") grew by 2.0% y-o-y, from 3.53 cents per Unit in 2Q FY12/13 to 3.60 cents per Unit in 2Q FY13/14

3. Achieved positive rental reversion, averaging 10.8%, across all segments of the portfolio

4. Completed acquisition of A-REIT City@Jinqiao in July 2013, with 25.3% of leasable space pre-committed and completed development of Nexus@one-north in September 2013, with 73.9% of leasable space pre-committed

5. Strong balance sheet with aggregate leverage at 29.7%

Summary of A-REIT's Group Results (For the three months ended 30 September 2013)

	2QFY13/14	**2QFY12/13**	**Variance (%)**
Gross revenue (S$ million)	151.7	143.3	5.8
Net property income (S$ million)	107.1	102.9	4.1
Amount available for distribution (S$ million)	86.4	79.1	9.3
DPU for the quarter (cents) (1)	3.60(2)	3.53	2.0

Notes:

(1) As at book closure date, none of the S$300 million collateral loan with maturity date on 1 February 2017 is converted into A-REIT's Units.

(2) DPU of 3.60 cents per Unit includes:

(a) taxable income distribution of 3.52 cents per Unit,

(b) tax-exempt income distribution of 0.05 cents per Unit. This income relates to a distribution of finance lease interest income (net of Singapore corporate tax) received from a tenant. It also includes the first distribution of incentive payment (net of Singapore corporate tax) received as income support for Ascendas Hi-Tech Development (Beijing) Co. Limited ("AHTDBC") in relation to the property in Beijing ("Z- Link"), for the period from October 2011 to March 2013. The intention is to distribute such income (net of Singapore corporate tax) semi-annually, together with the capital distribution relating to the net income from its subsidiary, AHTDBC (see note (c) below). A-REIT is entitled to receive such incentive income up to September 2016, subject to certain conditions and an aggregate of not exceeding $2.3 million (net of Singapore corporate tax). Incentive income received from April 2013 to March 2014 will be distributed in the following financial year, on a semi-annual basis. As tax has been withheld on this income, the distribution is exempt from tax in the hands of Unitholders, save for Unitholders who are holding the units as trading assets; and

(c) capital distribution of 0.03 cents per Unit. Capital distribution relates to a distribution of net income from A-REIT's subsidiary, AHTDBC, for the period from 3 October 2011 (date of acquisition) to 31 December 2012 (AHTDBC's financial year-end). The intention is to distribute such net income semi-annually. It is deemed as capital distribution as this income has yet to be remitted to A-REIT in Singapore as at 30 September 2013. Such distribution is not taxable in the hands of the Unitholders, save for Unitholders who are holding the units as trading assets.

16 October 2013, 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 FY13/14, A-REIT's amount available for distribution grew 9.3% year-on-year.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "A-REIT's portfolio continued to achieve positive rental reversion averaging 10.8% for leases renewed during the quarter. We expect this trend to continue for the remainder of the financial year, albeit at a more modest rate. The occupancy rate for the multi-tenanted portion of A-REIT's portfolio is about 83.9% (from 89.3% in the previous quarter). This drop in occupancy rate is due to the recent completion of 2 properties during the quarter, namely A-REIT City@Jinqiao and Nexus@one-north. Excluding these two new properties, the occupancy rate for the multi-tenanted portion of the portfolio would be about 89.8%, marginally higher than the previous quarter."

A Well Diversified and Resilient Portfolio

As at 30 September 2013, A-REIT continues to have a portfolio of long and short term leases (31% and 69% by property value respectively) with a weighted average lease to expiry of about 3.9 years. Long term leases are typically results of sale-and-leaseback or built-to-suit arrangements and these have stepped rental escalation, of which 31.5% of such leases incorporates 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.

At the beginning of the financial year, about 21.4% of A-REIT's property income was due for renewal, comprising 6.0% of single-tenanted buildings tenancies and 15.4% of multi-tenanted buildings tenancies. Through proactive asset management, this has been reduced to 10.5% (comprising 3.3% of single-tenanted buildings tenancies and 7.2% of multi-tenanted buildings tenancies) as at 30 September 2013. For leases renewed during the quarter, positive rental reversions were achieved across all segments of the portfolio with a weighted average increase of about 10.8%. For the financial year-to-date, the weighted average rental reversion for the portfolio is about 10.2%.

Occupancy rate for the portfolio and multi-tenanted buildings declined to 90.1% and 83.9% from 93.6% and 89.3% respectively from one quarter ago. This was mainly due to the completion of A-REIT City@Jinqiao and Nexus@one-north. Excluding these two new properties, the occupancy rate for the portfolio and multi-tenanted portion of the portfolio would be 93.9% and 89.8% respectively.

The Manager will capitalise on its leasing capabilities to improve occupancy of the portfolio so as to extract organic growth.

Disciplined and Yield Accretive Investments

During the quarter, the Manager completed the acquisition of A-REIT City@Jinqiao for a total consideration of S$124.6 million in July 2013. On 5 September 2013, A-REIT achieved Temporary Occupancy Permit for the development of Nexus@one-north. A-REIT City@Jinqiao has a net lettable area ("NLA") of 82,117 sqm and has achieved pre-commitment for 25.3% of the space. Nexus@one-north comprises two towers of 6-storey office and business park space with a NLA of 20,669 sqm. It has a current pre-commitment for about 73.9% of its NLA, with another 7.5% under negotiation.

The Manager continues to focus on improving returns from existing buildings via asset enhancement projects. We are pleased to report that asset enhancement works for 31 Ubi Road 1 and Xilin Districentre Building D were completed during the quarter. 31 Ubi Road 1 achieved commitment for about 46.7% of its NLA at about twice the existing passing rental with another 3.0% under offer. Xilin Districentre Building D achieved commitment for about 60.7% of its NLA with a further 34.1% under offer. Details of previously announced asset enhancement works are in **Annex A**.

The Manager had previously announced the proposed divestment of Block 5006 at Techplace II to Venture Corporation Limited for S$38 million. Block 5006 is one of the six blocks of flatted factory buildings in Techplace II. The transaction is undergoing regulatory approval with an expected completion date in 2H FY13/14.

Proactive Capital Management

The Manager continues to adopt a proactive stance towards capital management. A-REIT's aggregate leverage stands at 29.7% as at 30 September 2013. After funding of committed investments, aggregate leverage is expected to increase to 30.5%.

A-REIT's weighted term of debt is 3.5 years as at 30 September 2013 with a weighted average all-in borrowing cost of 2.74%. Interest rate swaps are used to manage or hedge the interest rate exposure of its debts. About 58.2% of A-REIT's interest rate exposure is hedged with a weighted average duration of 4.1 years remaining.

A-REIT does not have any major refinancing for the rest of the financial year.

Outlook for the financial year ending 31 March 2014

A-REIT had 21.4% of its revenue due for renewal at the beginning of FY13/14. As a result of its proactive portfolio management, this has been reduced to 10.5% at the end of 2Q FY13/14, thereby increasing the income stability of A-REIT. Furthermore, A-REIT's portfolio weighted average lease to expiry of about 3.9 years will provide sustainable and predictable earnings.

For the balance of the financial year, the passing rent of leases due for renewal is still below market spot rent and hence, positive rental reversion can be expected when these leases are renewed. Occupancy in certain properties may soften in the coming quarters; however, there could also be potential upside as the current portfolio vacancy of 9.9% is being leased out.

Barring any unforeseen event and any weakening of the economic environment, the Manager expects A-REIT to deliver a comparable performance with the previous financial year.

- End -

Annex A:

Asset enhancement works committed in FY13/14: S$33.5 million

1) 1 Changi Business Park Crescent (Plaza 8) for S$8.1 million (Commencing in 4Q 2013)

   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 improve the marketability of the property, and is expected to complete in 1Q2014.

2) Techquest for S$4.3 million (In progress)

   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 complete in 3Q 2014.

3) LogisTech for S$6.6 million (In progress)

   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.

4) Corporation Place for S$14.5 million (In progress)

   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 and be completed in 3Q 2014.

Work in progress: development and asset enhancement works committed in prior financial year: S$103.4 million

1) Asset enhancement for Techplace II for S$42.4 million (In progress)
   Strategically located in Ang Mo Kio and easily accessible to the Central Expressway and the MRT, Techplace II currently comprise a total of 6 blocks of flatted factory buildings and a canteen block. The Manager is developing a new factory block with ancillary F&B space totaling about 24,016 sqm through the maximisation of plot ratio from existing 2.05 times to 2.5 times. Works will also include the enhancement of the external façade of all buildings in the estate to improve the corporate image of the property. The project is scheduled for completion in 4Q 2013.

2) Asset enhancement for 31 International Business Park for S$13.2 million (In progress)
   Strategically located within the International Business Park and within the Jurong Lake District Development and easily accessible via major expressways, 31 International Business Park is one of six A-REIT properties in International Business Park. The asset enhancement works comprise conversion of the property into a multi-tenanted property and upgrading of the building specifications to meet contemporary expectations and is expected to complete in 4Q 2013. About 81.5% of lettable area has been committed.

3) Asset enhancement at 1 Changi Business Park Avenue 1 for S$12.0 million (In progress)
   One of A-REIT's six buildings within the Changi Business Park, the property is next to the Expo MRT station and is easily accessible via the Pan Island Expressway and the East Coast Parkway Expressway. The property was acquired in October 2003 and leased to a single-user. In view of the healthy demand for quality business space within the Changi Business Park, the Manager took advantage of the expiring lease to upgrade the building to position it to be comparable with the newest properties within the vicinity. Building specifications such as toilets, lifts and building facades are in the process of being upgraded and is expected to complete in 4Q 2013.

4) Asset enhancement at Techpoint for S$7.0 million (In progress)
   Situated along Ang Mo Kio Street 65, Techpoint is easily accessible to major transport routes via major expressways. The asset enhancement will improve existing building specifications and finishing so as maintain Techpoint as a state-of-the-art hi-specs industrial building. The works is scheduled for completion in 1Q 2014.

5) Asset enhancement at 5 Toh Guan Road East for S$7.0 million (In progress)

   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 is expected to complete in 2Q 2014.

6) DBS Asia Hub Phase 2 for S$21.8 million (To commence in 4Q 2013)

   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 will commence in 4Q 2013 and create a new 6-storey business park annex building with an estimated gross floor area and net lettable floor area of 7,081 sqm and 6,074 sqm respectively. Upon completion, expected in 4Q 2014, 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.

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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 September 2013, total assets amount to about S$7.1 billion. These properties house a tenant base of over 1,200 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, C&P Logistics, Siemens, Honeywell, Zuellig Pharma, Citibank N.A., OSIM International, DBS Bank, Federal Express, Baidu, Inc., Johnson & Johnson, RSH, Infineon Technologies, Procter & Gamble and Hyflux.

A-REIT is listed in several indices. These include 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 and FTSE ST Mid Cap. 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 the Ascendas Group (www.ascendas.com)
Ascendas is Asia's leading provider of business space solutions with more than 30 years of experience across the region. Based in Singapore, Ascendas has built a strong regional presence and serves a global clientele of over 2,400 customers in 33 cities across 10 countries including Singapore, China, India, South Korea and Australia.

Ascendas specializes in masterplanning, developing, managing and marketing IT parks, industrial & logistics parks, business parks, science parks, hi-specs facilities, office and retail space for a host of industries. 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 hotel spaces to create conducive human-centric work-live-play-learn environments. Its flagship projects include the Singapore Science Park, International Tech Park Bangalore in India, Dalian-Ascendas IT Park in China and Carmelray Industrial Park II in the Philippines. Ascendas provides end-to-end real estate solutions, assisting corporate customers through 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 Asia's first listed Indian property trust. In July 2012, Ascendas listed Ascendas Hospitality Trust (A-HTRUST), which comprises a portfolio of 11 quality hotels in China, Japan and Australia. 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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