

Press Release
17 October 2012



A-REIT's Amount Available for Distribution grew by 12.2% y-o-y

Highlights:

1. 2Q FY12/13 amount available for distribution increased by 12.2% y-o-y to S\$79.1 million
2. Distribution per Unit ("DPU") grew by 4.4% y-o-y to 3.53 cents
3. Positive rental reversion, averaging about 12.8%, was achieved throughout all segments of the portfolio
4. New asset enhancement works to be undertaken at 31 Ubi Road 1 and 1 Changi Business Park Avenue 1 to upgrade building specifications and to enhance marketability of the buildings
5. Strong balance sheet with aggregate leverage of 32.5%

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

	2QFY12/13	2QFY11/12	Variance (%)
Gross revenue (S\$ million)	143.3	121.7	17.7
Net property income (S\$ million)	102.9	90.6	13.6
Amount available for distribution (S\$ million)	79.1	70.5	12.2
DPU for the quarter (cents) ⁽¹⁾ ⁽²⁾	3.53	3.38	4.4

1. In 2QFY11/12, DPU included a distribution of 0.05 cents which was classified as capital distribution from a tax perspective, equivalent to the amount of interest income (net of tax) from a finance lease with a tenant. In 2QFY12/13, the Inland Revenue Authority of Singapore ("IRAS") had ruled that the income received from the finance lease with a tenant qualifies for tax transparency treatment. Thus the income from the finance lease with a tenant which is distributed will be classified as distribution from operations and not as capital distribution with effect from this quarter.
2. 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. DPU in the table is computed based on total applicable number of units as at 30 September 2012 and 30 September 2011.

17 October 2012, 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 announce a year-on-year increase of 12.2% in A-REIT's amount available for distribution and a 4.4% increase in DPU.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, “Gross revenue increased 17.7% y-o-y to S\$143.3 million mainly due to investments that were completed in the prior year. However, this increase was offset by higher electricity charges, maintenance & conservancy cost as well as land rent, resulting in a smaller increase of 13.6% in net property income to S\$102.9 million. Year-to-date organic growth was 5.0%.

We are pleased to maintain the q-o-q DPU level despite increasing A-REIT’s outstanding unit base by an additional 150 million units (or about 7.2% increase) following the private placement in May 2012. This is a significant outcome in the light of an increasingly uncertain global macroeconomic environment.”

A Well Diversified and Resilient Portfolio

During the quarter, A-REIT renewed and signed new leases (including expansion by existing tenants) of 73,874 sqm, representing about 6.1% of the net lettable space of A-REIT’s multi-tenanted buildings. A-REIT is able to service a wide range of real estate needs through its diversified portfolio of 102 properties. It has a total customer base of about 1,200 local and international companies across more than 20 industries with only about 19.8% of A-REIT’s lettable area used for conventional manufacturing activities.

The portfolio has a healthy mix of long and short term leases (38% and 62% by portfolio value respectively) spread across 101 properties in Singapore and a business park facility in China. The weighted lease term to expiry is 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 32.3% of such leases incorporates CPI based adjustment. These long term leases provide stability and predictability in earnings. Short term leases are typically of three-year duration where rental rates are marked-to-market upon renewal.

Occupancy rate for the portfolio and multi-tenanted buildings (on a same-store basis) improved marginally to 96.6% and 93.4% respectively from 96.4% and 92.8% a quarter ago. Positive rental reversion on renewal ranging between 9.5% and 13.3% with a weighted average of 12.8% over the preceding rental rate was achieved throughout all segments of the portfolio.

Disciplined and Yield Accretive Investments

As part of the Manager’s proactive asset management strategy, asset enhancement works for 31 Ubi Road 1 (formerly Aztech Building) and 1 Changi Business Park Avenue 1

(formerly Ultro Building) will be undertaken to upgrade the properties as well as to enhance their marketability.

Strategically located along Paya Lebar Road and in close proximity to the MacPherson MRT Station, 31 Ubi Road 1 was acquired from Aztech Group in February 2006, with a leaseback term of 7 years. The property has a lettable area of 13,807 sqm. The Manager plans to upgrade the existing building specifications and enhance the building façade to reposition the building from a light industrial building to a high-specs industrial property. This will include improvements to the lift lobbies, erection of new canopies as well as modernization of the lifts. The works is estimated to cost about S\$7.0 million and completion is expected in 2Q 2013.

1 Changi Business Park Avenue 1 is one of A-REIT's six buildings in Changi Business Park. Acquired from Ultro Technologies Limited in October 2003 with a 10-year leaseback term, the property has a lettable area of 10,127 sqm. The Manager will be upgrading the building specifications (toilets, lifts and building facades) to convert the building into a multi-tenanted property comparable with the best property in Changi Business Park. The asset enhancement works will cost about S\$12.0 million and is expected to complete in two phases with the first phase completion in 3Q 2013 and final completion in 4Q 2013.

The Manager has also committed to the following development and asset enhancement projects (details of which were previously announced):

- 1) Development of Unilever Four Acres Singapore for Unilever Asia Private Limited
Unilever Four Acres Singapore is a global leadership development centre at Nepal Hill, within the one-north region. This development is Unilever's second global leadership development centre in the world and its first in Asia and is expected to train up to 900 people a year. The S\$32.3 million project is expected to be completed in 1Q 2013. The facility will have a total gross floor area of about 9,180 sqm comprising a 3-storey training block, a 1-storey business and recreational centre and 10 black-and-white conservation bungalows.
- 2) Development of Nexus@one-north, a business park facility in Fusionopolis
In June 2011, A-REIT was awarded a land parcel at Fusionopolis, within the one-north region, for S\$110.0 million. Upon completion expected in 3Q 2013, the facility will be a suburban business space facility comprising 60% business park space and 40% office

space with a total gross floor area of about 25,000 sqm designed to cater to tenants in the infocomm technology (“ICT”) and media industries as well as research and development activities in the physical sciences and engineering sectors.

3) Maximisation of plot ratio for 9 Changi South Lane

The asset enhancement project at 9 Changi South Street 3 to maximize its plot ratio from 1.6 times to 1.98 times is underway. The enhancement will result in an additional net lettable area of about 5,200 sqm at an estimated cost of about S\$14.6 million. It is scheduled for completion in 1Q 2013.

4) Development of a new factory block at Techplace II

Strategically located in Ang Mo Kio and easily accessible to the Central Expressway and the North-South MRT line, the Manager is currently developing a new factory block with ancillary F&B space totaling about 24,016 sqm through the maximisation of plot ratio from existing 2.05x to 2.5x. The enhancement also includes aesthetic improvement to the façade to improve the marketability of the property. Expected to cost about S\$42.4 million, the exercise is scheduled for completion in 4Q 2013.

5) Conversion of ancillary office space to warehouse space at Xilin Districentre Building D

Located in Changi International LogisPark (South), prominently beside Xilin Ave and in close proximity to Changi Business Park and Singapore Expo and easily accessible via East Coast Parkway Expressway, the Manager has commenced asset enhancement on Xilin Districentre Building D to covert ancillary office space to warehouse space at an estimated cost of S\$6.0 million. The exercise is target for completion in 3Q 2013.

Phase 2 of the asset enhancement at 10 Toh Guan Road has been completed. With the removal of the existing Automated Storage & Retrieval System (“ASRS”) and conversion of warehouse space to office space, the property now boast a 8,072 sqm of showroom space with quality hi-tech industrial space with improved façade. The Manager is currently in the midst of marketing the hi-tech industrial space which was completed in August 2012.

The Manager has committed to a forward purchase of a business park property in Shanghai, China for a purchase consideration of approximately S\$124.6 million. Sited at No. 200 Jinsu Road, Jinqiao Export Processing Zone (JEPZ), Pudong New District, Shanghai, China, on a land area of 31,952 sqm, the property is expected to have gross floor area of approximately 79,880 sqm. Based on market studies and local government statistics, demand for business

space within the JEPZ has been strong. The Manager is currently marketing the property through its network of existing tenants as well as leveraging on Ascendas' operating platform in China. Completion of the transaction is expected in 1H 2013.

During the quarter, the Manager announced the following divestments:

- a) 6 Pioneer Walk to Chasen Logistics Services Limited for S\$32 million. 6 Pioneer Walk is a 2-storey warehouse with a ramp-up driveway and a 4-storey ancillary office as well as a single storey workshop with a gross floor area of approximately 20,094 sqm. The transaction is expected to complete in the current financial year.
- b) 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 expected to complete by earliest December 2012.

Proactive Capital Management

As at 30 September 2012, A-REIT has an aggregate leverage of 32.5%. After funding the committed capital expenditure, aggregate leverage is expected to increase to about 34.8%. A-REIT's weighted average funding cost is 3.15% with an average term of debt of 4.2 years. Interest rate swaps are being used to manage or hedge the interest rate exposure of its debts. About 68.4% of A-REIT's interest rate exposure is hedged with an average duration of 4.4 years remaining.

A-REIT does not have any refinancing requirements for the rest of the financial year. The Manager has successfully diversified A-REIT's sources of debt. With the exception of term loan facilities from six banks which accounts for about 30% of A-REIT's outstanding debts, each source of debt accounts for not more than 20% of A-REIT's total debt. In addition, about 58.4% of A-REIT's total investment properties are unencumbered, providing it flexibility in capital management.

The Manager will continue with its proactive approach to capital and risk management so as to maintain a healthy capital structure for A-REIT.

Outlook for FY12/13

For the remaining of the financial year, A-REIT has about 5.8% of its revenue due for renewal. With about 1,200 tenants and a portfolio of 101 properties in Singapore and 1 in China, A-REIT is well-diversified in terms of rental income with the single largest tenant

accounting for not more than 5.7% of A-REIT's gross revenue. A-REIT's portfolio has a good mix of long and short term leases (38% versus 62% by asset value) with a weighted average lease to expiry of about 3.9 years which will provide sustainable and predictable earnings.

Barring any unforeseen event and any further weakening of the economic environment, the Manager expects A-REIT to maintain a stable performance for the financial year ending 31 March 2013.

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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 101 properties in Singapore, comprising business and science park properties, hi-tech industrial properties, light industrial properties, and logistics and distribution centres, and 1 business park property in China. As at 30 September 2012, total assets amount to about S\$6.6 billion. These properties house a tenant base of about 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 a corporate family 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-tech 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 10 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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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 due to rounding.