Press Release
18 January 2010

A-REIT's Distributable Income increased by 13.4% year-on-year

Highlights:

1. Distributable income of S$61.2 million is 13.4% higher year-on-year ("**yoy**")

2. 13.5% yoy growth over 3Q FY2008/09 Distribution Per Unit ("DPU") of 2.88 cents[1]

3. Year-to-date, Net Property Income grew by 12.3% of which 47.2% is contributed organically.

4. Positive rental reversion on lease renewals in the sectors of Business & Science Parks, Hi-Tech Industrial as well as Logistics & Distribution Centres

Summary of A-REIT Results (For the three months ended 31 December)

	3Q FY2009/10	3Q FY2008/09	Variance (%)
Gross Revenue (S$ m)	105.1	102.3	2.6
Net Property Income (S$ m)	81.3	74.2	9.7
Distributable Income (S$ m)	61.2	54.0	13.4
DPU for the quarter (cents)	3.27	2.88[1]	13.5

[1] 3Q FY2008/09 DPU of 2.88 cents is based on number of units in issue as at 31 Dec 2009, including units issued under the placement in Jan and Aug 2009, preferential offerings in Feb 2009 and units issued in lieu of 20% of the base management fee in May and Dec 2009

18 January 2010, 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 quarterly net property income growth of 9.7% over 3Q FY2008/09 and a 13.4% growth in distributable income to S$61.2m.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "Despite the challenging economic climate, the Manager is pleased to announce a healthy occupancy rate of 96.5% for A-REIT's portfolio. Occupancy for the various sectors also continued to be higher than market average. This can be attributed to the quality and resilience of the properties as well as the diversified nature of the portfolio which caters to different segments of the economy.

For A-REIT's multi-tenanted properties, occupancy moderated slightly to 93.1% from 93.3% a quarter ago. Nonetheless, A-REIT continued to achieve positive rental reversion for its Business & Science Parks, Hi-Tech Industrial and Logistics & Distribution Centre properties for the first nine months of the financial year. This growth can be attributed to the fact that the in-place rent of the leases which have been renewed was lower than current market rental rates."

Portfolio Growth

The Manager has been evaluating potential investment opportunities on a disciplined approach focusing on built-to-suit development for high-credit quality tenants and acquisition of income producing properties to ensure yield accretive returns.

Taking advantage of current lower construction cost and the limited new supply of business park space in Changi Business Park, other than those owned by A-REIT, over the next two years, the Manager has commenced construction of a partial built-to-suit facility for Citibank N.A. The development is expected to complete in 4Q FY2010/11 with an expected development cost of about S$37.4m. Upon completion, Citibank N.A. will lease 50% of the building for a period of 6 years with annual rental escalation and option to renew for two further terms of 3 years each.

During the quarter, A-REIT completed the construction of a 9-storey built-to-suit Hi-Tech Industrial facility on schedule and within budget for SingTel. The property is currently undergoing User Acceptance Test and will be leased thereafter to SingTel for 20 years and an option to renew for another 10 years.

As at 31 December 2009, A-REIT has a portfolio of 91 properties with a total asset value of about S$4.8b, housing a tenant base of about 900 international and local companies.

A Well Diversified and Resilient Portfolio

In 3Q FY2009/10, the Manager successfully leased (including expansion by existing tenants) and renewed leases totaling 58,182 sqm. These are expected to have an annualized revenue contribution of about S$16.1m. Consequently, A-REIT has only 2.1% of its gross revenue due for renewal for the balance of the current financial year.

The portfolio continues to note new demand from an array of industries including telecommunications & datacenters, transport and storage, biomedical, electronics, research & development as well as lifestyle and apparels due to its diversified nature. A-REIT's portfolio is spread across five sectors of Business & Science Parks, Hi-Tech Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities with a mix of long and short term leases (44% and 56% by portfolio value respectively) and a weighted lease term to expiry of about 4.8 years.

Long term leases are the results of sale-and-leaseback and built-to-suit transactions of which 34.1% have rental escalation pegged to CPI with a fixed rate floor. The remaining of the long term leases have incorporated fixed annual rental escalation of varying percentages. As a result of this diversification, A-REIT has minimized its reliance on any one property such that no single property accounts for more than 4.5% of its monthly gross revenue.

Occupancy rate for the portfolio moderated slightly to 96.5% from 96.8% a quarter ago while A-REIT's multi-tenanted properties declined 0.2% to 93.1%. The Business & Science Parks, Hi-Tech Industrial, and Logistics & Distribution Centers sectors continued to register positive rental reversion upon lease renewal. Year-to-date, the former two sectors have achieve double-digit growth in renewal rates. However, the Manager observed signs of moderation in the rate of positive rental reversion in line with current market rental trends.

As a result of active portfolio management, the Manager has significantly reduced its exposure to tenants considered vulnerable. The lease with the anchor tenant at 10 Toh Guan Road has been restructured to reduce A-REIT's exposure to the company. As at 31 December 2009, 57.4% of the building is occupied by 38 tenants. A-REIT has security deposit from the previous anchor tenant which could be used to top up the rental to the original level. Based on current vacancy, this will provide bridging income for the next 15 months. The remaining 42.6% of the space will be re-retrofitted to meet the needs of a prospective tenant under negotiation.

Out of the 12,098 sqm previously identified as vulnerable, 2,416 sqm had since been repossessed and re-let with no negative financial impact to A-REIT. The Manager has taken legal actions against a tenant occupying 8,843 sqm (0.46% of portfolio net lettable area) of space and contributing 0.2% of A-REIT's monthly gross revenue. It will continue to take necessary actions to protect the interest of A-REIT.

As a result of the above active management of these tenants, A-REIT has about 291 sqm of space (about S$6,000 per month) which the Manager considers as vulnerable as at December 2009. There is 3 months worth of security deposit on hand from this tenant.

Outstanding accounts receivables that are more than two months past due amounted to about S$813,692 or about 0.2% of annualized gross revenue as at 31 December 2009. These are adequately covered by security deposit on hand.

Prudent & Proactive Capital Management

Through prudent and proactive capital management strategies, the Manager focuses on strengthening and maintaining an optimum capital structure for A-REIT. The Manager is in the process of refinancing its S$300m term loan facility due in March 2010.

As at 31 December 2009, the weighted average cost of funding is about 3.91% with a healthy aggregate leverage of 31.2%. 100% of A-REIT's interest rate exposure is fixed for the next 2.6 years.

Outlook for FY2009/10

Although global economic developments suggest that most countries around the world are now turning the corner, economic recovery is not expected to be smooth sailing. Growth momentum thus far is mainly a result of targeted fiscal stimulus measures and inventory cycle adjustments and these factors may taper off in 2H 2010. Although Asia is likely to continue to see positive growth rates, a sluggish recovery in demand in the advanced economies may moderate Singapore's growth prospects in 2010. MTI expects Singapore's economic growth in 2010 to be between 3% to 5%.

For the balance of FY2009/10, about 97.9% of A-REIT's portfolio revenue is committed with a weighted average lease to expiry of about 4.8 years. The diversified nature of A-REIT's portfolio over five segments of the industrial property sector and a good mix of long and short term leases provide a high degree of predictability of the earnings for its portfolio. The Manager expects to be able to deliver a return that is in line with market expectations.

In the next financial year, about 15.3% of revenue is due for renewal, the outlook of which will largely depend on the sustainability and strength of the global economic recovery.

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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 91 properties in Singapore, comprising business and science park properties, hi-tech industrial properties, light industrial properties, and logistics and distribution centres, with total assets of about S$4.8 billion. These properties house a tenant base of about 900 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, LFD (Singapore), OSIM International, Venture Corporation, Federal Express, Freight Links Express, 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 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 premier provider of business space solutions with a significant presence in the region. Ascendas develops, manages and markets IT Parks, industrial parks (manufacturing, logistics and distribution centres), business parks, science parks, hi-tech facilities, office and retail space. Among its flagships are the Singapore Science Park, International Tech Park Bangalore, Ascendas-Xinsu in Suzhou and Dalian-Ascendas IT Park. More than 1,800 of the world's leading companies, many in the Fortune 500 list, have made Ascendas properties their preferred address in Asia.

Ascendas is also a leading real estate fund management player focused on the management of public-listed property trusts and private real estate funds, investing in a diverse range of industrial and commercial real estate properties across Asia. Listed on the main board of Singapore Exchange Securities Trading Limited are Ascendas Real Estate Investment Trust (A-REIT), Singapore's first business space trust, and Ascendas India Trust (a-iTrust), Asia and Singapore's first Indian property trust. The Ascendas Group also manages a range of private real estate funds which invest in business space in India, China, South Korea and ASEAN. All the funds are supported by Ascendas' strong fund management and real estate expertise, and are testament to its commitment to each of its markets.

For enquiries, please contact:

Media

Sabrina Tay
IR & Corporate Communications
Ascendas Funds Management (S) Ltd
Tel : +65 6508 8840
Mobile : +65 9833 5833
Email: sabrina.tay@ascendas-fms.com

Analysts & Investors

Tan Shu Lin (Ms)
Head, Capital Markets
Ascendas Funds Management (S) Ltd
Tel: +65 6508 8822
Mobile: +65 9683 1500
Email: shulin.tan@ascendas-fms.com

Important Notice

The value of 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.