

Press Release
18 July 2011



A-REIT's Amount Available for Distribution grew by 4.4% y-o-y

Highlights:

1. 1Q FY11/12 total amount available for distribution increased by 4.4% y-o-y to S\$65.9 million
2. Year-to-date, total new investments in the Business & Science Park segment amounted to about S\$263.9 million
3. Occupancy rates improved for the second consecutive quarter to 96.2% for the portfolio and 92.5% for the multi-tenanted buildings
4. Positive rental reversion of between 1.4% and 11.7% registered across all segments of the portfolio.

Summary of A-REIT Results (For the three months ended 30 June)

| | 1Q FY11/12 | 1Q FY10/11 | Variance (%) |
|---|---------------------|-----------------------------------|----------------------|
| Gross Revenue (S\$ million) | 119.9 | 113.6 | 5.6 |
| Net Property Income (S\$ million) | 88.8 | 87.3 | 1.6 |
| Total amount available for distribution (S\$ million) | 65.9 ⁽¹⁾ | 63.1 | 4.4 |
| DPU for the quarter (cents) ⁽²⁾ | 3.20 ⁽³⁾ | 3.37 | (5.0) ⁽⁴⁾ |
| | | 3.07 ⁽⁵⁾ (proforma) | 4.2 |

1. This includes a distribution of S\$1.0 million which is 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 for the financial period ended 30 June 2011. Such distribution is not taxable in the hands of all Unitholders, save for Unitholders who are holding the Units as trading assets.
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 above is computed based on total applicable number of units as at 30 June 2011.
3. DPU for 1Q FY11/12 included one-off items amounting to about S\$1.7m, comprising mainly a tax deduction in relation to an upfront fee for a new loan facility offset by liquidated damages from various tenants. This has reduced DPU by about 0.08 cents.
4. DPU declined by 5.0% mainly due to the 11.1% increase in the number of units outstanding as a result of new units issued in 1QFY11/12.
5. Proforma DPU for FY10/11 has been calculated using total amount available for distribution for the 1QFY10/11 and the applicable number of units as at 30 June 2011 which included units issued in pursuant to a private placement in April 2011, units issued for payment of acquisition fee in April 2011 and units issued in lieu of the 20% base management fee in December 2010 and June 2011.

18 July 2011, 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 the results for 1Q FY11/12 with a year-on-year growth of 4.4% in A-REIT's total amount available from distribution.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "We are pleased to start FY11/12 with a 5.6% increase in gross revenue contributed mainly by new investments. However, this increase was partly offset by higher operating expenses arising from higher utilities cost, resulting in a 1.6% increase in net property income.

During the quarter, A-REIT was awarded a 6,253-sqm site at Fusionopolis, within the one-north region. The Manager intends to develop the site into a modern suburban business space facility. Further leveraging on the Manager's development capability, we will also be developing Unilever Four Acres Singapore, a new built-to-suit training facility located within the one-north region for Unilever Asia Private Limited. In July 2011, the Manager completed the acquisition of Nordic European Centre, its sixth business park facility within the International Business Park. The above investments will strengthen A-REIT's foothold in the Business & Science Park segment in Singapore.

A-REIT's portfolio continues to see an increase in occupancy rate to 92.5% for its multi-tenanted properties and 96.2% for its portfolio. Positive rental reversion was seen throughout all segments as a result of the improvement in the industrial rental market."

Yield Accretive Investments

The Manager continues with its disciplined approach to evaluate potential investment opportunities. During the quarter, A-REIT was awarded a land parcel at Fusionopolis, within the one-north region. The Manager intends to develop the site into 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. When completed, which is expected in 2Q FY13/14, the development will 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.

Further enhancing A-REIT's presence in the one-north region, the Manager will be developing Unilever Four Acres Singapore, a global leadership development centre at Nepal Hill for Unilever Asia Private Limited. The project is located next to the Fusionopolis and will cost about S\$32.3 million. The global leadership development centre, modeled after Unilever's iconic facility in London called "Unilever Four Acres Singapore", will be the

company's second in the world and first in Asia. The centre is expected to train up to 900 people a year. The annualised pro forma financial effect of the development of Unilever Four Acres Singapore on the distribution per unit for the financial year ended 31 March 2011 would be an additional 0.03 cents per unit ⁽¹⁾.

In addition, the Manager acquired Nordic European Centre, a business park facility in International Business Park for S\$121.55 million in July 2011. This is A-REIT's sixth property in the International Business Park, thereby providing greater operational efficiency and synergies in management.

During the quarter, the asset enhancement works at Techview, i.e. the creation of an internal courtyard on the upper floors of the building, was completed. Other outstanding investments and asset enhancement works currently in progress include:

- 1) **Development of FedEx Singapore Regional Hub**
Located next to the Airport Logistics Park of Singapore in the east, the development will be a part 1-storey, part 2-storey air cargo express logistics facility. With an estimated development cost of S\$35.9 million, the entire facility has been pre-committed to a FedEx Singapore for an initial tenure of 10 years with annual rental escalation and an option to renew for another two terms of five years each upon completion expected in 4Q FY11/12.

- 2) **Asset enhancement of 1 Senoko Avenue (FoodAxis @ Senoko)**
Located within the designated food zone in the north of Singapore and easily accessible by major expressways, the Manager is currently redeveloping 1 Senoko Avenue to create an additional gross floor area of 34,519 sqm through the maximization of plot ratio from 0.6 times to 2.5 times. Estimated to cost about S\$59.0 million, the facility, when completed in 4Q FY11/12, will be positioned as a food hub for the food & beverages industry to address the relative shortage of suitable food processing space in Singapore.

- 3) **Asset Enhancement at 10 Toh Guan Road**

⁽¹⁾ Assuming A-REIT had developed, held and operated Unilever Four Acres Singapore for the whole of the financial year ended 31 March 2011 (based on 93 properties); Unilever Four Acres Singapore was funded based on an optimal capital structure of 40% debt and 60% equity; and in respect of the Unilever Four Acres Singapore, the Manager had elected to receive 80% of its base management fee in cash and 20% in units.

The Manager has commenced the asset enhancement works for 1 Toh Guan Road to reposition the building for higher value usage. The works will comprise removal of the existing Automated Service & Recovery System to create more parking space and the enhancement of its exterior façade to reflect its repositioned image. At an expected cost of S\$33.7 million, this exercise will be undertaken over two phases and completion of phase I is expected in 4Q FY11/12 and phase II in 2Q FY12/13.

4) Forward purchase of a Business Space property

At a total purchase consideration of approximately S\$117.6 million, the property is sited at No. 200 Jinsu Road, Jinqiao Export Processing Zone (JEPZ), Pudong New District, Shanghai, China, with a land area of 31,952 sqm and expected 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 intends to market the property through its network of existing tenants as well as leveraging on Ascendas' operating platform in China. To mitigate leasing risk, the vendor of the property will provide a RMB67.6 million (approximately S\$13.5 million) rental guarantee to A-REIT upon completion of the transaction, which is expected in 2H FY12/13.

The Manager will continue to seek investments with good fundamentals and potential asset enhancement opportunities to complement its existing portfolio and to further enhance its footprint in the business space and industrial property arena with the portfolio comprising predominantly Singapore-based assets in the foreseeable future.

A Well Diversified and Resilient Portfolio

A-REIT continues to own a diversified portfolio of 93 properties in Singapore in the following segments of Business & Science Parks, Hi-Tech Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities with a total asset of about S\$5.5 billion.

With a good mix of long and short term leases (43% and 57% by portfolio value respectively) and a weighted lease term to expiry of about 4.5 years, A-REIT is able to generate potential positive rental reversion during the upturn of the property cycle while the long term leases provide stability and predictability in earnings.

Long term leases are the results of sale-and-leaseback or built-to-suit transactions of which about 33% of such leases have rental escalation pegged to CPI with a fixed rate floor while

the remaining long term leases have incorporated fixed periodic rental escalation of varying percentages.

For 1Q FY11/12, the Manager is pleased to report positive rental reversions of between 1.4% and 11.7% were achieved throughout all segments of the portfolio, reflecting the improving industrial property rental market. Occupancy rate of the portfolio and its multi-tenanted buildings improved to 96.2% and 92.5% respectively versus 96.0% and 92.1% in the prior quarter.

To help defray the escalation in property maintenance costs especially that arising from the increased operational costs such as utilities, service charge was increased by 8.0% with effect from 1 July 2011.

With a diversified tenant base of about 990 local and international companies across an array of industries including research and development, life sciences, information technology, engineering, lifestyle and services, light manufacturing, logistics service providers, electronics, telecommunications, manufacturing services and back-room office support in service industries, the top 10 tenants only account for 27.2% of A-REIT's gross revenue. No single property or tenant accounts for more than 4.6% or 6.8% of A-REIT's monthly gross revenue respectively.

Proactive Capital Management

As at 30 June 2011, A-REIT's aggregate leverage is 28.7% with a weighted average borrowing cost of 3.61%. 87.8% of A-REIT's total interest rate exposure is fixed for the next 3.3 years.

A-REIT continues to have diversified sources of borrowings such that no one source of borrowing accounts for more than 28% of A-REIT's total debt with a weighted average tenure of 3.5 years. The Manager is finalizing the rollover of the S\$200 million committed revolving credit facility due in November 2011 for a further five years to 2016. With this, A-REIT would not have any major debts due until 2013 and not more than S\$400 million will be due for refinancing in any one year through to 2018.

The Manager will continue to adopt a proactive approach to capital and risk management so as to maintain a healthy capital structure.

Outlook for FY11/12

External Environment

Global growth is expected to moderate in 2H 2011, with forward-looking indicators such as Purchasing Managers' Indices pointing to a slower pace of global economic activities amidst increasing uncertainty regarding the Eurozone debt crisis and ongoing market concerns about the sluggish US economic recovery. While economic growth in the Asia ex-Japan region is likely to be sustained, inflationary pressures remain a concern. Barring any further deterioration in the external environment, the economic outlook for Singapore continues to be positive.

A-REIT's Portfolio

A-REIT continues to have a good mix of properties with long and short term leases within its portfolio (47% versus 53% by asset value) with a weighted average lease to expiry of about 4.5 years. Long term leases typically have periodic rental escalation which provides for stability and sustainability in earnings. 33% of such leases have CPI-pegged adjustments which provide a buffer against inflation.

For the balance of the financial year ending 31 March 2012, A-REIT has 10.0% of its revenue due for renewal which could benefit from the improving industrial rental market as the majority of these leases have passing rents that are below the existing market rents.

The Manager will continue to pursue quality and sustainable yield accretive investments. Barring any unforeseen event, the Manager expects A-REIT to sustain its current performance.

- End -

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 93 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\$5.5 billion as at 30 June 2011. These properties house a tenant base of about 990 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 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 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.

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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.