

Press Release
17 January 2012



A-REIT's Distribution per Unit increased by 5.8% year-on-year

Highlights:

1. 3Q FY11/12 amount available for distribution increased by 17.4% y-o-y to S\$72.5 million
2. Distribution per Unit grew 5.8% y-o-y to 3.48 cents despite enlarged units base
3. Acquisitions of two properties in Singapore for a total purchase consideration of S\$179 million in December 2011
4. Maiden acquisition of a business park property in Beijing, China, in October 2011
5. Positive rental reversion of between 5.7% and 28.4% achieved across all segments of the portfolio in 3Q FY11/12

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

	3Q FY11/12	3Q FY10/11	Variance (%)
Gross revenue (S\$ million)	127.3	110.0	15.7
Net property income (S\$ million)	93.9	84.1	11.6
Amount available for distribution (S\$ million)	72.5 ⁽¹⁾	61.7	17.4
DPU for the quarter (cents) ⁽²⁾	3.48	3.29	5.8 ⁽³⁾
DPU for the nine months YTD (cents)	10.06	9.96	1.0 ⁽³⁾

1. This includes a distribution 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. 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 is computed based on total applicable number of units as at 31 December.
3. Despite a 11.2% increase in units from 1,874.3 million to 2,085.1 million units, A-REIT achieved a 5.8% and 1% growth for 3QFY11/12 DPU and YTD 3QFY11/12 DPU respectively.

17 January 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 growth of 17.4% in A-REIT’s amount available for distribution for 3Q FY11/12 and a 5.8% increase in distribution per unit for the quarter despite a 11.2% increase in its units base.

3Q FY11/12 gross revenue increased by 15.7% year-on-year to S\$127.3 million, largely due to the completion of a development project and acquisitions since December 2010. This increase was, however, offset by higher operating expenses caused mainly by higher electricity charges and land rent. The net property income increased by 11.6%.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, “We are pleased to announce the completion of Phase 1 of the asset enhancement exercise for 10 Toh Guan Road, creating a showroom with excellent frontage. More than half of the space has been pre-committed by a leading lifestyle company resulting in an estimated return of about 12% (based on this pre-commitment) on the Phase 1 investment. There is still a vacant floor under Phase 1 which is currently being marketed and when leased, would further improve the ROI of the enhancement project. The Manager has also embarked on a new asset enhancement project at 9 Changi South Street 3 to create additional lettable area and to enhance the marketability of the property.

Occupancy for the multi-tenanted properties and the portfolio declined marginally from the previous quarter to 92.4% and 95.9% from 93.0% and 96.4% respectively largely due to the acquisition of a property in 3Q FY11/12 which has a relatively low occupancy. However, positive rental reversions of between 5.7% and 28.4% were achieved across all segments.”

Yield Accretive Investments

During the quarter, the Manager continued to focus on yield-accretive investments with good fundamentals and potential asset enhancement opportunities that complement the existing portfolio. This has resulted in the acquisition of two income-producing properties in Singapore at a total purchase consideration of S\$179 million as follows:

- 1) 3 Changi Business Park Vista acquired for S\$80 million

Easily accessible via the Pan-Island Expressway and the East Coast Parkway, 3 Changi Business Park Vista is A-REIT’s sixth property within the Changi Business Park, one of

the two business parks in Singapore. It is a 6-storey building with a gross floor area and net lettable area of 18,388 sqm and 15,261 sqm respectively. The current occupancy is about 95.0%.

2) Corporation Place acquired for S\$99 million

Easily accessible via the Ayer Rajah Expressway, Corporation Place is located at the junction of Jalan Ahmad Ibrahim and in the established Jurong industrial estate. It is situated at the fringe of the proposed Jurong Lake District and within a 5-minutes' drive from Jurong Regional Centre. It is a 7-storey high-spec industrial building with a gross floor area of 76,185 sqm and a net lettable area of 57,645 sqm with a current occupancy of about 79.6%.

On 3 October 2011, the Manager completed its maiden acquisition of a business park facility, Ascendas Z-Link, in Beijing for S\$61.8 million. Located in Z-Park, Zhongguancun (中关村), this property is fully occupied with Baidu, Inc. and Raisecom Technology Co., as its major tenants.

The Manager is also pleased to note that Phase 1 of the asset enhancement project at 10 Toh Guan Road has been completed within budget and on schedule with 57% of the space being pre-committed to a leading lifestyle company. With the removal of the existing Automated Storage & Retrieval System ("ASRS"), the property now boasts a showroom of 8,072 sqm as well as more parking spaces which enhances the marketability of the property. Based on this pre-commitment, the expected return on the Phase 1 investment is about 12%. Phase 2 of the asset enhancement exercise has commenced at an estimated development cost of S\$13.5 million. The works will comprise the creation of hi-tech space as well as enhancement of the external façade of the property.

In addition, as part of its proactive asset management strategy, the Manager embarked on a new asset enhancement project at 9 Changi South Street 3 to maximize its plot ratio from 1.6 times to 1.98 times, creating an additional net lettable area of about 5,200 sqm through the removal of ASRS. The project is expected to cost about S\$14.6 million and is scheduled for completion in 1Q 2013.

The following are development and asset enhancement projects which are currently in progress:

1) Development of FedEx Singapore Regional Hub

Located in the eastern part of Singapore and in close proximity to the Airport Logistics Park of Singapore, the development is a part 1-storey, part 2-storey air cargo express logistics facility. At an estimated development cost of S\$35.9 million, the facility has been pre-committed by FedEx Singapore for a period of 10 years with annual rental escalation and an option to renew for another two terms of five years each. Completion is expected in February 2012.

2) Re-development of FoodAxis @ Senoko at 1 Senoko Avenue

Located within the designated food zone in the north of Singapore and easily accessible by major expressways, FoodAxis@Senoko at 1 Senoko Avenue is a redevelopment of an existing property 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 will be positioned as a food hub for the food & beverages industry to address the relative shortage of suitable food processing space in Singapore. Completion is expected in February 2012.

3) Asset Enhancement at 10 Toh Guan Road

A-REIT has commenced Phase 2 of the asset enhancement exercise at 10 Toh Guan Road at an estimated cost of S\$13.5 million. This exercise involves the enhancement of the exterior façade as well as creation of hi-tech space to reposition to the building for higher value use. The project is expected to complete in 2H 2012.

4) Development of Unilever Four Acres Singapore

A-REIT is currently developing Unilever Four Acres Singapore, a global leadership development centre at Nepal Hill, within the one-north region for Unilever Asia Private Limited. This development will be the company's second in the world and first in Asia and is expected to train up to 900 people a year. Upon completion expected 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 bungalows. Development cost for this project is estimated to be about S\$32.3 million

5) Development of a business park facility in Fusionopolis

At an estimated total development cost of S\$178 million (including land cost), A-REIT is constructing a suburban business space facility at Fusionopolis, within the one-north region. Upon completion expected in 3Q 2013, this development will comprise 60%

business park space and 40% office space with a total gross floor area of about 25,000 sqm. It is 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.

The Manager has also committed to a forward purchase of a business park property in Shanghai, China for a purchase consideration of approximately S\$117.6 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 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 RMB67.6 million (approximately S\$13.5 million) as rental guarantee to A-REIT upon completion of the transaction, which is expected in 1H 2013.

The Manager will continue to seek to further enhance its portfolio and 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 properties, with 96 properties in Singapore in the segments of Business & Science Parks, Hi-Tech Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities. In addition, it currently has a business park property in Beijing, China. A-REIT’s portfolio has a good mix of long and short term leases (40% and 60% by portfolio value respectively) and a weighted lease term to expiry of about 4.1 years.

Long term leases are the results of sale-and-leaseback or built-to-suit arrangements of which about 33% of such leases have rental escalation pegged to CPI with a fixed rate floor. The remaining long term leases have incorporated fixed periodic rental escalation of varying percentages. Long term leases provide stability and predictability in earnings while the short term leases (of typically three years duration) are able to generate potential positive rental reversion during the upswing of the property cycle.

Positive rental reversions of between 5.7% and 28.4% were achieved throughout all segments of the portfolio in 3Q FY11/12. Year-to-date, A-REIT has registered positive rental reversion of between 3.1% and 15.9% for the leases renewed across all segments. Occupancy for the multi-tenanted properties declined marginally to 92.4% from 93.0% in the previous quarter whilst occupancy for the portfolio moderated from 96.4% to 95.9%. This is due to the acquisition of Corporation Place, which had a low occupancy rate as well as the commencement of asset enhancement exercise at 9 Changi South Street 3 (where 3,007 sq m of space was decommissioned) which impacted the occupancy. The Manager is optimistic of the long term leasing prospects of Corporation Place given the excellent frontage and location at the fringe of the proposed Jurong Lake District, one of the four designated regional business centres in Singapore. Excluding the above and the new acquisitions made in 3Q FY11/12, occupancy would have increased by 0.1% for the multi-tenanted properties and the portfolio to 93.1% and 96.5% respectively.

With a diversified tenant base of over 1,100 local and international companies across more than 20 industries, A-REIT's tenant concentration has declined marginally with its top 10 tenants now accounting for 25.3% of its gross revenue. No single property or tenant accounts for more than 5.1% or 6.3% of A-REIT's monthly gross revenue respectively.

Proactive Capital Management

Through proactive capital and risk management, the Manager has diversified sources of borrowings such that no single source of borrowing accounts for more than 29% of A-REIT's total debt. A-REIT's weighted average borrowing cost as at 31 December 2011 is 3.0% and about 64.9% of its total interest rate exposure is fixed for the next 3.7 years. A-REIT continues to have a balanced mix of debt instruments and bank borrowings (47% and 53% respectively) with remaining weighted average debt tenure of 3.1 years. The aggregate leverage as at 31 December 2011 is about 34.3%.

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 FY11/12

Amid continued uncertain global economic climate, the Government of Singapore expects a period of slow growth with a GDP growth forecast for 2012 of between 1% and 3%.

For the balance of the financial year ending 31 March 2012, A-REIT has 2.1% of its revenue due for renewal. With 96 properties in Singapore and 1 in China, A-REIT has a diversified portfolio of properties across five segments of the business space and industrial property sector. Its good mix of properties with long and short term leases within its portfolio (40% versus 60% by asset value) with a weighted average lease to expiry of about 4.1 years will provide sustainable and predictable earnings for the A-REIT portfolio.

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

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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 96 properties in Singapore, comprising business and science park properties, hi-tech industrial properties, light industrial properties, and logistics and distribution centres, and a business park property in China. As at 31 December 2011, total assets amount to about S\$6.0 billion. These properties house a tenant base of over 1,100 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, 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 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.