

A-REIT reports a 15.4% year-on-year increase in distributable income

Highlights:

1. Distributable income of S\$61.6 million represents a 15.4% year-on-year (“**yoy**”) growth over S\$53.4 million
2. Net property income (“**NPI**”) of S\$81.1 million compared to S\$72.6 million a year ago, representing a 11.7% growth
3. Completed two development projects for S\$123.0 million at about 7.3% below budgeted development cost
4. Continued to record positive rental reversion for lease renewals in Business & Science Parks, Hi-Tech Industrial and Logistics sectors

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

	2Q FY2009/10	2Q FY2008/09	Variance (%)
Gross Revenue (S\$ m)	102.3	97.3	5.1
Net Property Income (S\$ m)	81.1	72.6	11.7
Available for Distribution (S\$ m)	61.6	53.4	15.4
DPU for the quarter (cents)	3.48	4.01	(13.2)
Pro Forma DPU (adjusting for increased units)	-	3.02	15.2
First Half DPU (cents)	7.10	7.90	(10.1)

19 October 2009, 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 11.7% y-o-y increase in net property income to S\$81.1m due to an enlarged portfolio. Distributable income increased by 15.4% to S\$61.6m from a year ago.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, “Despite the unfavorable economic climate, the Manager managed to achieve an increase of

13.7% and 16.6% in net property income and distributable income to S\$161.8 million and S\$122.6 million respectively for the first six months of the financial year. Organic growth accounted for about 41.8% of this increase in the NPI.

Reflecting the severe global recession, occupancy rate for A-REIT's portfolio declined marginally to 96.8% from 97.1% a quarter ago. For its multi-tenanted properties, occupancy moderated to 93.3% from 94.0%. For the first six months of the financial year, A-REIT continued to achieve positive rental reversion for its Business & Science Parks, Hi-Tech Industrial and Logistics & Distribution Centre properties. This growth can be attributed to the in-place rent of the leases which have been renewed being lower than the current market rental rates."

Prudent & Proactive Capital Management

The Manager remains committed to strengthen and maintain an optimum capital structure through prudent and proactive capital management strategies. The tight condition in the credit market experienced at around the end of 2008 has eased significantly for most borrowers. During the quarter, the Manager noted a decline in loan margin spreads.

In 2Q FY2009/10, A-REIT successfully redeemed its P1-AAA-001 Commercial Mortgage Backed Securities at their principal amount of €144.0m (approximately S\$300m) with existing unsecured credit facilities. With this redemption, A-REIT's financial flexibility is significantly enhanced as the number of unencumbered properties in the portfolio increase to 31 properties worth approximately S\$1,990m. The nearest refinancing requirement is a S\$300m term loan facility in March 2010 which the Manager has received an offer to extend the loan.

A-REIT raised new equity of approximately S\$300m in August 2009. The proceeds are to partly fund the development of a built-to-suit Hi-tech Industrial facility for SingTel with the remaining 40% for potential investment opportunities. The private placement equipped A-REIT with a stronger balance sheet and capital structure. A-REIT's current aggregate leverage is 30.5% with an interest cover of about 4.8 times. After completion of the development for SingTel expected in 1Q 2010, A-REIT's aggregate leverage is expected to be about 31.9%.

As at 30 September 2009, the weighted average cost of funding is about 3.9%. 100% of A-REIT's interest rate exposure is fixed for the next 2.8 years.

Portfolio Continues to Grow through Disciplined Investments

During the quarter, A-REIT completed two development projects, namely, a logistics facility at the Airport Logistics Park of Singapore for Expeditors Singapore Pte Ltd and Phase 2 of Plaza 8 Changi Business Park which is a multi-tenanted building with an amenity centre at about 7.3% below budgeted development cost. As at 30 September 2009, A-REIT has a portfolio of 90 properties with a total asset value of about S\$4.7 billion, housing a tenant base of about 900 international and local companies.

The development of a built-to-suit Hi-Tech Industrial facility for SingTel is expected to complete in 1Q 2010 and upon completion, SingTel will lease the building for a period of 20 years with an option to extend for another 10 years.

The Manager will continue to evaluate and undertake investment projects through a disciplined approach focusing on potential built-to-suit development opportunities for high-credit quality tenants and acquisition of income producing properties to ensure yield accretive returns.

A Well Diversified and Resilient Portfolio

With a well-diversified portfolio across five sectors of Business & Science Parks, Hi-Tech Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities, A-REIT has minimized its reliance on any one property such that no single property accounts for more than 5.0% of its monthly gross revenue.

A-REIT also has a mix of long and short term leases (46% and 54% by portfolio value respectively) with a weighted lease term to expiry of about 4.9 years. Long term leases are the results of sale-and-leaseback and built-to-suit transactions. 31.7% of these long term leases have annual rental escalation pegged to CPI with a fixed rate floor. The balance of the long term leases have incorporated fixed annual rental escalation of varying percentages. Long term leases thus provide a degree of stability of returns and some growth to the portfolio.

In 2Q FY2009/10, the Manager successfully leased (including expansion by existing tenants) and renewed leases totaling 78,378 sqm. This represents about 8.6% of A-REIT's net lettable area for its multi-tenanted buildings and is expected to have an annualized revenue contribution of about S\$19.3 million. Consequently, only 5.8% of A-REIT's gross revenue is due for renewal for the balance of the financial year. Some of the tenants that renewed their leases with A-REIT include Bio-Rad Laboratories (Singapore) Pte Ltd, Dimerco Express Singapore Pte Ltd, Venture Corporation and Rhodia Asia Pacific Pte Ltd.

Occupancy rate for the portfolio declined to 96.8% from 98.0% a year ago while A-REIT's multi-tenanted properties registered a 93.3% occupancy rate as at 30 September 2009. The Business & Science Parks, Hi-Tech Industrial and Logistics & Distribution Centre sectors continued to register positive rental reversion upon lease renewal, albeit at a more modest rate. The rate of decline in new take-up rental rates in 2Q FY2009/10 versus previous quarter has showed signs of moderation, in line with current market rental trends.

Outstanding accounts receivables that are more than two months past due amounted to about S\$430,710 or about 0.1% of annualized gross revenue as at 30 September 2009.

The Manager had earlier informed that TT International Limited, the parent of TT International Tradepark Pte Ltd who is a tenant in A-REIT's portfolio, has defaulted on a \$2 million loan and has entered into a negotiation with its creditors for a scheme of arrangement on 21 Jan 2009. On 21 Jul 2009, it obtained court approval for an extension of time to 22 Oct 2009 for the signing of the proposed scheme of arrangement with its creditors. The Manager is monitoring the situation closely and A-REIT has a security deposit equivalent to about 10 months' rent from the tenant.

Excluding TT International, the Manager estimates about 12,098 sqm (about 0.6% of A-REIT's portfolio net lettable area with a monthly revenue of S\$0.1m or about 0.4% of monthly portfolio revenue) is occupied by tenants that are considered vulnerable. A-REIT has a security deposit of about S\$1.1m from these tenants.

Outlook for FY2009/10

While the economy seems to be recovering at a modest pace, the current macro operating environment remains largely a challenge with one-off factors such as restocking activities

and fiscal stimulus measures supporting growth in the near term. MTI revised its 2009 GDP estimate for Singapore to a contraction of between 2.0% and 2.5% from between 6 to 9%.

For the balance of FY2009/10, about 94.2% of A-REIT's portfolio revenue is committed with a weighted average lease to expiry of approximately 4.9 years. The diversified nature of A-REIT's portfolio over five segments of the industrial property sectors and a good mix of long and short term leases (46% versus 54% by portfolio value respectively) provide a certain degree of predictability of the earnings for A-REIT's portfolio. Barring any significant deterioration in market conditions, the Manager expects to be able to deliver a return that is in line with market expectations.

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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 90 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\$4.7 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, Zuelig 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.

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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.