Press Release
18 October 2010

A-REIT delivers 3.5% year-on-year growth in net property income

Highlights:

1. Net Property Income increased 3.5% year-on-year to S$83.9million

2. Positive rental reversion of between 0.6% and 11.6% on lease renewals across most sub-sectors

3. Upgrade in corporate family rating to “A3” by Moody’s Investors Services

Summary of A-REIT Results (For the quarter ended 30 September)

	2Q FY2010/11	2Q FY2009/10	Variance (%)
Gross Revenue (S$ m)	111.1	102.3	8.6
Net Property Income (S$ m)	83.9	81.1	3.5
Distributable Income (S$ m)	61.8	61.6	0.4
DPU for the quarter (cents) [1]	3.30	3.48	(5.2)
		3.29 [2] (proforma)	0.3
DPU for the six months YTD (cents) [1]	6.67 [3]	7.10	(6.1)
		6.55 [2] (proforma)	1.8%

(1) DPU is computed on the basis that none of the S$300m convertible collateral loan due February 2017 is converted into A-REIT Units on or before the book closure date. Accordingly, the actual quantum of DPU may differ if any portion of the convertible collateral loan is converted into Units on or prior to the book closure date

(2) Proforma DPU include units issued pursuant to the placement in August 2009, units issued in lieu of the 20% base management fee in December 2009 and June 2010 and new units issued for payment of acquisition fee in June 2010

(3) For 1H FY2010/11, distributable income excluded interest income of S$3.5m derived from a finance lease granted to one tenant. This income has been retained pending IRAS approval on an application for advance ruling for tax transparency treatment. Upon tax clearance from IRAS, A-REIT will distribute the income to Unitholders. If tax transparency had been granted as at reporting date, both the principal and interest portion of the finance lease receipts will be treated as distributable income, thus 1H FY2010/11 DPU would be 6.89 cents which represents a 5.2% year-on-year growth on proforma basis.

***18 October 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 year-on-year growth of 3.5% in net property income for 2Q FY2010/11.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "While y-o-y gross revenue grew by 8.6%, net property income increased by 3.5% due to higher operating expenses, attributed to the enlarged portfolio, higher utilities expenses as well as the cessation of land rent and property tax rebates granted by the Singapore Government in 2009.

Rental reversion on lease renewals was positive across most sub-sectors of between 0.6% and 11.6%. Occupancy rate moderated slightly to 95.3% for the portfolio and 90.5% for the multi-tenanted buildings. We are also pleased to report that the Manager has secured further new lease commitments of about 14,783 sqm since 30 September 2010.

The Manager has identified three asset enhancement opportunities within the portfolio to capitalize on underutilized plot ratio or to enhance the attractiveness of the properties."

Investment Management

A-REIT maintains its focus in evaluating potential investment opportunities in a disciplined manner with particular emphasis on built-to-suit development opportunities for high-credit quality tenants as well as acquisition of well-located income producing properties with good specifications to ensure sustainable yield accretive returns.

A-REIT had earlier announced the development of a business park facility in Changi Business Park for Citibank N.A. The Manager is pleased to report that Citibank N.A. has increased their lease commitment to 100% of the building from an initial 50%. The initial lease tenure is for a period of six years with annual rental escalation and option to renew for two further terms of three years each.

The Manager has also identified the following asset enhancement opportunities to either maximize plot ratio or to enhance the attractiveness and market value of the properties:

1) Redevelopment of 1 Senoko Avenue

With an estimated development cost of S$59.0m, the redevelopment of 1 Senoko Avenue is well under way. Situated within the designated food zone in the north of Singapore and easily accessible by major expressways, the redevelopment will create an additional gross floor area of 34,519 sqm following the maximization of plot ratio from 0.6x to 2.5x. Upon completion expected in 4Q FY2011/12, this 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.

2) Asset Enhancement for Techview

Located in the eastern part of Singapore, Techview is one of the properties that will benefit directly from the planned Downtown Line (DTL3) MRT station. Kaki Bukit Station, which will be ready by 2017, will have a station exit in the compound of Techview. The Manager plans to reconfigure the floor plates to create a courtyard on the upper levels of the building to enhance the attractiveness and value of the property. This asset enhancement initiative has an estimated cost of S$4.3m and is expected to complete in 1Q FY2011/12.

3) Asset Enhancement Planned for 10 Toh Guan Road

Located across the International Business Park and within walking distance to the Jurong East mass rapid transit ("MRT") station, 10 Toh Guan Road will undergo asset enhancement over two phases to reposition itself for higher value usage. The asset enhancement exercise, at an expected cost of S$33.7m, will include the removal of the existing Automated Service & Recovery System to create more parking facilities and enhancement of its exterior façade to reflect its repositioned image. This exercise, once approved by the relevant authorities, will be undertaken over 2 phases and completion of phase 1 is expected in 3Q FY2011/12 and phase 2 in 2Q FY2012/13.

These asset enhancement initiatives are expected to deliver a weighted average yield in excess of 8.5%.

The Manager had and will continue to assess and execute suitable asset enhancement initiatives to maximize returns to Unitholders. Over the years, A-REIT has completed five of such major asset enhancement projects creating 14,002 sqm of additional lettable space:

a) creation of additional retail space (352 sqm) at Telepark in Tampines. Space has been fully tenanted;
b) construction of annex block (1,190 sqm) as requested by existing tenant (Hoya Medical Singapore Pte Ltd) at their facility;
c) construction of an additional floor (3,527 sqm) in The Alpha to house a new tenant;
d) construction of annex block (1,415 sqm) at Thales as requested by existing tenant to meet their expansion requirements; and
e) construction of annex block (7,518 sqm) at Techplace II to house existing tenants looking for expansion space

A Well Diversified and Resilient Portfolio

A-REIT continues to hold a diversified portfolio comprising 92 properties in Singapore with a total asset value of about S$4.9b in the following sub-sectors: Business & Science Parks, Hi-Tech Industrial, Light Industrial, Logistics & Distribution Centres and Warehouse Retail Facilities. These sub-sectors cater to the different segments of the business space and industrial property requirements of the Singapore economy, attracting tenants from an array of industries including research and development, life sciences, information technology, engineering, lifestyle and apparels, light manufacturing, logistics service providers, electronics, telecommunications, manufacturing services and back-room office support in service industries.

With a tenant base of about 930 local and international companies, A-REIT has a fine mix of long and short term leases (45% and 55% by portfolio value respectively) and a weighted lease term to expiry of about 5 years. Long term leases are the results of sale-and-leaseback and built-to-suit transactions of which 32% 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 generate potential positive rental reversion during the upturn of the economy.

With a large base of properties and tenants, A-REIT is not reliant on any single property or tenant as no single property or tenant account for more than 4.5% and 7.3% of A-REIT's monthly gross revenue respectively.

The Manager is pleased to report that it has obtained the early renewal and extension of a major tenant in a single-tenanted building by seven years to 2022. This is a testament to the

Manager's proactive asset management capability. In addition for 2Q FY2010/11, the Manager has successfully attracted a total of 45,046 sqm in new demand (including expansion by existing tenants), which is two times of what was achieved a year ago.

Outstanding accounts receivables that are more than two months past due stand at about S$0.4m as at 30 September 2010 or about 0.09% of annualized gross revenue. These are adequately covered by security deposits on hand.

Proactive Capital Management

With a proactive approach to capital management, A-REIT does not have any major refinancing requirements for the current financial year. As at 30 September 2010, A-REIT's aggregate leverage was 34.3% with a weighted average cost of funding of 3.92% and an average term of debt maturity of 3.4 years. All of A-REIT's floating interest rate exposure is hedged into fixed rate for the next 2.9 years.

A-REIT continues to maintain a balanced debt maturity profile. About 40.4% of its total debts outstanding is due for refinancing over the next three years. A-REIT also has diversified sources of funding such that no one type of funding accounts for more than 26% of its total debt.

Outlook for FY2010/11

After a strong and brisk recovery from the recession in 1H 2010, a slowdown in the growth momentum in the second half of the year was largely expected. Forward looking indicators, such as the PMI, are also pointing to a moderation in the pace of global economic activity. The effect of fiscal stimuli, which fuelled the global recovery thus far, is showing signs of waning and there is now growing concerns over the uncertainty and pessimism in global economies.

Singapore emerged from the crisis due to resilient regional consumption as well as foreign direct investments which rejuvenated the Singapore's economic landscape. Growth for the rest of the year will be dependent on a number of industry-specific factors, including continued growth in global demand as well as increasing tourist arrivals to boost the tourism related sectors. For 2010, MTI has maintained a GDP growth forecast of between 13% and 15% for the Singapore economy.

For the second half of FY2010/11, only 5.8% of A-REIT's revenue is due for renewal. While vacancy rate seems to have stabilised, new demand for space will depend largely on the pace and strength of the economic recovery. With a diversified portfolio across five segments of the business space and industrial property sector and a good mix of long and short term leases accounting for a weighted average lease to expiry of 5 years, A-REIT is able to provide a high degree of predictability and sustainability of the earnings for the portfolio.

Barring any unforeseen events, the Manager aims to at least maintain the previous financial year's level of net income for FY2010/11.

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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 92 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$4.9 billion. These properties house a tenant base of about 930 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.

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.