

A-REIT to acquire Hyflux Innovation Centre for S\$191.2 million

26 June 2014, Singapore – Ascendas Funds Management (S) Limited, the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”) (the “**Manager**” of A-REIT), is pleased to announce the proposed acquisition of Hyflux Innovation Centre located at 80 Bendemeer Road (the “**Property**”) (the “**Acquisition**”), for a total purchase consideration of S\$191.2 million (the “**Purchase Consideration**”).

Mr Tan Ser Ping, Executive Director and Chief Executive Officer of the Manager said, “We are pleased to strengthen our relationship with Hyflux Ltd, with a sale-and-leaseback arrangement at Hyflux Innovation Centre. This property is a prime high-specifications development located at the fringe of the central business district. Hyflux’s commitment to lease 50% of gross floor area for 15 years will extend A-REIT’s weighted lease expiry profile to 3.96 years.”

Details of the Acquisition

HSBC Institutional Trust Services (Singapore) Limited (as trustee of A-REIT) has entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Hyflux Innovation Centre Pte Ltd (the “**Vendor**”) on 25 June 2014 to acquire Hyflux Innovation Centre for S\$170.0 million. In addition, an upfront land premium of S\$21.2 million for the remaining land lease of the first 30 years term will be payable to Jurong Town Corporation (“**JTC**”) ¹ upon the assignment of the land lease to A-REIT.

A-REIT is expected to incur transaction costs of about S\$2.66 million, which include S\$1.7 million in acquisition fees payable to the Manager (being 1% of the consideration payable to the Vendor). The Acquisition is expected to complete on 30 June 2014.

¹ JTC owns 100% of Ascendas Pte Ltd. Ascendas Pte Ltd through its wholly owned subsidiaries, Ascendas Land (Singapore) Pte Ltd and Ascendas Fund Management (AFM), has an aggregate deemed interest of 412,715,137 units in A-REIT or approximately 17.17%.

Upon completion of the Acquisition, the Vendor and Hydrochem Pte Ltd will collectively leaseback approximately 50% of Gross Floor Area of 43,434 sqm for 15 years and all existing third party tenants in the Property will be assigned to A-REIT. The Property will have an occupancy rate of 83.9% and the Vendor will provide rental support for the remaining vacant space for three years.

With 100% occupancy, the Acquisition is expected to generate a net property income yield of approximately 6.98% (post-acquisition costs) in the first year. The annualised pro forma financial effect of the Acquisition on distribution per unit would be around 0.118 cent per unit² for the financial year ended 31 March 2014.

About the Property

Hyflux Innovation Centre is located within the Kallang Industrial Estate and is within three minutes' walk to Boon Keng MRT station along the North-East Line. The Property is a JTC leasehold estate with land lease expiring in Dec 2068. It is easily accessible to other parts of Singapore via Pan-Island Expressway (PIE), Central Expressway (CTE) and Kallang-Paya Lebar Expressway (KPE). It is also within walking distance to the future Downtown Line's Bendemeer station, which is expected to complete in 2017.

The Property is a 10-storey high-specifications building with a basement and surface car park. Current tenants include Hyflux, NEC, Covidien Private Ltd, American Express and Renesas Electronics Singapore Pte Ltd.

Following the above Acquisition, A-REIT's weighted average lease term to expiry is expected to increase from 3.85 years to 3.96 years. A-REIT will own a total of 103 properties in Singapore and two business park properties in China.

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² Assuming A-REIT had purchased, held and operated the Property for the whole of the financial year ended 31 March 2014; and assuming the Acquisition was funded based on a funding structure of 40% debt and 60% equity. In respect of the Property, the Manager elects to receive its base fee 80% in cash and 20% in units.

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 102 properties in Singapore, comprising business and science park properties, hi-specs industrial properties, light industrial properties, and logistics and distribution centres, and 2 business park properties in China. As at 31 March 2014, total assets amount to about S\$7.4 billion. These properties house a tenant base of around 1,300 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, Citibank N.A., OSIM International, DBS Bank, Federal Express, Baidu, Inc., Johnson & Johnson, RSH, Infineon Technologies, Procter & Gamble and Hyflux.

A-REIT is listed in several indices. These include the FTSE Straits Times Index (with effect from 4 June 2014), 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 an issuer 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 Ascendas (www.ascendas.com)

Ascendas is Asia's leading provider of business space solutions with more than 30 years of experience. Based in Singapore, Ascendas has built a strong regional presence and serves a global clientele of over 2,400 customers in 25 cities across 10 countries including Singapore, China, India, South Korea and Vietnam.

Ascendas specialises in masterplanning, developing, managing and marketing IT parks, industrial & logistics parks, business parks, science parks, hi-specs facilities, office and retail spaces. Leveraging on its track record and experience, Ascendas has introduced new business space concepts such as integrated communities and solutions which seamlessly combine high-quality business, lifestyle, retail and hospitality spaces to create conducive human-centric work-live-play-learn environments. Its flagship projects include the Singapore Science Park and Changi City at Changi Business Park in Singapore, International Tech Park Bangalore in India and Ascendas-Xinsu in Suzhou Industrial Park, China. Ascendas provides end-to-end real estate solutions, assisting companies across the entire real estate process.

In November 2002, Ascendas launched Singapore's first business space trust, Ascendas Real Estate Investment Trust (A-REIT), and in August 2007, Ascendas India Trust (a-iTrust) was launched as the first listed Indian property trust. In July 2012, Ascendas listed Ascendas Hospitality Trust (A-HTRUST), which comprises a portfolio of quality hotels in Australia, China, Japan and Singapore. Besides managing listed real estate funds, Ascendas also manages a series of private funds with commercial and industrial assets across Asia.

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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 are due to rounding.