Press Release
22 January 2016

A-REIT's Total Amount Available for Distribution for 3Q FY15/16 grew by 11.7% y-o-y to S$96.6 million

Highlights:

1. 3Q FY15/16 Distribution per Unit ("DPU") grew by 9.9% y-o-y to 3.946 cents.

2. Portfolio occupancy as at 31 December 2015 improved to 89.2% from 89.0% a quarter ago

3. Achieved average positive rental reversion of 7.3% for the portfolio in 3Q FY15/16.

Summary of A-REIT's Group Results (For the financial quarters ended 31 December)

	3Q FY15/16	3Q FY14/15	Variance (%)
Number of Properties	130(1)	106	
Gross revenue (S$ million)	193.8	171.7	+12.9
Net property income (S$ million)	142.2	114.6	+24.1
Total amount available for distribution (S$ million)	96.6	86.4	+11.7
DPU for the 3rd quarter (cents)(2)(3)(4)	3.946	3.590	+9.9

Notes:
(1) A-REIT has 102 properties in Singapore, 26 logistics properties in Australia and 2 business park properties in China.
(2) As at the date of this announcement, none of the S$300 million Exchangeable Collaterialised Securities with maturity date on 1 February 2017 had been converted into A-REIT's Units. As at 31 December 2015, 2,504,090,745 Units are in issue, compared to 2,405,706,572 Units on 31 December 2014.
(3) With effect from 1 April 2014, A-REIT adopted a semi-annual distribution frequency, with distributions being made for the quarters ending 30 September and 31 March in each year.
(4) The base for the computation of the DPU for 3Q FY15/16 included the Units issued pursuant to the preferential offering that was announced on 9 December 2015 on the basis of three new Units for every 80 existing Units held as at 30 December 2015 at an issue price of S$2.218 per new Unit (the "Preferential Offering") that was launched on 5 January 2016 and closed on 13 January 2016. The Units issued pursuant to the Preferential Offering were issued on 15 January 2016 and rank pari passu in all respects with the existing Units in issue on the day immediately prior to the date of issuance, including the right to A-REIT's distributable income in respect of the period from 18 December 2015 to 31 March 2016, as well as all distributions thereafter.

Press Release

22 January 2016, 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 report that for 3Q FY15/16, A-REIT's total amount available for distribution grew 11.7% year-on year ("y-o-y") to S$96.6 million.

Chief Executive Officer and Executive Director of the Manager, Mr Tan Ser Ping said, "In the third quarter, we announced acquisitions worth approximately S$1.5 billion in Australia and Singapore. The acquisitions comprising 27 freehold logistics facilities in Australia and a business park property in Singapore are aligned with our strategy to build a high quality and diversified portfolio to deliver sustainable returns for our Unitholders."

A Well Diversified and Resilient Portfolio

As at 31 December 2015, A-REIT continues to own a portfolio of properties with long and short term leases (29.3% and 70.7% by property value respectively) with a weighted average lease to expiry ("**WALE**") of about 3.7 years. Long-term leases are typically the result of sale-and-leaseback or built-to-suit arrangements and these have rental escalation, of which 24.1% of such leases incorporate CPI-based adjustment with a floor and 73.4% incorporate fixed rate adjustment. Such leases provide stability and predictability in earnings while short term leases are typically of three-year duration where rental rates are marked-to-market upon renewal.

Occupancy rates for the overall portfolio improved to 89.2% (Sep 2015: 89.0%). This was mainly attributable to the high occupancy of 94.4% achieved by the recently acquired Australian logistics property portfolio. In Singapore, portfolio occupancy declined to 88.9% (Sep 2015: 89.8%) mainly due to the recently completed new block at 40 Penjuru Lane (22,966 sqm, adding about 0.97%-point to the Singapore portfolio NLA) which has yet to be occupied. The Manager is in negotiation with potential tenants for about half of the space in the new block.

Positive rental reversion was achieved across all segments of the Singapore portfolio. A weighted average rental reversion of 7.3% was achieved for leases renewed in 3Q FY15/16. Weighted average lease term of new leases signed in 3Q FY15/16 was 3.1 years.

The top 10 tenants accounted for not more than 18.8% of A-REIT's total portfolio income. With around 1,470 tenants in a portfolio of 102 properties in Singapore, 26 properties in Australia and two in China, A-REIT is well-diversified in terms of rental income where no single property accounts for more than 5.7% of A-REIT's monthly gross revenue.

At the beginning of FY15/16, about 18.1% of A-REIT's gross revenue was due for renewal, of which 3.8% was leases of single-tenant buildings and 14.3% was leases of multi-tenant buildings. The Manager proactively negotiated and secured renewal commitments for expiring leases during the past quarter. As at 31 December 2015, leases for about 6.2% of A-REIT's gross revenue were due for renewal (2.0% relating to single-tenant buildings tenancies and 4.2% relating to multi-tenant buildings tenancies).

Disciplined and Yield Accretive Investments

A-REIT's strategy is to build a quality, diversified and resilient portfolio that will help ensure a stable and sustainable DPU for unitholders.

The maiden acquisition in Australia for A$1,013.0 million (S$1,013.0 million[1]), comprising of 26 freehold logistics properties, was completed in November 2015. The portfolio is 94.4% occupied. The leases have a built-in rental escalation of approximately 3.3% and a WALE of 5.6 years as at 31 December 2015.

Currently, the Manager is in the process to acquire another property in Sydney: 6-20 Clunies Ross Street worth A$76.6 million (S$76.6 million) [2]. Located approximately 28km west of Sydney's Central Business District, the property is attractively sited within one of Sydney's premium logistics and distribution hubs – the Holroyd Local Government Area and the Greystanes Industrial precinct. The freehold modern warehouse has a total gross floor area of 38,579 sqm. It is 100% occupied with a WALE of 6.1 years.

During the quarter, the Manager also announced the proposed acquisition of One@Changi City in Singapore for S$420.0 million[3] from a related entity of the Ascendas-Singbridge

1 An illustrative exchange rate of A$1.00: S$1.00 is used for all conversions from Australian Dollar amounts into Singapore Dollar amounts in this press release.

2 Please refer to the press release "A-REIT to acquire logistics facility in Sydney for A$76.6 million" on 24 December 2015 for more information.

3 Please refer to the press release "A-REIT to acquire One@Changi City for S$420.0 million" on 9 December 2015 for more information.

Group, which is subject to Unitholder's approval because it is considered an interested party transaction.

One@Changi City is a good quality and well-located property within Changi Business Park. The nine-storey multi-tenant business park property (71,158 sqm) is situated next to the Expo MRT station. The current occupancy rate of One@Changi City is 97.9% and the remaining land lease tenure is approximately 53 years.

The Manager continues to focus on improving returns from existing buildings via asset enhancement initiatives. During the quarter, the Manager embarked on a new asset enhancement project at The Kendall. The enhancement work will cost approximately S$1.6 million which involves upgrading the building façade and restrooms. Including The Kendall, there are four on-going asset enhancement projects and a logistics development project in Jiashan, China, costing a total of approximately S$60.8 million.

Proactive Capital Management

The Manager continues to adopt a proactive stance towards capital management.

The total new acquisition of S$1.5 billion (in Australia and Singapore) will be largely funded by: S$300.0 million 4.75% perpetual securities[4], S$200.1 million equity private placement[5], S$144.8 million equity preferential offering[5], S$210.0 million consideration units (subject to unitholders' approval) for One@Changi City[5] and Australian dollar syndicated term loan.

Moody's re-affirmed A-REIT's credit rating of A3 as the equity issuance (via placement, preferential offering and consideration units) will improve A-REIT's leverage profile. A-REIT's aggregate leverage stood at 37.3% as at 31 December 2015. It is expected to maintain at about 37.8% upon completion of the issuance of consideration units, payment of advanced distributions and the pending acquisitions announced.

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4 Please refer to the announcement "Pricing of S$300,000,000 4.75 per cent. subordinated perpetual securities" on 5 October 2015 for more information.

5 Please refer to the announcement "Launch of Equity Fund Raising to raise gross proceeds of no less than S$408.0 million" on 9 December 2015 for more information.

A-REIT's weighted average all-in borrowing cost is approximately 2.7%. About 73.8% of A-REIT's interest rate risk exposure is hedged with a weighted average duration of 3.4 years remaining.

As the 26 logistics properties in Australia were partially funded by secured loans, the proportion of unencumbered investment properties decreased to 75.7% (86.2% as at 30 Sep 2015). The weighted average tenure of debt outstanding is 3.5 years.

Outlook for FY15/16

With 10.8% vacant space in A-REIT's portfolio, there could be potential upside when some of the space is leased, the speed of which will largely depend on prevailing market conditions. In addition, the average passing rental rates of most of the leases in our portfolio due for renewal in FY15/16 are still below market spot rental rates; hence, moderate positive rental reversion can be expected when such leases are renewed.

However, the industrial property market conditions in Singapore are expected to remain challenging. With significant new supply and tepid economic growth both in Singapore and globally, there may be pressure on occupancy growth in Singapore.

The acquisition of more than A$1 billion of properties has enabled A-REIT to gain a strategic footprint in the logistics market. Leases in the Australian portfolio include an average annual rent escalation of about 3.3% and have a long weighted average lease expiry of 5.6 years. A-REIT will continue to evaluate and seek growth opportunities in this market. Demand for logistics space is expected to be strong, backed by a healthy jobs market, low interest rates, lower Australian dollar and firm consumer spending.

Barring any unforeseen events and any weakening of the economic environment, the Manager expects A-REIT to maintain a stable performance for the balance of the financial year ending 31 March 2016.

- End –

About A-REIT (www.a-reit.com)

A-REIT is Singapore's first and largest listed business space and industrial real estate investment trust. As at 31 December 2015, total assets amount to about S$9.4 billion in a diversified portfolio of 102 properties in Singapore, comprising business and science park properties, hi-specs industrial properties, light industrial properties, logistics and distribution centres, integrated development, amenities and retail properties, 26 logistics properties in Australia and 2 business park properties in China. These properties house a tenant base of around 1,470 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, Siemens, Honeywell, Zuellig Pharma, Citibank N.A., OSIM International, DBS Bank, Federal Express, Baidu, Inc., Wesfarmers, RSH, Infineon Technologies, Cold Storage and Hyflux.

A-REIT is listed in several indices. These include the FTSE Straits Times Index, 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. 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 and a member of the Ascendas-Singbridge Group.

About Ascendas Group (www.ascendas.com)

A member of the Ascendas-Singbridge Group, 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 26 cities across 10 countries including Singapore, China, India, Malaysia, 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 listed as the first Indian property trust in Asia. 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 assumptions, 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 similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support A-REIT's 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.