



(Constituted in the Republic of Singapore
pursuant to a trust deed dated 9 October 2002 (as amended))

**LAUNCH OF EQUITY FUND RAISING AND
RECEIPT OF APPROVAL IN-PRINCIPLE FOR OFFERING OF NEW UNITS
IN ASCENDAS REAL ESTATE INVESTMENT TRUST (“A-REIT”)**

1. Introduction

The board of directors of Ascendas Funds Management (S) Limited, in its capacity as manager of A-REIT (the “**Manager**”), wishes to announce that the Manager is proposing to carry out an equity fund raising by way of:

- (i) a private placement pursuant to section 302C of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) of 258,000,000 new units in A-REIT (“**New Units**”) at an issue price of between S\$1.13 and S\$1.16 per new Unit (the “**Issue Price Range**”) to raise gross proceeds of approximately S\$292 million¹ (the “**Private Placement**”); and
- (ii) a pro-rata, non-renounceable and non-transferable preferential offering of up to 95,932,777² New Units on the basis of one New Unit for every 15 existing units in A-REIT (“**Units**”) held on the Books Closure Date to Entitled Unitholders³ at the issue price (the “**Issue Price**”), fractions of a Unit to be disregarded and subject to the Rounding Mechanism to raise gross proceeds of approximately S\$108 million¹ (the “**Preferential Offering**”),

(together, the “**Equity Fund Raising**”).

The Issue Price Range of between S\$1.13 and S\$1.16 per New Unit represents a discount of between 7.0% and 9.4% to the adjusted volume weighted average price (“**Adjusted VWAP**”)⁴ of S\$1.2469 per Unit for the full Market Day (as defined herein) on 15 January 2009.

1 Based on an issue price of S\$1.13 per New Unit.
2 Taking into account the provisional allotments of New Units of Entitled Unitholders on the basis of one New Unit for every 15 existing Units held on the Books Closure Date (as defined herein) and the additional New Units that would be provisionally allotted as a result of the Rounding Mechanism (as defined herein).
3 Unitholders as at the Books Closure Date other than those whose registered addresses with The Central Depository (Pte) Limited (“**CDP**”) are outside Singapore, and who have not, at least three Market Days (as defined herein) prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents. The holders of the New Units issued under the Private Placement are not entitled to participate in the Preferential Offering and will not be considered Entitled Unitholders for the purposes of the Preferential Offering.
4 The Adjusted VWAP is computed based on the volume weighted average price of all trades in the Units on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the full Market Day on 15 January 2009 and subtracting the Cumulative Distribution (as defined herein) of 4.78 cents per Unit.

This announcement is not an offer of securities for sale into the United States, Canada or Japan. The securities described herein may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the United States.

Citigroup Global Markets Singapore Pte. Ltd. and Macquarie Capital Securities (Singapore) Pte. Limited have been appointed as the joint lead managers and underwriters for the Equity Fund Raising (the “**Joint Lead Managers and Underwriters**”).

The Manager is pleased to announce that approval in-principle has been obtained today from the SGX-ST for the listing of, and dealing in and quotation on the Main Board of the SGX-ST of, the New Units which are proposed to be issued pursuant to the Equity Fund Raising.

The SGX-ST’s approval in-principle is subject to, *inter alia*, compliance with the SGX-ST’s listing requirements. The SGX-ST’s approval in-principle is not to be taken as an indication of the merits of the Equity Fund Raising, the New Units or A-REIT.

2. Eligibility to participate in the Private Placement

The offer of New Units under the Private Placement will be made to not more than 50 investors in Singapore under section 302C of the SFA. Investors may include persons located in the United States that are institutional “accredited investors” (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) eligible to purchase New Units offered in the Private Placement pursuant to Section 4(2) under the Securities Act.

The Manager, along with the Joint Lead Managers and Underwriters reserve the absolute discretion in determining whether to allow such participation as well as the persons who may be allowed to do so. Each purchaser of New Units being offered under the Private Placement will be required to represent and agree and acknowledge certain criteria related to compliance with Regulation S under the Securities Act or Section 4(2) of the Securities Act, as applicable.

3. Details of the Preferential Offering

In connection with the Preferential Offering, the Manager intends to issue up to 95,932,777 New Units pursuant to the Preferential Offering at the Issue Price to Entitled Unitholders on the basis of one New Unit for every 15 Units held (fractions of a New Unit to be disregarded and subject to the Rounding Mechanism) as at 5.00 p.m. on 23 January 2009 (the “**Books Closure Date**”) in order to raise gross proceeds of approximately S\$108 million.

(Please see the announcement dated 15 January 2009 issued by the Manager in relation to the notification of the time and date of the Books Closure Date.)

As the Preferential Offering is made on a non-renounceable basis, the provisional allotment of New Units cannot be renounced in favour of a third party or traded on the SGX-ST.

Each Entitled Unitholder will be provisionally allotted the New Units under the Preferential Offering on the basis of their unitholdings in A-REIT as at the Books Closure Date, fractions of a New Unit to be disregarded and subject to the Rounding Mechanism whereby in the situation where an Entitled Unitholder’s provisional allotment of New Units under the Preferential Offering is other than in integral multiples of 1,000 Units, it will be increased to such number which, when added to the Entitled Unitholder’s unitholdings as at the Books Closure Date, results in an integral multiple of 1,000 Units (the “**Rounding Mechanism**”). Entitled Unitholders are at liberty to accept or decline their provisional allotments of New Units

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and are eligible to apply for additional New Units in excess of their provisional allotments under the Preferential Offering (“**Excess New Units**”). Entitled Unitholders are prohibited from trading, transferring, assigning or otherwise dealing with (in full or in part) their (a) provisional allotments of New Units or (b) eligibility to apply for Excess New Units.

The New Units represented by the provisional allotments of (i) Entitled Unitholders who decline or do not accept, in full or in part, their provisional allotments of New Units under the Preferential Offering and/or (ii) ineligible unitholders of A-REIT (“**Unitholders**”), may be issued to satisfy applications for Excess New Units as the Manager may, in its absolute discretion, deem fit. In the allotment of Excess New Units, directors of the Manager and substantial Unitholders (including Ascendas Pte Ltd (“**Ascendas**”), Ascendas Land (Singapore) Pte Ltd and Ascendas Funds Management (S) Limited) will rank last in priority.

The making of the Preferential Offering may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation applicable in countries (other than Singapore) where Unitholders may have as their addresses registered with CDP, the Preferential Offering will not be extended to Unitholders whose registered addresses with CDP are outside Singapore, and who have not, at least three Market Days⁵ prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents. Unitholders whose registered addresses with CDP are outside Singapore and who wish to participate in the Preferential Offering will have to provide CDP with addresses in Singapore for the service of notices and documents at least three Market Days prior to the Books Closure Date.

Additional details of the Preferential Offering can be found in the offer information statement to be lodged with the Monetary Authority of Singapore (“**MAS**”) sometime on or around 23 January 2009.

4. Details of the Underwriting

The Manager and the Joint Lead Managers and Underwriters have today entered into a placement agreement (the “**Placement Agreement**”) in relation to the Equity Fund Raising. Pursuant to the Placement Agreement, the Joint Lead Managers and Underwriters have agreed to:

- (i) place out, or failing which to subscribe for, the New Units to be issued pursuant to the Private Placement at the Issue Price; and
- (ii) procure subscriptions for, or failing which to subscribe for up to 69,925,101 New Units to be issued pursuant to the Preferential Offering (representing the maximum number of New Units to be issued pursuant to the Preferential Offering less the New Units to be provisionally allotted to Ascendas Land (Singapore) Pte Ltd and Ascendas Funds Management (S) Limited (in its own capacity and not in its capacity as manager of A-REIT)) at the Issue Price, to the extent that they remain unsubscribed after satisfaction of all applications (if any) for Excess New Units.

In addition, pursuant to the Placement Agreement, in relation to the Equity Fund Raising, the

⁵ A day on which the SGX-ST is open for trading in securities.

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Manager will pay to the Joint Lead Managers and Underwriters, an underwriting and selling fee of 2.0% of the aggregate Issue Price of up to 327,925,101 New Units, which based on an Issue Price of S\$1.13 per New Unit, which is the lower end of the Issue Price Range (the “**Minimum Issue Price**”) amounts to S\$7.4 million comprising S\$5.8 million in relation to the Private Placement and S\$1.6 million in relation to the Preferential Offering (the “**Underwriters’ Commission**”).

Up to 353,932,777 New Units are proposed to be issued under the Equity Fund Raising at the Minimum Issue Price of S\$1.13 per New Unit, comprising 258,000,000 New Units to be issued pursuant to the Private Placement and up to 95,932,777 New Units to be issued pursuant to the Preferential Offering.

5. Commitment by Ascendas

To demonstrate its support for A-REIT and the Equity Fund Raising, Ascendas which owns an interest of approximately 27.1% in A-REIT through its wholly-owned subsidiaries, has today through its wholly-owned subsidiaries, Ascendas Land (Singapore) Pte Ltd and Ascendas Funds Management (S) Limited (in its own capacity and not in its capacity as manager of A-REIT) provided the following commitment and undertakings:

- (i) Ascendas Land (Singapore) Pte Ltd has provided an irrevocable undertaking (the “**Ascendas Land Irrevocable Undertaking**”) to the Manager to, among other things, accept in full its provisional allotments of New Units under the Preferential Offering;
- (ii) Ascendas Funds Management (S) Limited (in its own capacity and not in its capacity as manager of A-REIT) has provided an irrevocable undertaking (the “**AFM Irrevocable Undertaking**”) to the Manager to, among other things, accept in full its provisional allotments of New Units under the Preferential Offering; and
- (iii) Ascendas Land (Singapore) Pte Ltd has entered into a commitment agreement (the “**Ascendas Commitment Agreement**”) with the Joint Lead Managers and Underwriters, pursuant to which Ascendas Land (Singapore) Pte Ltd agreed to subscribe for up to such number of New Units under the Preferential Offering to be determined in accordance with the formula set out below, to the extent that they remain unsubscribed after satisfaction of all applications (if any) for Excess New Units.

$$A = \frac{\text{S\$108,000,000} - (B \times \text{Issue Price})}{\text{Issue Price}}$$

Where:

- A** : Maximum number of New Units to be subscribed by Ascendas Land (Singapore) Pte Ltd pursuant to the Ascendas Commitment Agreement (the “**Ascendas Commitment New Units**”)
- B** : Total number of New Units subscribed by (i) Ascendas Land (Singapore) Pte Ltd through the Ascendas Land Irrevocable Undertaking and (ii) Ascendas Funds Management (S) Limited through the AFM Irrevocable

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Undertaking

In addition, pursuant to the Ascendas Commitment Agreement, the Joint Lead Managers and Underwriters have agreed to pay to Ascendas Land (Singapore) Pte Ltd a commission of 2.0% of the aggregate amount of the Issue Price of the Ascendas Commitment New Units, in consideration for Ascendas Land (Singapore) Pte Ltd entering into and performing its obligations under the Ascendas Commitment Agreement (the “**Ascendas Commission**”).

In the event that Ascendas Land (Singapore) Pte Ltd and Ascendas Funds Management (S) Limited (in its own capacity and not in its capacity as manager of A-REIT) accept their provisional allotments of New Units under the Preferential Offering and Ascendas Land (Singapore) Pte Ltd is called upon to subscribe for the Ascendas Commitment New Units, assuming that none of the other Entitled Unitholders accept their provisional allotment of New Units and apply for Excess New Units and assuming the Minimum Issue Price, Ascendas’ aggregate unitholding in A-REIT, through its wholly owned subsidiaries, will not exceed 27.1%, which is Ascendas’ aggregate unitholding in A-REIT prior to the launch of the Equity Fund Raising because Ascendas and its subsidiaries will not take up New Units under the Private Placement.

In the event that Ascendas Land (Singapore) Pte Ltd and Ascendas Funds Management (S) Limited (in its own capacity and not in its capacity as manager of A-REIT) accept their respective provisional allotments of New Units under the Preferential Offering and Ascendas Land (Singapore) Pte Ltd is not called upon to subscribe for any of the Excess New Units, Ascendas’ aggregate unitholding in A-REIT will not exceed 23.0%.

6. Board Confirmation

The board of the Manager (the “**Board**”) has considered the terms of the Ascendas Commitment Agreement (including the Underwriter’s Commission and the Ascendas Commission) and is of the view that they have been entered into on an arm’s length basis, are on normal commercial terms, are fair and not prejudicial to A-REIT and its Unitholders as a whole.

In considering the structure of the Preferential Offering, the Board notes that the support of Ascendas through Ascendas Land (Singapore) Pte Ltd pursuant to the Ascendas Commitment Agreement is essential to ensure the success of the Preferential Offering and (ii) the fees payable pursuant to the Ascendas Commitment Agreement are in line with current market practice. Additionally, the Ascendas Commission payable to Ascendas Land (Singapore) Pte Ltd under the Ascendas Commitment Agreement will be paid by the Joint Lead Managers and Underwriters out of their underwriting commission and will not lead to an additional cost to A-REIT over and above the underwriting commission payable to the Joint Lead Managers and Underwriters. Accordingly, the Board (including the independent directors) is of the view that the underwriting structure, including the arrangement with Ascendas Land (Singapore) Pte Ltd under the Ascendas Commitment Agreement, as described above, is not detrimental to the interests of A-REIT and its minority Unitholders and the arrangements have been entered into on an arm’s length basis.

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7. Rationale for the Equity Fund Raising Exercise

The Manager believes the Equity Fund Raising will bring the following benefits to A-REIT.

Strengthen A-REIT's balance sheet and capital structure

Based on the Minimum Issue Price of S\$1.13 per New Unit, the completion of the Equity Fund Raising would reduce the Aggregate Leverage⁶ of A-REIT as illustrated in the following table. Assuming that, pending deployment as described above, the net proceeds from the Equity Fund Raising are fully used to repay debt facilities, A-REIT's Aggregate Leverage is expected to decrease from approximately 42.2% as at 31 December 2008 to 33.7%. After the deployment of S\$163.0 million of the net proceeds from the Equity Fund Raising to fund committed developments of Plot 8 Changi Business Park and a build-to-suit facility in Airport Logistics Park, A-REIT's Aggregate Leverage is expected to reach 36.0%.

	Before the Equity Fund Raising⁽¹⁾	Immediately after the Equity Fund Raising⁽²⁾	After the Equity Fund Raising and deployment of S\$163.0 million for developments⁽³⁾
Borrowings and Deferred Payment	S\$1,943.5 million	S\$1,553.6 million	S\$1,716.6 million
Deposited Property	S\$4,610.3 million	S\$4,610.3 million	S\$4,773.3 million
Aggregate Leverage	42.2%	33.7%	36.0%

Notes:

- (1) As at 31 December 2008.
- (2) Assuming that, pending deployment, the net proceeds from the Equity Fund Raising are fully used to repay debt facilities.
- (3) Assuming that, S\$163.0 million is used to fund committed development projects while the remaining net proceeds from the Equity Fund Raising are used to repay short-term debt facilities.

The reduction in Aggregate Leverage will strengthen A-REIT's capital structure and its credit profile, and enhance A-REIT's balance sheet and its ability to secure additional debt facilities at potentially more competitive terms.

For calendar years 2009 and 2010, following the Equity Fund Raising, assuming the Minimum Issue Price and after the deployment of S\$163.0 million of the net proceeds from the Equity Fund Raising to fund committed developments, A-REIT is expected to have S\$443.5 million of revolving credit facilities due in calendar year 2009 and a S\$300.0 million bilateral term loan due in calendar year 2010. The Manager is confident of its ability to renew these facilities given the following:

- (i) S\$443.5 million of revolving credit facilities due in calendar year 2009:

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- (a) the S\$443.5 million of revolving credit facilities due in 2009 constitutes only 26.3% of total debt outstanding;
 - (b) each of the revolving credit facilities represent a small proportion of the total package of debt financing from a number of major financial institutions, each of whom A-REIT has strong long-term relationships with; and
 - (c) A-REIT was able to continuously extend its various short-term credit facilities in the last nine months, the most recent being the extension of a S\$100.0 million short-term credit facility in November 2008; and
- (ii) S\$300.0 million bilateral term loan due in calendar year 2010 - A-REIT has also sought and received an expression of interest from the provider of the S\$300.0 million bilateral term loan due March 2010, to extend this term loan.

In addition, A-REIT is in advanced negotiation for a new S\$250.0 million, 3-year committed credit facility from a major financial institution. With this additional facility, assuming the Minimum Issue Price and after the deployment of S\$163.0 million of the net proceeds from the Equity Fund Raising to fund committed developments, A-REIT is expected to have access to a total of S\$426.5 million of undrawn credit facilities following the Equity Fund Raising.

As a result, the Manager is confident that A-REIT will meet all its debt refinancing needs in 2009 and 2010 and sees no further need to raise new equity for the purposes of debt refinancing during this period.

Partly or wholly finance investment activities while maintaining financial flexibility

The reduction in Aggregate Leverage is expected to create additional borrowing capacity, which will enable A-REIT to capitalise on valuable opportunities which may become available in the future.

Possibly increase the trading liquidity of the Units

The 95,932,777 New Units to be issued pursuant to the Preferential Offering, which together with the 258,000,000 New Units to be issued pursuant to the Private Placement, will increase the number of Units in issue to 1,686.0 million from 1,331.8 million as at 31 December 2008 which is an increase of up to approximately 26.6%.

This increase in the total number of Units in issue and Unitholder base is expected to improve the level of trading liquidity of the Units.

8. Use of Proceeds

Subject to the relevant laws and regulations, based on the Minimum Issue Price the Manager intends to use the net proceeds from the Equity Fund Raising of approximately S\$389.9 million in the following manner:

- (i) approximately S\$200.0 million to partly or wholly fund committed development

⁶ "Aggregate Leverage" is defined in the Property Funds Guidelines as the ratio of A-REIT's borrowings and deferred payments (including deferred payments for assets whether to be settled in cash or Units) to the value of its deposited

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projects and/or future development projects. Of this amount, it is expected that approximately S\$163.0 million will be used to fund committed developments at Plot 8 Changi Business Park and a built-to-suit facility in Airport Logistics Park, with the remaining of approximately S\$37.0 million for future potential development projects. A-REIT has a long and successful track record of growing its portfolio and distribution per Unit (“DPU”) through the acquisition of income-producing properties as well as undertaking development projects. The Manager continues to evaluate such opportunities on an ongoing basis and would undertake future investment and development activities which enhance and diversify A-REIT’s returns while maintaining a sound capital structure; and

- (ii) strengthen A-REIT’s balance sheet and capital structure by:
 - (a) utilising approximately S\$100.0 million, together with the S\$200.0 million existing committed bank credit facility, towards full repayment of A-REIT’s S\$300.0 million commercial mortgage backed securities maturing in August 2009; and
 - (b) utilising approximately S\$89.9 million towards the part repayment of its outstanding revolving credit facilities of approximately S\$438.1 million outstanding as at 31 December 2008,

with the balance of the proceeds, if any, to be used for general corporate and working capital purposes.

As at the date of this announcement, A-REIT has announced the following development projects:

(i) **Plot 8 Changi Business Park**

The development at Plot 8 Changi Business Park comprises two integrated suburban office buildings with amenity facilities to be built over three phases. These buildings will be sited on a land area of 29,864 sq m (subject to survey) with a 30 + 30 years lease tenure and will have a combined gross floor area of approximately 74,660 sq m.

Phase 1 & 2

The built-to-suit portion of the project is about 42,156 sq m. It will be built over two phases with the first phase expected to be completed by 1Q 2009 and the second phase of the building to be completed by 4Q 2010. Phase 1 (about 21,167 sq m in GFA) is 100% pre-committed to Citibank N.A while Phase 2 (about 20,989 sq m in GFA) is 75.0% pre-committed to Citibank N.A. Citibank N.A., part of the Citigroup Inc, is an eminent global financial services company listed in the New York Stock Exchange.

Multi-tenanted Building & Amenity Centre

The multi-tenanted building with a total gross floor area of approximately 32,503 sq m will have about 8,000 sq m of amenity space to cater to the needs of the increasing population at the Changi Business Park. The expected date of completion of the

property.

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development is in Q4 2009.

The total development cost of Phase 1, 2 and 3 is estimated to be about S\$208.1 million.

(ii) **Built-to-suit facility in Airport Logistics Park**

The development will be located in Airport Logistics Park of Singapore, a 26.0 hectare logistics park strategically located next to the Changi Airport and within the airport free trade zone. It will be a part two-storey/part four-storey facility sited on a land area of 10,132 sq m and is expected to have a gross floor area and net floor area of 12,707 sq m and 11,430 sq m respectively.

Construction of the facility is in progress and upon completion of construction (expected by Q4 2009), the property will be 100% leased to Expeditors, which is a major global logistics company.

The estimated development cost is S\$25.6 million.

Notwithstanding its current intention, the Manager may, subject to applicable laws and regulations, at its discretion use the net proceeds from the Equity Fund Raising for other purposes such as to refinance A-REIT's existing debt obligations.

The Manager will make periodic announcements on the utilisation of the net proceeds from the Equity Fund Raising via SGXNET as and when such funds are utilised.

Pending the deployment of the net proceeds from the Equity Fund Raising, the net proceeds may be deposited with banks and/or financial institutions, repay short-term debt facilities or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

9. Authority to Issue New Units

The Manager intends to rely on a general mandate as given to the Manager pursuant to Rule 887(1) of the Listing Manual of the SGX-ST (the "**Listing Manual**") in an extraordinary general meeting held on 30 June 2008 for the issue of new Units and/or convertible securities or other instruments which may be convertible into Units ("**Convertible Securities**") in the financial year ending 31 March 2009 such that the number of new Units issued (and/or Units into which the Convertible Securities may be converted) does not exceed 50.0% of the number of Units in issue as at 31 March 2008 (which is the end of A-REIT's last financial year) (the "**Base Figure**"), of which the aggregate number of new Units issued (and/or Units into which the Convertible Securities may be converted), where the Units and/or Convertible Securities are issued other than on a pro-rata basis to existing Unitholders, must not be more than 20.0% of the Base Figure.

As at 31 March 2008, the number of Units in issue was 1,325,560,491.

The maximum number of New Units to be issued pursuant to (i) the Private Placement (258,000,000 New Units), would constitute approximately 19.5% of the Base Figure, which is within the 20.0% limit for issue of new Units other than on a pro-rata basis and (ii) the Preferential Offering (95,932,777 New Units), would constitute approximately 7.2% of the

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Base Figure, which, together with the New Units to be issued pursuant to the Private Placement, is within the 50.0% limit. Accordingly, prior approval of the Unitholders is not required for the issue of the New Units under the Private Placement and the Preferential Offering.

10. Status of the New Units

Status of the New Units Pursuant to Private Placement

A-REIT's policy is to distribute its distributable income on a quarterly basis to Unitholders. In connection with the Private Placement, the Manager however intends to declare, in lieu of the scheduled distribution in respect of the period from 1 October 2008 to 31 December 2008, a distribution of the distributable income for the period from 1 October 2008 to the day immediately prior to the date on which the New Units are issued pursuant to the Private Placement (the "**Cumulative Distribution**").

The current expectation of the Manager is that the quantum of the DPU under the Cumulative Distribution will be approximately 4.78 cents, which comprises the following:

- (i) a distribution for period from 1 October 2008 to 31 December 2008 of 4.05 cents; and
- (ii) a distribution for period from 1 January 2009 to the to the day immediately prior to the date on which the New Units are issued pursuant to the Private Placement which is estimated on 21 January 2009, of approximately 0.73 cents⁷.

The actual quantum of the DPU under the Cumulative Distribution will be announced on a later date after the management accounts of A-REIT for the relevant period have been finalised.

The next distribution thereafter will comprise A-REIT's distributable income for the period from the day the New Units are issued pursuant to the Private Placement to 31 March 2009 (the "**Adjusted 4Q FY 08/09 Distribution**"). Quarterly distributions will resume thereafter. By implementing the Cumulative Distribution, distributable income accrued by A-REIT up to the day immediately preceding the date of issue of the New Units pursuant to the Private Placement will only be distributed in respect of the then existing Units.

The New Units issued pursuant to the Private Placement will, upon issue, rank *pari passu* in all respects with the Units in issue on the day immediately prior to the date on which the New Units are issued pursuant to the Private Placement, other than in respect of the entitlement to the Cumulative Distribution and the eligibility to participate in the Preferential Offering. For the avoidance of doubt, holders of the New Units to be issued pursuant to the Private Placement will not be entitled to the Cumulative Distribution or be eligible to participate in the Preferential Offering.

(Please see the announcement dated 15 January 2009 issued by the Manager in relation to

⁷ The estimated distribution for the period from 1 January 2009 to the to the day immediately prior to the date on which the New Units are issued pursuant to the Private Placement is based on normalised December 2008 actual revenue and expenses with the assumption that the performance fees payable in the fourth quarter of A-REIT's financial year 2008/2009 is pro-rated over the stated period, and that such fees are paid in cash.

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the notification of the time and date on which the transfer books and register of Unitholders will be closed to determine Unitholders' entitlement to the Cumulative Distribution.)

Status of New Units issued pursuant to the Preferential Offering

The New Units to be issued pursuant to the Preferential Offering will, upon issue, rank *pari passu* in all respects with the then existing Units, including the right to the Adjusted 4Q FY 08/09 Distribution as well as distributions thereafter.

11 Listing Approval

The listing approval is subject to the following conditions:

- (i) the Board provides assurance that the terms of the Ascendas Commitment Agreement are fair, and not prejudicial to A-REIT and to other Unitholders. The Board must also provide the basis for their opinion;
- (ii) the Board confirms that the terms agreed between the Manager and the Joint Lead Manager and Underwriters (including the commission payable to the Joint Lead Manager and Underwriters and Ascendas Land (Singapore) Pte Ltd) are on arms' length and normal commercial terms;
- (iii) the Joint Lead Manager and Underwriters must be financial institutions licensed by the Monetary Authority of Singapore to conduct underwriting activities
- (iv) the opinion of the Board (including the basis thereof) and the confirmation referred to in paragraphs (i) and (ii) above, together with a statement whether there are any dissenting views of the members of the Board (and, if so, details of the dissenting views), must be announced on SGXNet;
- (v) each of the Joint Lead Managers and Underwriters must be a financial institution licensed by MAS to conduct underwriting activities;
- (vi) the Joint Lead Managers and Underwriters confirm to the Board that (a) the discussion on the Ascendas Commitment Agreement with Ascendas Land (Singapore) Pte Ltd was initiated by the Joint Lead Managers and Underwriters and not by Ascendas Land (Singapore) Pte Ltd; and (b) the Joint Lead Managers and Underwriters will not underwrite the Equity Fund Raising unless Ascendas Land (Singapore) Pte Ltd enters into the Ascendas Commitment Agreement;
- (vii) the commission that Ascendas Land (Singapore) Pte Ltd earned shall not be higher than, and must be part of, the commission paid to the underwriter(s); and
- (viii) the fee earned by the Joint Lead Managers and Underwriters and Ascendas Land (Singapore) Pte Ltd must be announced on SGXNet.

The SGX-ST has also granted a waiver from the following:

- (a) Rule 872(1) of the Listing Manual (relating to confidential submissions), subject to an immediate announcement of the Equity Fund Raising if it appears that there has been a leakage of information on the Equity Fund Raising;

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- (b) Rule 704(24) of the Listing Manual (relating to having 10 clear Market Days notice of the Books Closure Date), subject to A-REIT providing at least 5 clear Market Days of notice of Books Closure Date; and
- (c) Rule 816 of the Listing Manual, subject to A-REIT limiting the discount for Issue Price of the New Units to 10.0%.

12. Documents for Inspection

The Placement Agreement, the Ascendas Land Irrevocable Undertaking and the AFM Irrevocable Undertaking will be available for inspection (upon appointment) during normal business hours at the registered office of the Manager at 61 Science Park Road, #02-18 The GALEN, Singapore Science Park II, Singapore 117525, for a period of three months commencing from the date of this announcement.

(Please see **Appendix A** for certain consideration regarding A-REIT and the Equity Fund Raising.)

BY ORDER OF THE BOARD
ASCENDAS FUNDS MANAGEMENT (S) LIMITED
(Company Registration No. 200201987K)
(as manager of Ascendas Real Estate Investment Trust)

Maria Theresa Belmonte
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Important Notice

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. This announcement 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. 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.

The value of Units and the income derived from them, if any, 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 should note that they will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders 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.

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APPENDIX A

The risks set out below are not the only ones A-REIT faces. Additional risks not presently known to A-REIT or that A-REIT currently deems immaterial may also impair A-REIT's business operations. A-REIT's business, financial condition, results of operations and prospects could be materially and adversely affected by any of these business factors or risks.

There may be potential conflicts of interest between A-REIT and the Ascendas group.

The Manager and the property manager of A-REIT are 100% directly owned by the Ascendas group. As at the date of this announcement, Ascendas owns an aggregate interest of approximately 27.1% in A-REIT through its wholly-owned subsidiaries.

The Ascendas group is engaged in (or have interests in corporations which are engaged in), among other things, investments in, acquisitions of and the development and management of industrial properties and/or other real estate in Singapore and/or overseas markets. A-REIT may have to compete with the Ascendas group in relation for tenants in the Singapore market.

The gross revenue earned from, and the value of, the properties in A-REIT's portfolio may be adversely affected by a number of factors.

The gross revenue earned from, and the value of, A-REIT's properties may be adversely affected by a number of factors, including:

- (i) the collection of rent from tenants on a timely basis or at all;
- (ii) events affecting the properties in A-REIT's portfolio which could result in the inability of the relevant tenants to operate on such properties and thereby resulting in the inability of such tenants to make timely payments of rent;
- (iii) tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease, or which could hinder or delay the re-letting of the space in question or the sale of the relevant property;
- (iv) the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for industrial properties, changes in market rental rates and operating expenses for A-REIT's properties);
- (v) vacancies following the expiry or termination of tenancies that lead to reduced occupancy rates which reduce A-REIT's gross revenue and its ability to recover certain operating costs through service charges;
- (vi) the amount of rent payable by tenants and other terms on which tenancy renewals and new tenancies are agreed being less favourable than those under current tenancies;
- (vii) the Manager's ability to provide adequate management and maintenance or to purchase or put in place adequate insurance in relation to A-REIT's properties;
- (viii) competition for tenants which may affect rental income or occupancy levels at A-REIT's properties;
- (ix) changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and government charges. Such revisions may lead to an

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increase in management expenses or unforeseen capital expenditure needed to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment; and

- (x) natural disasters, acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Manager.

A-REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.

A-REIT's success depends, in part, upon the continued service and performance of members of the Manager's senior management team and certain key senior personnel. These key personnel may leave the Manager in the future and compete with it and/or A-REIT. The loss of any of these key employees could have a material adverse effect on A-REIT's business, results of operations and financial condition.

The loss of key tenants or a downturn in the business of A-REIT's tenants could have an adverse effect on its financial condition and results of operations.)

A-REIT's financial condition and results of operations and ability to make distributions may be adversely affected by the bankruptcy, insolvency or downturn in the business of its key tenants, including the decision by any such tenants not to renew their leases.

A-REIT may be adversely affected by the illiquidity of real estate investments.

A-REIT invests primarily in real estate which entails a higher level of risk than a portfolio of marketable securities.

Real estate investments are relatively illiquid. Such illiquidity may affect A-REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. Moreover, A-REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on A-REIT's financial condition and results of operations, with a consequential adverse effect on A-REIT's ability to make distributions to Unitholders.

A-REIT's properties are located in Singapore and are therefore exposed to the economic and real estate conditions in Singapore (including increased competition in the real estate market).

A-REIT's properties are situated in Singapore, which exposes A-REIT to the risk of a prolonged downturn in economic and real estate conditions in Singapore. A significant portion of A-REIT's gross revenue and results of operations depend, to a large extent, on the performance of the Singapore economy. The value of A-REIT's properties and the rental revenue collected may also be adversely affected by a number of local real estate conditions, such as the attractiveness of competing business spaces and industrial properties or, for example, if there is an oversupply of business and industrial space. There are many business spaces and industrial properties in Singapore that compete with A-REIT's properties in attracting tenants.

A-REIT will require funds from time to time in order to both finance its working capital requirements, refinance existing debt as well as fund acquisitions to improve its property portfolio that it may not be able to sustain.

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A-REIT's business strategy is to make acquisitions and undertake development projects which are yield accretive. The availability of external financing for A-REIT's capital investments depends on many factors outside of its control, including money and capital market conditions and the overall performance of the economy. In particular, investors in A-REIT should note that the willingness of financial institutions to make capital commitments by way of investing in debt or equity instruments may for an indeterminate period be adversely affected by the wide-spread default of US sub-prime mortgages and the current financial crisis. The widespread dispersion of credit risks arising from the use of collateralized debt obligations and the unclear effect on financial institutions may cause financial institutions to reduce lending activity or to make loans at higher interest rates, in order to preserve sufficient liquidity. A-REIT accordingly may face increasing difficulties in raising funds for working capital purposes or to finance future acquisitions and developments of yield-accretive assets.

If A-REIT does not have sufficient internal cash or external financing on acceptable terms, it may be unable to develop or enhance its portfolio by acquiring or developing assets when the opportunity arises, fund potential asset enhancements and any on-going capital expenditure requirements.

The Equity Fund Raising may dilute the net asset value per Unit

After completion of the Equity Fund Raising, the total number of Units in issue will increase. As a result, immediately after the Equity Fund Raising, the net asset value per Unit is expected to be lower than the net asset value per Unit prior to the Equity Fund Raising.

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