



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

Update on Ascendas Real Estate Investment Trust's Corporate Family Rating

Ascendas Funds Management (S) Limited, as manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), wishes to inform that its corporate family rating of A3 has been downgraded to Baa1 as reported in a statement released by Moody's Investors Service Inc. (“**Moody's**”) on 30 January 2009.

In the statement, Moody's stated that the downgrade “reflects the trust's ongoing refinancing risk, given that it has not fully addressed its reliance on uncommitted revolving credit facilities to support its long-term assets”.

The downgrade also reflects the general economic environment whereby Moody's believes that it will “exacerbate downward pressure on A-REIT's rental revenue, occupancy rate, and asset values. As a result, the trust's credit metrics are expected to weaken and the headroom to meet its financial covenants will be tightened.”

The Manager wishes to assure that it has been taking, and will continue to take, a proactive approach towards the capital management of A-REIT. Some of these are stated in the offer information statement together with the wrap around document lodged with the Monetary Authority of Singapore on 23 January 2009 (the “**Circular**”), which remain unchanged:

- launching the Equity Fund Raising¹ on 15 January 2009 to raise gross proceeds of approximately S\$407m to part repay debt obligations as well as fund on-going development projects;
- seeking and receiving an expression of interest from the provider of the S\$300.0 million bilateral term loan due in March 2010, to extend this term loan;
- currently in advanced negotiations for a new S\$250.0 million, 3-year committed credit facility from a major financial institution; and

1 “**Equity Fund Raising**” means the equity fund raising comprising (i) a private placement of new units in A-REIT (“**Units**”) to institutional investors raising gross proceeds of approximately S\$299.3 million for A-REIT, which was launched and closed on 15 January 2009 and (ii) an underwritten non-renounceable preferential offering of new Units to entitled unitholders of A-REIT to raise about gross proceeds of approximately S\$108.0 million based on the issue of 93,103,448 new Units under the preferential offering. A minimum of 93,103,448 new Units and up to 93,710,021 new Units may be issued under the preferential offering depending on the actual number of new Units which are validly subscribed and paid for by entitled unitholders of A-REIT under the preferential offering.

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.

- demonstrated ability 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.

As a result, the Manager believes that the various financial metrics of A-REIT have improved and will continue to improve over time. A-REIT's current financial metrics are as follows:

| | Moody's Threshold for a "A3" rating | As at 31 December 2008 | Immediately after completion of the Equity Fund Raising ⁽¹⁾ |
|---|-------------------------------------|------------------------|--|
| Aggregate Leverage ⁽²⁾ | 45.0% | 42.2% | 35.8% |
| Interest Cover Ratio | Not less than 4.0 times | 4.6 times | 6.1 times ⁽³⁾ |
| Total Debt / EBITDA ⁽⁴⁾ | Not more than 8.0 times | 7.4 times | 5.9 times |
| Moody's Rating | - | A3 | Baa1 |

Notes:

- (1) Assuming that 93,103,448 new Units are issued pursuant to the preferential offering and that, pending deployment, the net proceeds of approximately S\$397.1m from the Equity Fund Raising are fully used to repay debt facilities.
- (2) "**Aggregate Leverage**" is defined in the Property Funds Guidelines issued by the Monetary Authority of Singapore in Appendix 2 to the Code on Collective Investment Schemes 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 property.
- (3) Assuming that the net proceeds from the Equity Fund Raising are used to repay debt at the start of the current financial year and the interest savings from the debt repayment was based on the average all-in cost of debt as at 31 December 2008. The actual interest savings from the debt repayment would depend on the actual prevailing interest rate at the time of the debt repayment.
- (4) "**EBITDA**" means earnings before interest, taxes, depreciation and amortisation.

The Manager believes that A-REIT has a resilient portfolio as demonstrated by the following sensitivity analysis, which demonstrates that any adverse change in asset valuations, and occupancy rate or average rental rate is expected to lead to a less than proportionate change in the following credit metrics:

- (i) upon completion of the Equity Fund Raising, every 5% devaluation of the asset value of A-REIT's deposited property is expected to result in a 1.7% increase in A-REIT's Aggregate Leverage; and
- (ii) every 10% decline in the occupancy rate or average rental rate of the multi-tenanted portion of the portfolio is expected to result in a 5.3% decline in the EBITDA of A-REIT which in turn is expected to cause a 6% and 7% change in the Interest Cover Ratio and Total Debt / EBITDA ratio respectively.

As at 31 December 2008, leases representing approximately 85% of the portfolio revenue of A-REIT are committed, and leases representing approximately 14.7% of the portfolio revenue of A-REIT are due for renewal in the financial year ending 31 March 2010.

This announcement is not for distribution, directly or indirectly, in or into the United States, Canada or Japan.

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
Assistant Company Secretary
2 February 2009

Important Notice

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The Circular in relation to the Preferential Offering has been despatched to entitled unitholders of A-REIT and is available on the website of A-REIT at <http://www.a-reit.com>. A potential investor should read the Circular before deciding whether to accept his provisional allotment of new Units and (if applicable) apply for excess new Units under the Preferential Offering.

The value of the 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 of A-REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (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 announcement is not for distribution, directly or indirectly, in or into the United States, Canada or Japan.