



Moody's Investors Service

Global Credit Research

Rating Action

24 AUG 2009

Rating Action: Ascendas Real Estate Investment Trust

Moody's changes A-REIT's outlook to stable from negative

Approximately USD191 million in debt securities affected

Singapore, August 24, 2009 -- Moody's Investors Service has today changed the outlook of Ascendas Real Estate Investment Trust's ("A-REIT") Baa1 corporate family and Baa2 senior unsecured ratings to stable from negative.

"The change in ratings outlook to stable reflects A-REIT's completion of its private placement of equity issuance which should improve its liquidity and balance sheet position," says Kathleen Lee, a Moody's VP/Senior Analyst.

"The equity issuance is expected to enhance A-REIT's credit metrics -- with projected Debt/EBITDA leverage at 5 to 6x and interest coverage of 4 to 5x over the next 2 years -- which provide strong support for its Baa1 corporate family rating," says Lee, also Moody's lead analyst for the trust.

"The private placement also reflects A-REIT's ongoing efforts to improve its capital management thereby strengthening its balance sheet, enhance its financial flexibility and address its previous reliance on revolving uncommitted facilities to support asset growth. In the last few months, A-REIT has completed a rights offering of approximately S\$400 million and raised S\$275 million in medium-term notes ("MTN") to term out its short-term debts," adds Lee.

While Moody's remains cautious of weaknesses in A-REIT's operating environment and the new supply of industrial properties coming on-stream from 2009 onwards, the stable outlook reflects Moody's expectations that any weakness will be manageable within the trust's current rating, given A-REIT's good quality assets and improved financial metrics.

Upward rating pressure is unlikely over the next 12-18 months given the challenging environment.

Downward rating pressure would develop should A-REIT's operating performance disappoint, with EBITDA/Interest coverage staying below 3 to 3.5x and Debt/EBITDA leverage rising above 7 to 7.5x on a sustained basis.

The last rating action with regard to A-REIT was taken on 12 August, 2009, when the company's ratings were affirmed following its announcement of a proposed private placement to raise approximately S\$300 million.

The principal methodology used in rating A-REIT was the Rating Methodology for REITs and Other Commercial Property Firms, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory.

Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

Headquartered in Singapore, Ascendas-Real Estate Investment Trust ("A-REIT") has a diversified portfolio of 89 properties in Singapore. Its portfolio consists of business/science park properties, industrial properties,

and logistics/distribution centers.

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