

Press Release  
11 February 2011



## **A-REIT forays into Shanghai, China with the forward purchase of a Business Space Property**

**11 February 2011, 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 announce that it will be acquiring a business space property located at No. 200 Jinsu Road, Jinqiao Export and Processing Zone (“**JEPZ**”), Pudong New District, Shanghai, China. This will be effected through the entry into a Sale and Purchase Agreement (the “**SPA**”) with Hyday Holding Ltd. (the “**Vendor**”) (a subsidiary of Qingjian International (South Pacific) Group Development Co., Pte. Ltd. (“**Qingjian**”)) and Qingjian, for the acquisition of the entire issued and paid-up share capital (the “**Shares**”) of Shanghai (JQ) Investment Holdings Pte. Ltd. (a special purpose vehicle owned by the Vendor) for a total purchase consideration of approximately RMB 587.9 million (or about S\$117.6 million) (the “**Proposed Acquisition**”).

Mr. Tan Ser Ping, Chief Executive Officer and Executive Director of the Manager said, “JEPZ is a well established state-level development zone in Shanghai. It is a preferred zone for many multi-national companies looking to set up research & development as well as technology support facilities and corporate headquarters within one location. Land supply is limited within this zone and thus this acquisition is a good opportunity to gain a foothold in JEPZ. This acquisition is in line with A-REIT’s focus to add value to its customers by serving their real estate needs in Singapore and around the region. For A-REIT’s investors, it is a yield accretive investment with potential for capital appreciation. It also allows them to gain exposure to a segment of the market which they, on their own, may not be able to efficiently do.

The Manager will continue to identify potential investment opportunities in Singapore and around the region i.e. acquisitions of income-producing assets as well as built-to-suit development for high credit quality tenants with the intention to deliver sustainable yield accretive returns for Unitholders. The Manager will also seek investments with good

fundamentals and potential asset enhancement opportunities which complement its existing portfolio to further enhance its footprint in the business space and industrial property arena. For investments in China, the Manager will initially focus on major tier one cities such as Shanghai and in the segments of business & science parks, logistics and distribution centres as well as warehouse retail facilities. A-REIT's portfolio will remain predominantly Singapore-based assets in the foreseeable future."

**Description of the Proposed Acquisition**

The Proposed Acquisition is sited on a land area of 31,952sqm with expected gross floor area of approximately 79,880 sqm. It is located in North Jinqiao and within the JEPZ. It is near the Waihuan (External Ring) Expressway and 30km away from Pudong International Airport. It is also in close proximity to a Line 9 subway station which is expected to be operational by October 2011. This subway line will connect JEPZ to the core area of Shanghai World Expo as well as Xujiahui (one of the top commercial areas in Shanghai). Please refer to Annex A below for further details of JEPZ.



Location of Proposed Acquisition (Source: www.googlemap.com)



Based on market studies and local government statistics, demand for business space within the JEPZ has been robust. The Manager intends to market the property through its network of existing tenants as well as leveraging on Ascendas' operating platform in China. In addition, to mitigate leasing risk, the Vendor will provide a RMB67.6 million (approximately S\$13.5 million) rental guarantee to A-REIT upon completion of the transaction, which is expected in the second half of 2012.

The annualised pro forma financial effect of the Proposed Acquisition on the DPU for FY2009/10 is expected to be an additional 0.07 cents per unit <sup>(1)</sup> after applicable taxes in China.

#### **About A-REIT ([www.a-reit.com](http://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 92 properties in Singapore, comprising business and science park properties, hi-tech industrial properties, light industrial properties, and logistics and distribution centres, with total assets of about S\$5.0 billion. These properties house a tenant base of about 950 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

<sup>(1)</sup> Assuming A-REIT had completed and held the Proposed Acquisition for the whole of FY2009/10; the Proposed Acquisition was funded using 40% debt and 60% equity; and in respect of the Proposed Acquisition, the Manager had elected to receive its base fee 80% in cash and 20% in units. The computation has also taken into account applicable taxes payable in China

Logistics, Siemens, Honeywell, Zuellig Pharma, LFD (Singapore), OSIM International, Venture Corporation, Federal Express, Freight Links Express, Johnson & Johnson, RSH, Infineon Technologies, Procter & Gamble and Hyflux.

A-REIT is listed in several indices. These include 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 a corporate family 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 the Ascendas Group ([www.ascendas.com](http://www.ascendas.com))**

Ascendas is Asia’s premier provider of business space solutions with a significant presence in the region. Ascendas develops, manages and markets IT Parks, industrial parks (manufacturing, logistics and distribution centres), business parks, science parks, hi-tech facilities, office and retail space. Among its flagships are the Singapore Science Park, International Tech Park Bangalore, Ascendas-Xinsu in Suzhou and Dalian-Ascendas IT Park. More than 1,800 of the world’s leading companies, many in the Fortune 500 list, have made Ascendas properties their preferred address in Asia.

Ascendas is also a leading real estate fund management player focused on the management of public-listed property trusts and private real estate funds, investing in a diverse range of industrial and commercial real estate properties across Asia. Listed on the main board of Singapore Exchange Securities Trading Limited are Ascendas Real Estate Investment Trust (A-REIT), Singapore’s first business space trust, and Ascendas India Trust (a-iTrust), Asia and Singapore’s first Indian property trust. The Ascendas Group also manages a range of private real estate funds which invest in business space in India, China, South Korea and ASEAN. All the funds are supported by Ascendas’ strong fund management and real estate expertise, and are testament to its commitment to each of its markets.

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#### **Important Notice**

The value of 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.

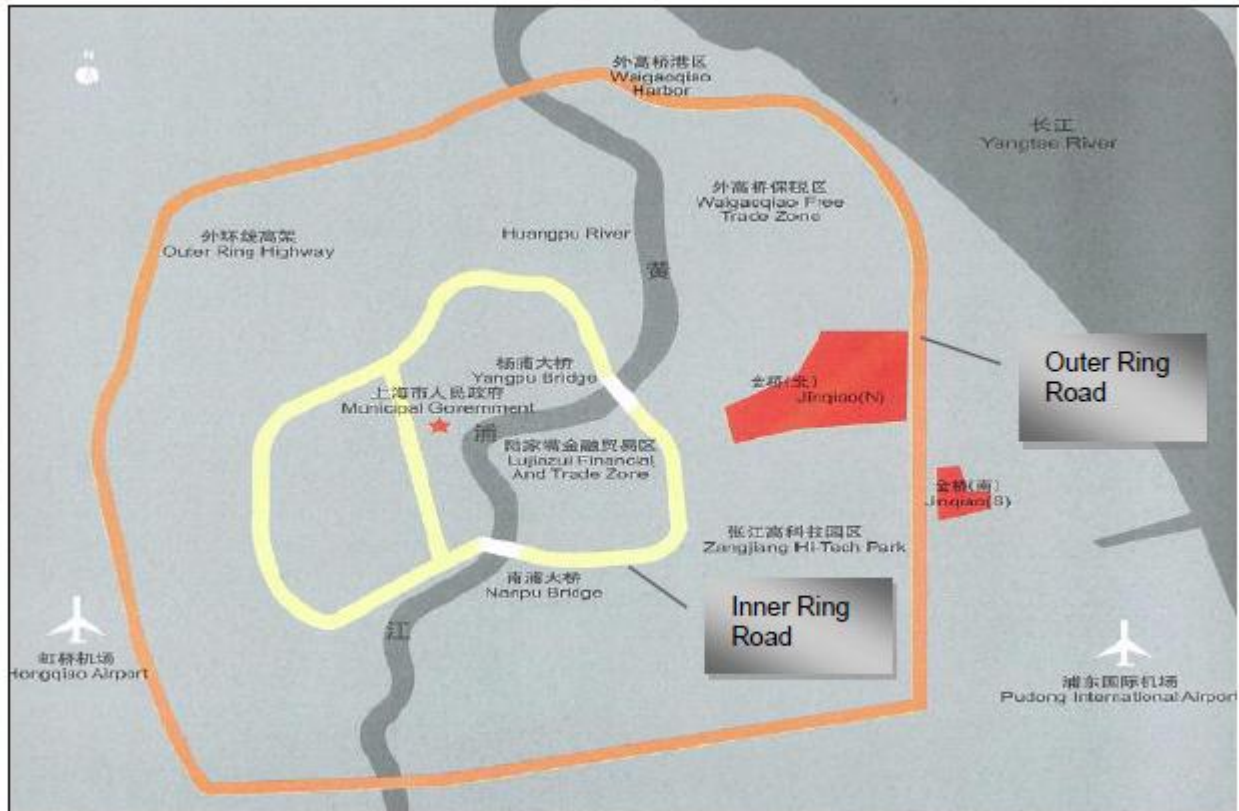
Any discrepancies in the Figures included herein between the listed amounts and total thereof due to rounding.

**Annex 1: Details of JEPZ**



*Map of Jinqiao (Source: Shanghai Jinqiao (Group) Co., Ltd)*

1. JEPZ is the first national economic and technological development zone to have an “export processing zone” in China. It is a state-level economic development zone attracting an array of investments including electronics, information, automotive and automotive parts manufacturing, home appliances and biopharmaceutical located in the center of Pudong New Area.
2. Shanghai Jinqiao (Group) Co., Ltd is a state-owned company of Pudong New Area responsible for land development, infrastructure, industrial development as well as attracting foreign investments into the development zone.



Map of Shanghai Pudong New District. (Source: Shanghai Jinqiao (Group) Co., Ltd)

3. JEPZ (highlighted in red above) which is located in Shanghai Pudong New District, enjoys geographical advantage as it is adjacent to Lujiazui Financial and Trade Zone on the west, Waigaoqiao Free Trade Zone in the North and Zhangjiang High-Tech Park in the South.

### Transportation Network

4. The west part of the JEPZ is directly linked to the Inner Ring Road (48 kilometers long), while the Outer Ring Road (89 kilometers long with eight lanes) passes by the eastern side of the park. The Jinqiao Export Processing Zone is well-connected with Puxi district through the Yangpu and Nanpu Bridges, and the Yan'an Donglu Tunnel.

### Proximity to Airport

5. The JEPZ is 25 kilometers away from the Hongqiao International Airport, half an hour's drive on the overhead Inner Ring Road. It is 30 kilometers from Pudong International Airport, 30 minutes' drive on the highway.

### Proximity to Harbour

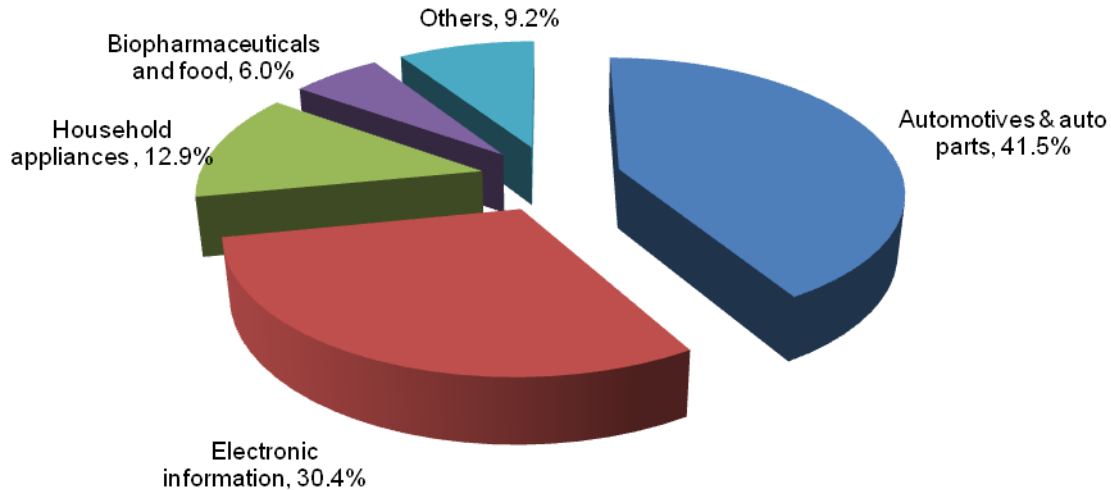
6. The JEPZ is 9 kilometers away from the Waigaoqiao Harbour in the North, where a 900-meter container wharf has set up with four 10,000-tonnage berths and 2.4 million tons handling capacity a year.



Jinqiao Export Processing Zone Master Plan (Source: Shanghai Jinqiao (Group) Co., Ltd)

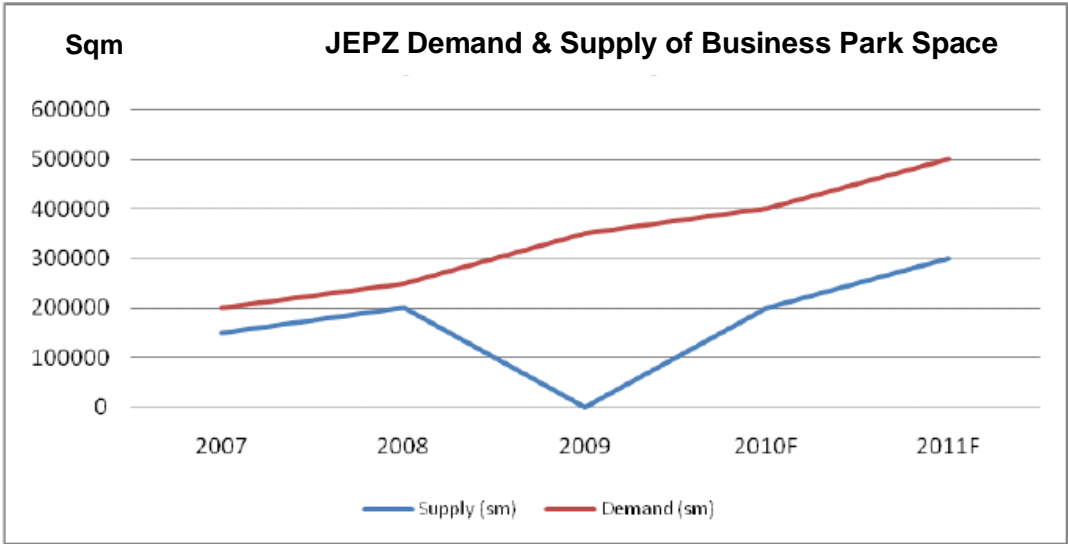


**Industrial activities in JEPZ amounted to RMB167.29 billion in 2009, contributed by the following industries:**



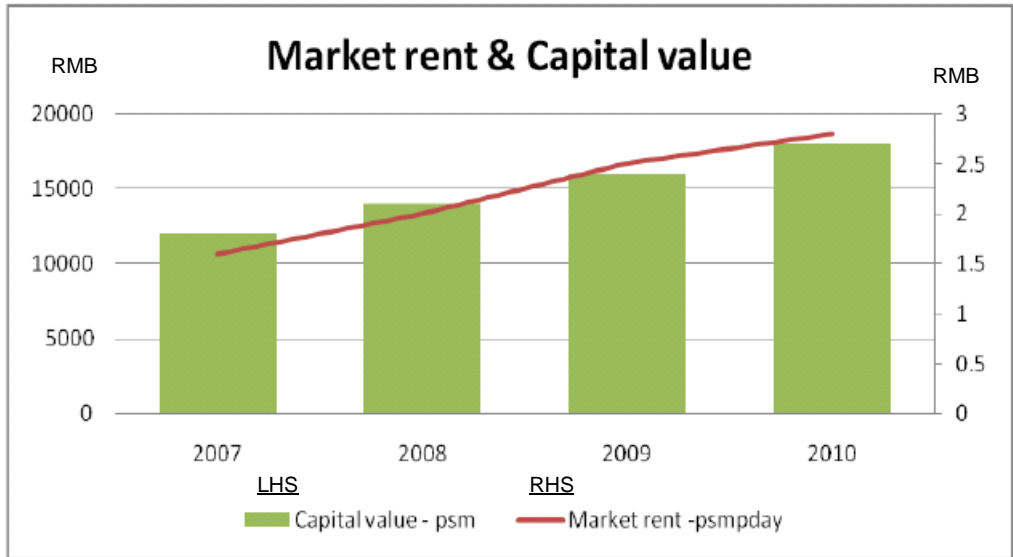
*Tenant base by industry in 2009 (Source: Shanghai Jinqiao (Group) Co., Ltd )*

7. In the last 20 years of development, JEPZ has transformed itself from a rural area into a matured technologic development zone in Shanghai, attracting investments from a wide spectrum industries including electronics, information, auto and auto parts manufacturing, home appliances and biopharmaceutical.
8. JEPZ has established itself to be a preferred zone for many investors. To date, it houses 54 Fortune 500 companies. Some prominent companies are Bayer, General Electric, General Motors, Huawei, L'Oreal, Nestle, Siemens, etc.
9. Having established a strong base as an advanced manufacturing industry, JEPZ is progressing into the second phase of its development which is to develop itself into a manufacturing-centric service industry, i.e. R&D and technology support centre.
10. It was also highlighted by the JEPZ authorities that they have plans to gradually relocate the existing manufacturing activities out of the zone and to redevelop the zone into a district where businesses would establish office headquarters and other service functions in JEPZ. One of the main drivers for strong demand for business park space is due to this changing role and activities of companies located within the zone.



Source: Shanghai Jinqiao (Group) Co., Ltd

11. According to local government statistics, demand for business park space has been on the rise, in tandem with rising capital value and rental rates. A healthy take-up rate is expected to persist as the local authorities continue to promote the zone as a manufacturing-centric service industry focusing on research & development as well as technology support centres, thereby, attracting foreign investors and further improve the branding of JEPZ. .



Source: Shanghai Jinqiao (Group) Co., Ltd