



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

A-REIT revises fees in favour of Unitholders and changes frequency of distribution

Highlights:

1. Improving the basis of determination of Base Fee by excluding derivative assets and properties under development from the computation of Deposited Property
2. Unilateral waiver of a portion of Performance Fee to ensure equitable distribution of the growth in Distributable Income to Unitholders
3. Changing A-REIT's distribution frequency from quarterly to semi-annual basis

The Board of Directors of Ascendas Funds Management (S) Limited, the manager of Ascendas Real Estate Investment Trust ("**A-REIT**", and the manager of A-REIT, the "**Manager**"), is pleased to announce that the Manager will be revising the basis of computation of the management fees in favour of unitholders of A-REIT (the "**Unitholders**") with effect from FY14/15.

Review of Fees payable to the Manager with effect from FY14/15

Base Fee

Under the trust deed constituting A-REIT dated 2002 (as amended) (the "**Trust Deed**"), the Manager is entitled to a base fee of 0.5% per annum of the Deposited Property ("**Base Fee**"). "**Deposited Property**" is defined in the Trust Deed to mean all the assets of A-REIT, including all its authorised investments for the time being held or deemed to be held upon the trusts of the Trust Deed.

The Manager has decided to improve the computation of the Base Fee in favour of Unitholders by charging the Base Fee based on 0.5% per annum of the Deposited Property (less such value of the Deposited Property attributable to derivative assets and properties under development) (the "**Adjusted Deposited Property**").

For illustrative purposes, in FY12/13, the Adjusted Deposited Property is S\$6,795 million and the Deposited Property is S\$6,959 million. Accordingly, the computation of the Base Fee based on the Adjusted Deposited Property will result in a lower Base Fee payable compared to a Base Fee which is computed based on the Deposited Property if there are derivative assets and properties under development on the balance sheet of A-REIT. If there are no derivative assets and property under development, there will be no change in the Base Fee.

Performance Fee

Under the Trust Deed, the Manager is entitled to a performance fee equal to a rate of:

- (i) 0.1% per annum of the Deposited Property PROVIDED THAT the distributions per Unit (“DPU”) in such financial year (calculated before accounting for the performance fee) exceed the DPU in the preceding financial year by at least 2.5% but less than 5.0% (“**Tier 1 Performance Fee**”); or
- (ii) 0.2% per annum of the Deposited Property PROVIDED THAT the DPU in such Financial Year (calculated before accounting for the performance fee) exceed the DPU in the preceding Financial Year by at least 5.0%,

(the “**Performance Fee**”).

The Trust Deed defines:

- “**DPU**” for the purposes of computing the Performance Fee in relation to any Financial Year shall be the aggregate of distributions of Ordinary Income made for that Financial Year (but shall exclude any distributions of Extraordinary Income) divided by the weighted average number of Units in issue during such Financial Year.
- “**Ordinary Income**” to mean all income of the Trust, less Extraordinary Income, which comprises income arising from the normal operations of the Trust, such as, but not limited to, rentals or income from the properties of the Trust and any other income arising from the operations of the Trust.
- “**Extraordinary Income**” to mean any one-off income of the Trust arising from any sale or disposal of (i) any Real Estate (whether directly or indirectly through one or more Special Purpose Vehicles) or any part thereof, and (ii) any Investments or any part thereof.

For illustrative purposes, in FY12/13, A-REIT’s DPU (based on the definition as set out in the Trust Deed) grew by 3.6% before Performance Fee and 1.3% after deducting Performance Fee. This is due to the tiered structure of the Performance Fee as set out above.

The step increase in Performance Fee payable when DPU growth exceeds the 2.5% and the 5.0% threshold may result in a disproportionate share of the growth accruing to the Manager. In order to avoid such a situation, with effect from FY14/15, while the Performance Fee threshold will continue to be at DPU growth of 2.5% and 5.0%, the Manager will unilaterally waive part of

its Performance Fee to ensure equitable distribution of the growth in Distributable Income in the manner described below.

The Manager shall waive such amount of Performance Fee payable such that any increase in DPU (which is calculated before accounting for the Performance Fee) would not result in Unitholders receiving less DPU than the threshold percentage as a result of the payment of the Performance Fee.

In addition, the Performance Fee payable will be based on 0.1% per annum, or as the case may be, 0.2% per annum of the Adjusted Deposited Property instead of the Deposited Property.

The changes are tabulated below for easy reference.

Performance Fee	DPU Growth	Current Structure	Structure from FY14/15
Tier 1	2.5% but less than 5%	0.1% of Deposited Property	0.1% of Adjusted Deposited Property, provided Performance Fee payable will be such that DPU growth to Unitholders will not be less than 2.5%
Tier 2	5% or more	0.2% of Deposited Property	0.2% of Adjusted Deposited Property, provided Performance Fee payable will be such that DPU growth to Unitholders will not be less than the amount they would have received if the DPU growth is at 5.0% after deducting Tier 1 Performance Fee

For illustrative purpose, the pro forma impact of the waiver of such amount of Performance Fee payable on FY12/13's Distributable Income ("DI") and DPU is illustrated below.

	FY11/12 Actual	FY12/13 Actual	FY12/13 Pro Forma
DI before Performance Fee	281,743	312,516	312,516
DI after Performance Fee	281,743	305,557	309,093
Weighted Average Units Outstanding ('000)	2,077,750	2,223,850	2,223,850
DPU before Performance Fee	13.56	14.05	14.05
DPU after Performance Fee	13.56	13.74	13.90
- DPU growth		1.3%	2.5%

The above arrangement regarding the Base Fee and the Performance Fee is a unilateral waiver of fees on the part of the Manager and this waiver will not prejudice the interests of the Unitholders. Such arrangement shall continue until further notice by the Manager.

DPU to be paid semi-annually with effect from FY14/15

A-REIT's current distribution policy is to make distributions to Unitholders on a quarterly basis. The Manager will from FY14/15 change its distribution frequency to one based on a semi-annual basis for the reasons set out below.

The income available for distribution from China ("**China earnings**") can be distributed only after the annual audited financial statements of the relevant China property holding companies have been filed, and corporate taxes paid. The current practice is to make semi-annual distribution of China earnings as part of A-REIT's second and fourth quarter distribution. This has resulted in unnecessary volatility in quarterly DPU, which is expected to increase as A-REIT grows its presence in China.

By changing A-REIT's distribution frequency to a semi-annual basis, the Manager believes that A-REIT can mitigate this issue of volatility in quarterly DPU and also achieve savings in cost and administration efforts.

BY ORDER OF THE BOARD

ASCENDAS FUNDS MANAGEMENT (S) LIMITED

(Company Registration No.200201987K)

(as manager of Ascendas Real Estate Investment Trust)

Mary Judith De Souza

Company Secretary

17 January 2014

Important Notice

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.