



Extraordinary General Meeting Proposed Performance Fee Supplement to Trust Deed (Extraordinary Resolution)

Basis of Determining Performance Fees

- Performance fee payable to the Manager is linked to A-REIT achieving a minimum DPU growth
- A-REIT is one of the few REITs in Singapore whose performance fees is linked to DPU growth
- Performance fees calculated as follows :
 - (i) 0.1% p.a. of Total Assets if DPU growth (calculated before accounting for performance fee) over prior year is at least 2.5% but less than 5.0%; or
 - (ii) 0.2% p.a. of Total Assets if DPU growth (calculated before accounting for performance fee) over prior year is 5.0% or more
- NO performance fees is payable if DPU growth is less than 2.5%

Proposed Performance Fee Supplement

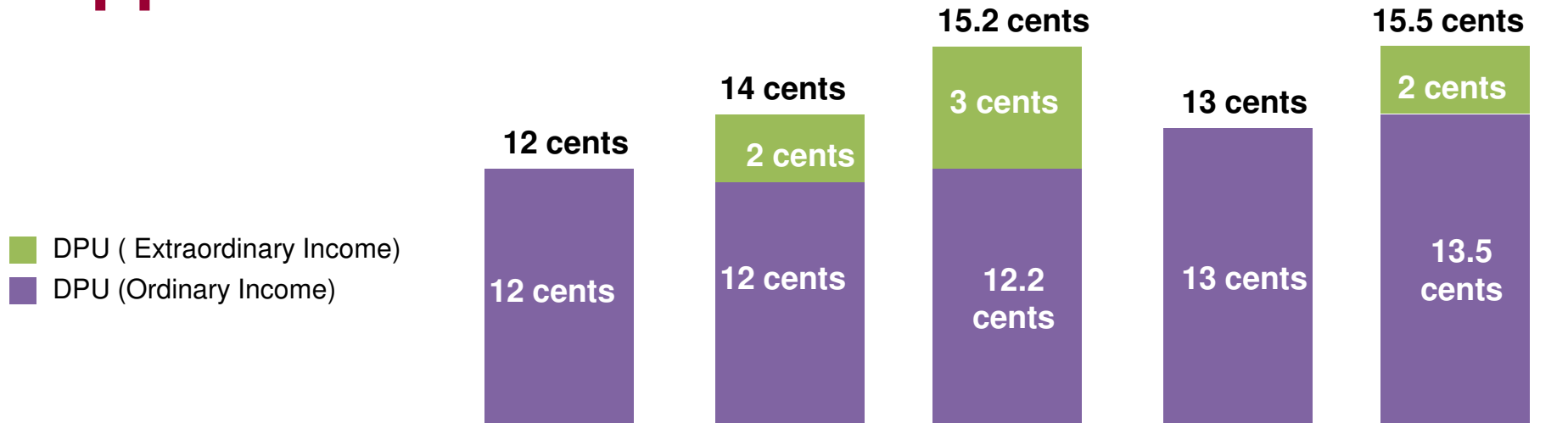
Current Performance Fee Arrangement	Proposed Performance Fee Supplement
0.1% p.a. of Total Assets if DPU growth (before accounting for performance fee) over previous year is at least 2.5% but less than 5.0%	<u>NO</u> Change
0.2% p.a. of Total Assets if DPU growth (before accounting for performance fee) over prior year is 5.0% or more	<u>NO</u> Change
<p>No differentiation between Ordinary and Extraordinary Income.</p> <p>Determination of performance fees is based on growth in aggregate of distributions made for that FY</p>	<p>To differentiate between Ordinary and Extraordinary Income.</p> <p>Ordinary Income refers to income from normal operations of A-REIT such as rental of properties while Extraordinary Income refers to any one-off income from sale of properties</p> <p>Determination of performance fees to be based on growth in distributions from <u>Ordinary</u> Income.</p>

The Manager is still required to GROW DPU by at least 2.5% pa before it is entitled to earn performance fees

Rationale of Proposed Performance Fee Supplement

- With A-REIT's portfolio at a significant size and is in steady state, the Manager may explore capital recycling to manage the capital structure & optimise returns on A-REIT's portfolio
- Any divestment of properties will target to :
 - (i) capture capital gains on the properties at their optimal stage of their life cycle
 - (ii) free up capital (in the form of sale proceeds) to provide A-REIT with greater financial flexibility to seize attractive potential investment opportunities
- Any Extraordinary Income arising from net sale proceeds will not be a recurring income of A-REIT's normal operations. Therefore, the presence or absence of a disposal transaction in any financial year could distort the DPU performance of A-REIT

Illustration of Proposed Performance Fee Supplement to the Trust Deed



	Year 1	Year 2	Year 3	Year 4	Year 5
Performance Fees based on CURRENT Performance Fee Arrangement					
DPU growth (ALL Income)	-	16.7%	8.6%	-14.5%	19.2%
Performance Fee (% of total assets)	-	0.2%	0.2%	0%	0.2%
Performance Fees based on PROPOSED Performance Fee Supplement					
DPU growth (ORDINARY income only)	-	0%	1.7%	6.6%	3.8%
Performance Fee (% of total assets)	-	0%	0%	0.2%	0.1%

Benefits of Proposed Performance Fee Supplement to Unitholders



Proposed differentiation of DPU to determine Performance Fee will :

- (i) Ensure the Manager will only be entitled to a performance fee if DPU from normal operations (rental of properties) grows
- (ii) Ensure the Manager's performance fee is reflective of its ability to grow A-REIT's portfolio and deliver stable returns to the Unitholders
- (iii) Incentivise and better align the Manager's interest to increase A-REIT's income from normal operations

Q&A

Resolution 1 (Extraordinary Resolution)

Extraordinary Business

Proposed Performance Fee Supplement to the Trust Deed

Thank you

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The value of units in A-REIT ("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 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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Annual General Meeting & Extraordinary General Meeting 28 June 2011