

**CIRCULAR DATED 14 OCTOBER 2004  
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

Singapore Exchange Securities Trading Limited (the "SGX-ST") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of up to 285,715,000 new units in Ascendas Real Estate Investment Trust (the "Units") to be issued for the purposes of the Equity Fund Raising (as defined herein), the Infineon Acquisition (as defined herein) and the Techpoint Acquisition (as defined herein). The SGX-ST's in-principle approval is not an indication of the merits of the Equity Fund Raising, the new Units to be issued for the purposes of the Equity Fund Raising, the Infineon Acquisition and the Techpoint Acquisition, Ascendas Real Estate Investment Trust and the waivers granted by the SGX-ST as described in paragraphs 5.2 and 6.1 of the Letter to Unitholders set out in this Circular.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



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

**MANAGED BY  
ASCENDAS-MGM FUNDS MANAGEMENT LIMITED**



**Macquarie Goodman**

**CIRCULAR TO UNITHOLDERS  
IN RELATION TO :**

- (1) THE PROPOSED ACQUISITION OF INFINEON BUILDING;
- (2) THE PROPOSED ISSUE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF INFINEON BUILDING;
- (3) THE PROPOSED ACQUISITION OF TECHPOINT;
- (4) THE PROPOSED ISSUE OF NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF TECHPOINT;
- (5) THE PROPOSED ISSUE OF NEW UNITS UNDER THE EQUITY FUND RAISING;
- (6) A PROPOSED PLACEMENT OF NEW UNITS TO MGM SINGAPORE PTE. LTD., A SUBSTANTIAL UNITHOLDER (AS DEFINED HEREIN);
- (7) SUPPLEMENTING THE TRUST DEED (AS DEFINED HEREIN) IN CONNECTION WITH THE ISSUE OF THE CONSIDERATION UNITS (AS DEFINED HEREIN);
- (8) SUPPLEMENTING THE TRUST DEED TO PERMIT THE MANAGER (AS DEFINED HEREIN) TO ELECT TO RECEIVE PAYMENT OF ITS BASE FEE (AS DEFINED HEREIN) AND PERFORMANCE FEE (AS DEFINED HEREIN) IN UNITS AND/OR CASH; AND
- (9) RATIFYING THE ISSUE OF 82,142,857 UNITS IN JUNE 2004 AT AN ISSUE PRICE OF S\$1.40 PER UNIT AND REFRESHING THE GENERAL MANDATE (AS DEFINED HEREIN).

**FINANCIAL ADVISER FOR THE EQUITY FUND RAISING  
JOINT LEAD MANAGER AND UNDERWRITER  
FOR THE PREFERENTIAL OFFERING AND THE PRIVATE PLACEMENT  
LEAD MANAGER AND UNDERWRITER FOR THE ATM OFFERING**

**JOINT LEAD MANAGER AND UNDERWRITER  
FOR THE PREFERENTIAL OFFERING AND THE PRIVATE PLACEMENT**



**INDEPENDENT FINANCIAL ADVISER  
TO THE INDEPENDENT DIRECTORS OF  
ASCENDAS-MGM FUNDS MANAGEMENT LIMITED**

**PricewaterhouseCoopers Corporate Finance Pte Ltd**

**IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Forms	: 31 October 2004 at 2.30 p.m.
Date and time of Extraordinary General Meeting	: 2 November 2004 at 2.30 p.m.
Place of Extraordinary General Meeting	: Collyer Room, Level 4 Raffles City Convention Centre 2 Stamford Road, Singapore 178882

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 34 to 39 of this Circular.

## OVERVIEW

### THE ACQUISITIONS

Ascendas Real Estate Investment Trust proposes to acquire 13 properties in accordance with its strategy to capitalise on opportunities in the Singapore business space and light industrial property sectors.

The aggregate appraised value of the Properties, as determined by the Independent Valuers, is S\$422.1 million. The total acquisition costs of the Properties, taking into account the purchase price of each Property, applicable stamp duty, the acquisition fees payable to the Manager as well as the professional and other fees and expenses incurred or to be incurred by the Manager in connection with the Acquisitions, are estimated to be S\$441.2 million.

### THE PROPOSED ISSUE OF CONSIDERATION UNITS

As the Manager had determined that Infineon Building and Techpoint would be attractive acquisitions for A-REIT in terms of DPU accretion, it was agreed that A-REIT would, subject to the relevant approvals being obtained, pay the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount in Units rather than cash to ensure greater certainty of funding. Accordingly, the Manager is seeking the approval of Unitholders by an Extraordinary Resolution for the issue of the Consideration Units to Ascendas.

### THE EQUITY FUND RAISING

The Manager proposes to fund the Acquisitions partly with the issue of Consideration Units and partly with the proceeds of an issue of such number of new Units for placement by the Joint Lead Managers and Underwriters to existing Unitholders and new investors at a price to be determined between the Manager and the Joint Lead Managers and Underwriters as to raise up to an aggregate of S\$400.0 million<sup>(1)</sup> in gross proceeds.

### PREFERENTIAL 1-FOR-10 OFFERING TO EXISTING UNITHOLDERS

As part of the Equity Fund Raising, Singapore Registered Unitholders will have the opportunity to participate in a preferential offering of approximately 79 million new Units on a non-renounceable basis of 1 new Unit for every 10 of the Existing Units held on the Books Closure Date (fractions of a Unit to be disregarded).

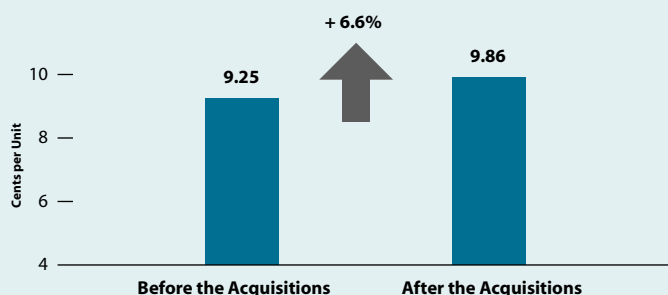
## BENEFITS TO UNITHOLDERS

The Manager believes that the Acquisitions will bring benefits to Unitholders, some of which are listed below.

### 1. INCREASED EARNINGS AND DISTRIBUTIONS

The Manager believes that Unitholders will enjoy higher earnings and distributions as a result of the Acquisitions.

#### FY2006 FORECAST DPU<sup>(2)</sup>



#### Notes:

- (1) This figure is based on the assumption that Unitholders' approvals for the issue of the Consideration Units are not obtained and that the maximum amount of gross proceeds that are required to be raised to fund the Acquisitions include such amounts as are required to fund the Infineon Acquisition and the Techpoint Acquisition in cash. If such approvals are obtained, the maximum amount of gross proceeds to be raised from the Equity Fund Raising will accordingly be reduced by the Relevant Infineon Purchase Price Amount and/or the Relevant Techpoint Purchase Price Amount.
- (2) Assuming, *inter alia*, the successful completion of the Acquisitions by 15 December 2004, that new Units under the Equity Fund Raising are issued at an issue price of S\$1.50 per Unit and that A-REIT's Gearing is reduced to approximately 26% following the completion of the Acquisitions. See Appendix 3 of this Circular for the full set of assumptions upon which the forecast DPU is based.

## 2. ENHANCED STABILITY OF EARNINGS AND DISTRIBUTIONS

The Acquisitions will extend the Weighted Average Lease Term to Expiry of A-REIT's property portfolio to 6.0 years from the current term of 5.2 years based on the Existing Properties. The Manager believes this improvement in the lease expiry profile of A-REIT will enhance the stability of A-REIT's earnings and distributions.

The following table sets out a summary of selected information about the Existing Properties and the Properties:

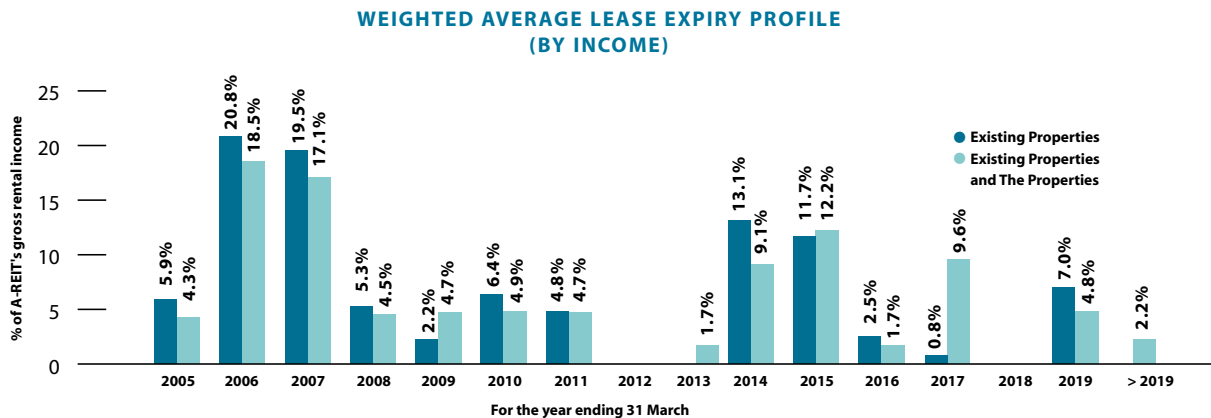
	EXISTING PROPERTIES	THE PROPERTIES	EXISTING PROPERTIES AND THE PROPERTIES
Net Lettable Area (sqm)	606,807	214,791 <sup>(1)</sup>	821,598 <sup>(1)</sup>
Occupancy Rate (as at 31 August 2004)	92.2%	98.3% <sup>(2)</sup>	96.1% <sup>(2)</sup>
Number of Tenants (as at 31 August 2004)	416	56	472
Weighted Average Lease Term to Expiry (years)	5.2	7.6	6.0

Notes:

(1) The figures include the total gross floor area of Infineon Building as the net lettable area has yet to be confirmed.

(2) Assuming that the Acquisitions were completed on 31 August 2004.

The following diagram illustrates the impact of the Properties on the lease expiry profile by gross rental income on A-REIT as at 31 August 2004:



## 3. IMPROVED INCOME DIVERSIFICATION

The Acquisitions will reduce A-REIT's reliance on any one property in its portfolio such that no single property will account for more than 11.6% of A-REIT's total net property income (as compared to 15.9% based on the Existing Properties). Further, the percentage of gross rental income attributable to committed leases in the financial year ending 31 March 2006 will increase from 87.5% to 90.3% as a result of the Acquisitions.

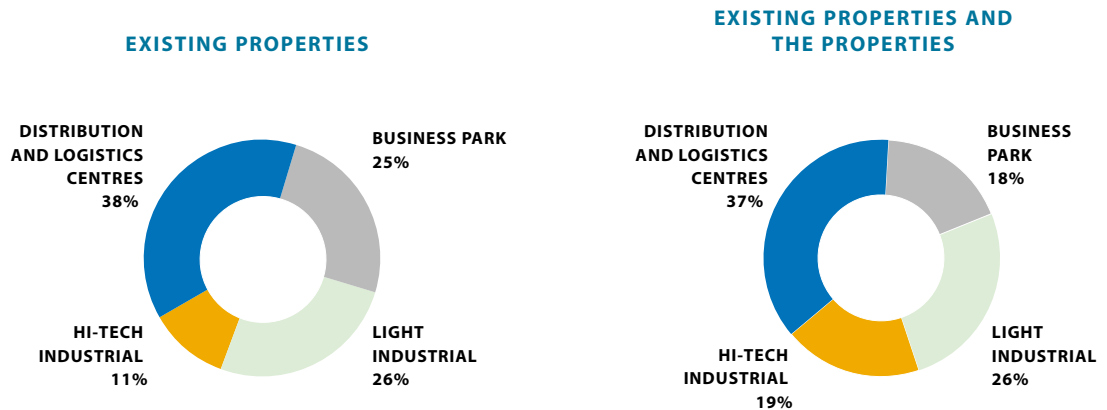
## 4. GROWTH

The Acquisitions provide for growth through stepped rental increases incorporated into the long term leases at eight of the Properties. The stepped rental increases, combined with the Manager's ability to continue to improve cash flows as leases expire, underpin future growth in earnings and distributions for Unitholders.

For more benefits to Unitholders, please see pages 12 to 15 of this Circular.

## ASSET CLASS DIVERSIFICATION

The following pie chart illustrates the impact of the Properties on the asset class diversification by value of A-REIT's portfolio as at 31 August 2004:



### EVENT

Last date and time for lodgement of Proxy Forms : 31 October 2004 at 2.30 p.m.

Date and time of EGM : 2 November 2004 at 2.30 p.m.

Date on which the Books will be closed to determine the provisional allocations of Singapore Registered Unitholders under the Preferential Offering : 16 November 2004 at 5.00 p.m.

### DATE AND TIME\*

\* The timetable for the events which are scheduled to take place after the EGM is indicative only.

## LOCATIONS OF THE PROPERTIES



## INFORMATION ABOUT THE PROPERTIES

	APPRAISED VALUE	PURCHASE PRICE	NET PROPERTY INCOME Projection FY 2006 (S\$ million)	PROPERTY YIELD BEFORE COSTS Projection FY 2006 (%)	NET LETTABLE AREA (sqm)	
	(S\$ million)	(S\$ million)	(S\$ million)	(%)	(sqm)	
<b>HI-TECH INDUSTRIAL PROPERTIES</b>						
1	Infineon Building	50.9	50.9	4.2	8.2	26,925 <sup>(7)</sup>
2	Techpoint	75.0	75.0	6.4	8.5	42,230
3	Wisma Gulab	55.7	55.7	3.5	8.0 <sup>(1)</sup>	11,821
<b>LIGHT INDUSTRIAL PROPERTIES</b>						
4	Autron Building	14.0	14.0	1.2	8.3	8,328
5	Exklusiv Centre	45.0	44.8	3.5	7.9 <sup>(2)</sup>	10,513
6	SB Building	17.8	17.8	1.2	8.7 <sup>(3)</sup>	11,895
7	Steel Industries Building	15.3	15.3	1.2	7.9	11,254
8	Volex Building	9.5	9.4	0.8	8.0	8,000
<b>LOGISTICS AND DISTRIBUTION CENTRES</b>						
9	CG Aerospace Building	31.5	31.1	2.4	10.7 <sup>(4)</sup>	20,699
10	Fedex Building	33.5	33.5	2.6	7.8	14,358
11	Freight Links (Changi) Building	32.0	32.0	2.4	9.3 <sup>(5)</sup>	20,724
12	Freight Links (Toh Guan) Building	36.4	36.4	2.6	9.0 <sup>(6)</sup>	23,723
13	MacDermid Building	5.5	5.5	0.6	11.0	4,321
<b>TOTAL/AVERAGE</b>		<b>422.1</b>	<b>421.4</b>	<b>32.5</b>	<b>8.5</b>	<b>214,791</b>

### Notes:

- The property yield for Wisma Gulab is based on a property value of S\$43.5 million, being its acquisition price of S\$55.7 million less the deferred settlement component of S\$12.2 million (see Appendix 7 for more details regarding the deferred settlement component).
- The property yield for Exklusiv Centre is based on a property value of S\$43.9 million, being its acquisition price of S\$44.8 million less the deferred settlement component of S\$0.9 million (see Appendix 7 for more details regarding the deferred settlement component).
- The property yield for SB Building is based on a property value of S\$14 million, being its acquisition price of S\$17.8 million less the deferred settlement component of S\$3.8 million (see Appendix 7 for more details regarding the deferred settlement component).
- The property yield for CG Aerospace Building is based on a property value of S\$23.0 million, being its acquisition price of S\$31.1 million less the deferred settlement component of S\$8.1 million (see Appendix 7 for more details regarding the deferred settlement component).
- The property yield for Freight Links (Changi) Building is based on a property value of S\$25.6 million, being its acquisition price of S\$32.0 million less the deferred settlement component of S\$6.4 million (see Appendix 7 for more details regarding the deferred settlement component).
- The property yield for Freight Links (Toh Guan) Building is based on a property value of S\$29.1 million, being its acquisition price of S\$36.4 million less the deferred settlement component of S\$7.3 million (see Appendix 7 for more details regarding the deferred settlement component).
- This figure refers to total gross floor area as the net lettable area has yet to be confirmed.



### 1. INFINEON BUILDING

Address:	8 Kallang Sector
Property:	Two 10-storey towers with warehouse space, fully air-conditioned research and development facilities as well as corporate offices and approximately 269 parking spaces for cars
Gross floor area:	26,925 sqm
Land area:	10,946 sqm
Tenant(s):	Infineon Technologies Asia Pacific Pte Ltd



## HI-TECH INDUSTRIAL/ LIGHT INDUSTRIAL PROPERTIES



### 2. TECHPOINT

- Address:* 10 Ang Mo Kio Street 65
- Property:* A multi-tenanted 6-storey building with a parking capacity of approximately 445 lots
- Net lettable area:* Approximately 42,230 sqm
- Tenant(s):* Motorola Electronics Pte Ltd, MediaCorp Publishing Pte Ltd and Schneider Electric South East Asia (HQ) Pte Ltd



### 3. WISMA GULAB

- Address:* 190 MacPherson Road
- Property:* A 9-storey warehouse cum office building and a basement car park with 26 parking lots for cars and 15 parking lots for lorries
- Net lettable area:* 11,821 sqm
- Land area:* 5,070 sqm
- Tenant(s):* RSH Limited



### 4. AUTRON BUILDING

- Address:* 53 Serangoon North Avenue 4
- Property:* A 5-storey office building and an attached 4-storey building used as production space
- Net lettable area:* 8,328 sqm
- Land area:* 4,950 sqm
- Tenant(s):* Autron Singapore Pte Ltd



### 5. EXKLUSIV CENTRE

- Address:* 247 Alexandra Road
- Property:* A 5-storey motor vehicle showroom cum office building
- Net lettable area:* 10,513 sqm
- Land area:* 7,523 sqm
- Tenant(s):* Group Exklusiv Pte Ltd

## LIGHT INDUSTRIAL PROPERTIES/ LOGISTICS AND DISTRIBUTION CENTRES



### 6. SB BUILDING

*Address:* 25 Changi South Street 1  
*Property:* A 2-storey warehouse cum 3-storey office building  
*Net lettable area:* 11,895 sqm  
*Land area:* 14,067 sqm  
*Tenant(s):* Subsidiaries of Soilbuild Group Holdings Pte Ltd



### 7. STEEL INDUSTRIES BUILDING

*Address:* 5 Tai Seng Drive  
*Property:* A 6-storey light industrial cum office building with 40 parking lots for cars and eight loading bays with levellers  
*Net lettable area:* 11,254 sqm  
*Land area:* 5,162 sqm  
*Tenant(s):* Steel Industries Pte Ltd  
*Subtenant(s):* DHL, Nu Horizons, Schneider Electric



### 8. VOLEX BUILDING

*Address:* 35 Tampines Street 92  
*Property:* A 4-storey light industrial cum office building with 48 parking lots for cars  
*Net lettable area:* 8,000 sqm  
*Land area:* 5,012 sqm  
*Tenant(s):* Volex (Asia) Pte Ltd



### 9. CG AEROSPACE BUILDING

*Address:* 3 Changi South Street 2  
*Property:* Two multi-tenanted 4-storey warehouse buildings  
*Net lettable area:* 20,699 sqm  
*Land area:* 17,208 sqm  
*Tenant(s):* "K" Line Air Services (S) Pte Ltd, National Library Board and Tradeport Singapore Pte Ltd



## LOGISTICS AND DISTRIBUTION CENTRES



### 10. FEDEX BUILDING

*Address:* 6 Changi South Street 2

*Property:* A 4-storey warehouse with ancillary offices

*Net lettable area:* 14,358 sqm

*Land area:* 9,934 sqm

*Tenant(s):* Federal Express (S) Pte Ltd and Federal Express Pacific Inc



### 11. FREIGHT LINKS (CHANGI) BUILDING

*Address:* 9 Changi South Street 3

*Property:* An 8-storey office building and a 4-storey conventional warehouse, with 69 parking lots for cars and 13 parking bays for trucks

*Net lettable area:* 20,724 sqm

*Land area:* 14,504 sqm

*Tenant(s):* Freight Links Express Districentre Pte Ltd



### 12. FREIGHT LINKS (TOH GUAN) BUILDING

*Address:* 5 Toh Guan Road East

*Property:* A part 3-storey and part 5-storey warehouse block with ancillary offices and an adjoining 4-storey warehouse block, complete with ample container bays, lorry and car parking lots

*Net lettable area:* 23,723 sqm

*Land area:* 20,368 sqm

*Tenant(s):* Freight Links Express Distripark Pte Ltd



### 13. MACDERMID BUILDING

*Address:* 20 Tuas Avenue 6

*Property:* A part 3-storey and part 1-storey building with a mezzanine level purpose-built detached factory

*Net lettable area:* 4,321 sqm

*Land area:* 5,464 sqm

*Tenant(s):* MacDermid Singapore Pte Ltd



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## CORPORATE INFORMATION

<b>Directors of Ascendas-MGM Funds Management Limited (the manager of Ascendas Real Estate Investment Trust)</b>	:	Mr Lew Syn Pau ( <i>Chairman</i> ) Mr David Clarke ( <i>Deputy Chairman</i> ) Ms Chong Siak Ching Mr Gregory Goodman Mr Swee Kee Siong Mr David Wong Cheong Fook ( <i>Independent Director</i> ) Mr Benedict Kwek Gim Song ( <i>Independent Director</i> ) Mr Thai Chee Ken ( <i>Independent Director</i> ) Mr James Hodgkinson ( <i>Alternate to Mr David Clarke</i> )
<b>Registered Office of Ascendas-MGM Funds Management Limited</b>	:	75 Science Park Drive #01-03 CINTech II Singapore Science Park I Singapore 118255
<b>Trustee of Ascendas Real Estate Investment Trust</b>	:	HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited) 21 Collyer Quay #10-01 HSBC Building Singapore 049320
<b>Financial Adviser for the Equity Fund Raising</b>	:	DBS Bank Ltd 6 Shenton Way DBS Building Tower One Singapore 068809
<b>Joint Lead Managers and Underwriters for the Preferential Offering and the Private Placement</b>	:	DBS Bank Ltd 6 Shenton Way DBS Building Tower One Singapore 068809  Macquarie Securities (Singapore) Pte. Ltd. 23 Church Street #11-11 Capital Square Singapore 049481
<b>Lead Manager and Underwriter for the ATM Offering</b>	:	DBS Bank Ltd 6 Shenton Way DBS Building Tower One Singapore 068809
<b>Legal Adviser for the Acquisitions and the Equity Fund Raising, and to the Manager and the Trustee</b>	:	Allen & Gledhill One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser to Lead Managers and Underwriters for the Equity Fund Raising</b>	:	Linklaters Allen and Gledhill One Marina Boulevard #28-00 Singapore 018989
<b>Unit Registrar and Unit Transfer Office</b>	:	Lim Associates (Pte) Ltd 10 Collyer Quay #19-08 Ocean Building Singapore 049315

**Independent Financial Adviser  
to the Independent Directors  
of Ascendas-MGM Funds  
Management Limited** : PricewaterhouseCoopers Corporate Finance Pte Ltd  
8 Cross Street #17-00  
PWC Building  
Singapore 048424

**Independent Accountants** : KPMG  
Certified Public Accountants  
16 Raffles Quay  
#22-00 Hong Leong Building  
Singapore 048581

**Independent Valuers** : CB Richard Ellis (Pte) Ltd  
6 Battery Road #32-01  
Singapore 049909

Colliers International Consultancy and Valuation  
(Singapore) Pte Ltd  
50 Raffles Place  
#18-01 Singapore Land Tower  
Singapore 048623

Jones Lang LaSalle Property  
Consultants Pte Ltd  
9 Raffles Place  
#39-00 Republic Plaza  
Singapore 048619

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## OVERVIEW OF THE ACQUISITIONS AND THE EQUITY FUND RAISING, BENEFITS TO UNITHOLDERS AND SUMMARY OF APPROVALS SOUGHT

*The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 34 to 39 of this Circular.*

*Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.*

### OVERVIEW OF THE ACQUISITIONS AND THE EQUITY FUND RAISING

#### ***The Acquisitions***

In furtherance of its strategy of seeking to capitalise on opportunities in the Singapore business space and light industrial property sectors, Ascendas Real Estate Investment Trust (“**A-REIT**”) proposes to acquire 13 properties, namely, Infineon Building, Techpoint, Exklusiv Centre, CG Aerospace Building, Autron Building, SB Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building, Wisma Gulab, Steel Industries Building and Volex Building (together, the “**Properties**”).

To that end, HSBC Institutional Trust Services (Singapore) Limited (as trustee of A-REIT) (the “**Trustee**”) has entered into separate put and call option agreements with the owners of each of the Properties for the acquisitions of the Properties (the “**Acquisitions**”). The aggregate appraised value of the Properties, as determined by CB Richard Ellis (Pte) Ltd, Colliers International Consultancy and Valuation (Singapore) Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd (together, the “**Independent Valuers**”), is S\$422.1 million.

The total acquisition costs of the Properties, taking into account the purchase price of each Property, applicable stamp duty, the acquisition fee payable to Ascendas-MGM Funds Management Limited (in its capacity as manager of A-REIT) (the “**Manager**”) pursuant to the trust deed constituting A-REIT (the “**Trust Deed**”) as well as the professional and other fees and expenses incurred or to be incurred by the Manager in connection with the Acquisitions, are estimated to be S\$441.2 million. (See paragraph 3.4 of the Letter to Unitholders for further details.)

#### ***Acquisition of Infineon Building***

Under the put and call option agreement dated 22 September 2003 (as amended by a supplemental agreement dated 14 October 2004) relating to the sale and purchase of Infineon Building (the “**Infineon Option Agreement**”) between the Trustee and Ascendas Land (Singapore) Pte Ltd (“**Ascendas**”), the owner of Infineon Building, the purchase price of Infineon Building (the “**Infineon Purchase Price**”) has been agreed at S\$50.9 million<sup>1</sup>, 1.0% of which has already been paid by A-REIT in cash. Under the Infineon Option Agreement, provided that Unitholders’ approval for the Issue Price Supplement (as defined in paragraph 1.5 of the Letter to Unitholders) is obtained, 94.0% of the Infineon Purchase Price (the “**Relevant Infineon Purchase Price Amount**”) will be paid to Ascendas in the form of Units (the “**Infineon Consideration Units**”). Where Unitholders’ approval for the Issue Price Supplement is not obtained, the Relevant Infineon Purchase Price Amount will be paid in cash.

The actual number of Infineon Consideration Units to be issued will be determined by dividing the Relevant Infineon Purchase Price Amount by the issue price of such Units and rounding down the result to the nearest whole number. Any difference in the aggregate value of the Infineon Consideration Units thus issued and the Relevant Infineon Purchase Price Amount, as well as the remaining 5.0% of the Infineon Purchase Price will be paid in cash by A-REIT.

<sup>1</sup> Subject to adjustment as described in paragraph 2(A) in **Appendix 7** of this Circular.

### **Acquisition of Techpoint**

Under the put and call option agreement dated 31 August 2004 (as amended by a supplemental agreement dated 14 October 2004) relating to the sale and purchase of Techpoint (the “**Techpoint Option Agreement**”) between the Trustee and Ascendas, the owner of Techpoint, the purchase price of Techpoint (the “**Techpoint Purchase Price**”) has been agreed at S\$75.0 million, 1.0% of which has already been paid by A-REIT in cash. Under the Techpoint Option Agreement, provided that Unitholders’ approval for the Issue Price Supplement is obtained, the outstanding Techpoint Purchase Price (the “**Relevant Techpoint Purchase Price Amount**”) will be paid to Ascendas in the form of Units (the “**Techpoint Consideration Units**”, and together with the Infineon Consideration Units, the “**Consideration Units**”). Where Unitholders’ approval for the Issue Price Supplement is not obtained, the Relevant Techpoint Purchase Price Amount will be paid in cash.

The actual number of Techpoint Consideration Units to be issued will be determined by dividing the Relevant Techpoint Purchase Price Amount by the issue price of such Units and rounding down the result to the nearest whole number. Any difference in the aggregate value of the Techpoint Consideration Units thus issued and the Relevant Techpoint Purchase Price Amount will be paid in cash by A-REIT.

### **Method of Financing**

The Manager proposes to pay for the Acquisitions in the following manner:

- with the proceeds of an issue of such number of new Units for placement by DBS Bank Ltd (“**DBS Bank**”) and Macquarie Securities (Singapore) Pte. Ltd. (“**Macquarie**”, and together with DBS Bank, the “**Joint Lead Managers and Underwriters**”) to existing unitholders of A-REIT (“**Unitholders**”) and new investors at a price to be determined between the Manager and the Joint Lead Managers and Underwriters (the “**Issue Price**”) as to raise up to an aggregate of S\$400.0 million<sup>2</sup> in gross proceeds (the “**Equity Fund Raising**”);
- by issuing the Infineon Consideration Units to Ascendas at the Issue Price;
- by issuing the Techpoint Consideration Units to Ascendas at the Issue Price; and
- with additional borrowings of up to S\$8.4 million.

The 791,668,490 Units that are on issue as at the Latest Practicable Date (the “**Existing Units**”) will be entitled to participate in A-REIT’s distributable income for the entire period from 1 October 2004 to 31 December 2004 (the “**Third Quarter Distribution Period**”). On the other hand, the new Units to be issued pursuant to the Equity Fund Raising and, if applicable, the Consideration Units will only be entitled to participate in A-REIT’s distributable income for the period from the date of their issue to 31 December 2004. (See paragraph 5.9 of the Letter to Unitholders for further details about the distribution of A-REIT’s distributable income for the Third Quarter Distribution Period.)

As stated above, the proceeds of the Equity Fund Raising are intended to be applied towards partially funding the Acquisitions. However, the Equity Fund Raising is not subject to, or conditional upon, the completion of the Acquisitions.

### **BENEFITS TO UNITHOLDERS**

The Manager believes that the Acquisitions will bring Unitholders the benefits listed below. Unitholders are therefore requested to vote in favour of the requisite approvals in order that the Acquisitions may proceed. (See paragraphs 2, 3 and 5 of the Letter to Unitholders for further details about the Acquisitions and the Equity Fund Raising, respectively.)

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<sup>2</sup> This figure is based on the assumption that Unitholders’ approvals for the issue of the Consideration Units are not obtained and that the maximum amount of gross proceeds that is required to be raised to fund the Acquisitions include such amounts as are required to fund the Infineon Acquisition and the Techpoint Acquisition in cash. If such approvals are obtained, the maximum amount of gross proceeds to be raised from the Equity Fund Raising will accordingly be reduced by the Relevant Infineon Purchase Price Amount and/or the Relevant Techpoint Purchase Price Amount.

### ***Increased Earnings and Distributions***

The Manager believes that Unitholders will enjoy higher earnings and distributions as a result of the Acquisitions. Assuming that the Acquisitions are completed by 15 December 2004, that new Units under the Equity Fund Raising and the Consideration Units are issued at an issue price of S\$1.50 per Unit and that A-REIT's Gearing is reduced from the expected level of approximately 34%<sup>3</sup> to approximately 26% following the completion of the Acquisitions, A-REIT's projected distribution per Unit ("DPU") for the financial year ending 31 March 2006 is 9.86 cents, which is an increase of 6.6% over the projected distribution of 9.25 cents per Unit based on the properties in A-REIT's current portfolio (the "Existing Properties").

The increase in forecast and projected DPU results from the proposed acquisition of the Properties at an attractive price relative to the cash flows that they generate and the funding of the Acquisitions through an appropriate mix of equity and debt financing.

### ***Enhanced Stability of Earnings and Distributions***

The Acquisitions will extend the Weighted Average Lease Term to Expiry of A-REIT's property portfolio to 6.0 years from the current term of 5.2 years based on the Existing Properties. The Manager believes this improvement in the lease expiry profile of A-REIT will enhance the stability of A-REIT's income and distributions.

### ***Competitive Strengths of the Properties***

The Manager believes the Properties offer competitive strengths due to their strategic locations in Singapore and strong tenancy profiles. More than 70.0% of the Properties (in terms of net property income) have tenants on long term leases of five years or more.

### ***Improved Income Diversification***

The Acquisitions will reduce A-REIT's reliance on any one property in its portfolio such that no single property will account for more than 11.6% of A-REIT's total net property income (as compared to 15.9% based on the Existing Properties). Further, the percentage of gross rental income attributable to committed leases in the financial year ending 31 March 2006 will increase from 87.5% to 90.3% as a result of the Acquisitions.

### ***Enhanced Tenant Base***

The Acquisitions will strengthen A-REIT's tenant base and further enhance its income diversification through the addition of quality tenants such as Infineon Technologies Asia Pacific Pte Ltd, Motorola Electronics Pte Ltd, MediaCorp Publishing Pte Ltd, National Library Board, Schneider Electric South East Asia (HQ) Pte Ltd, Freight Links Express Holdings Limited and RSH Limited.

Following completion of the Acquisitions, A-REIT's top 10 tenants in terms of gross rental income will make up 38.5% of its total property portfolio income compared with 50.1% before the Acquisitions.

### ***Growth***

The Acquisitions provide for growth through contractual stepped rental increases incorporated into the long term leases at eight of the Properties. The stepped rental increases, combined with the Manager's ability to continue to improve cash flows as leases expire, underpin future growth in earnings and distributions for Unitholders.

<sup>3</sup> This figure is calculated based on the assumption that A-REIT's acquisition of C & P Phase II will be completed as scheduled in December 2004.

### **Capital Management**

The Acquisitions are proposed to be funded through a mix of debt and equity financing that will reduce A-REIT's Gearing from the expected level of approximately 34% to approximately 26%. This ensures that A-REIT will have the capacity to acquire additional properties with debt financing when opportunities arise in the future. Given the maximum gearing limit for real estate investment trusts of 35% under the Property Funds Guidelines in the Code on Collective Investment Schemes (the "**Property Funds Guidelines**") issued by the Monetary Authority of Singapore ("**MAS**"), A-REIT will have an additional debt capacity of up to S\$225.0 million after the Acquisitions.

### **Increased Market Capitalisation**

Assuming that the new Units under the Equity Fund Raising and the Consideration Units are issued at S\$1.50 per Unit, following the successful completion of the Equity Fund Raising and the Acquisitions, the market capitalisation of A-REIT is expected to increase to approximately S\$1,587.5 million (based on a market price of S\$1.50 per Unit) given the 1,058,335,157 Units that would then be on issue. Unitholders are therefore expected to benefit from the anticipated increase in the trading liquidity of the Units.

### **Economies of Scale**

A-REIT's enlarged property portfolio following the Acquisitions will enable Unitholders to benefit in the long term from A-REIT's ability to generate cost synergies and enjoy economies of scale.

### **SUMMARY OF APPROVALS SOUGHT**

Given the benefits which Unitholders stand to gain as a result of the Acquisitions, the Manager recommends that Unitholders vote to approve the following resolutions at the extraordinary general meeting to be held at 2.30 p.m. on 2 November 2004 at Collyer Room, Level 4, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 (the "**EGM**") (see paragraphs 1 and 11 of the Letter to Unitholders for further details):

- the proposed acquisition of Infineon Building (the "**Infineon Acquisition**"), being an "interested person transaction" (as defined in the SGX-ST's Listing Manual (the "**Listing Manual**")) as well as an "interested party transaction" (as defined in the Property Funds Guidelines);
- the proposed issue of the Infineon Consideration Units to Ascendas in payment of the Relevant Infineon Purchase Price Amount;
- the proposed acquisition of Techpoint (the "**Techpoint Acquisition**"), being both an interested person transaction and an interested party transaction;
- the proposed issue of the Techpoint Consideration Units to Ascendas in payment of the Relevant Techpoint Purchase Price Amount;
- the proposed issue of such number of new Units as to raise up to S\$400.0 million in gross proceeds under the Equity Fund Raising;
- the proposed placement of new Units to MGM Singapore Pte. Ltd. ("**MGM Singapore**") as part of the Equity Fund Raising (the "**MGM Singapore Placement**");
- the proposed supplement to the Trust Deed to allow the Manager to issue the Consideration Units at the same issue price per Unit as that for the issue of new Units under the Equity Fund Raising; and
- the proposed supplement to the Trust Deed to allow the Manager at any time to irrevocably elect to receive its base fee ("**Base Fee**") and/or its performance fee ("**Performance Fee**") in respect of each of the Properties as well as each additional property to be acquired by A-REIT in the future in the form of cash and/or Units for so long as A-REIT holds such property.

Separately, the Manager proposes that Unitholders ratify the issue of 82,142,857 Units in June 2004 at an issue price of S\$1.40 per Unit (the "**Ratification**") so that the General Mandate (as defined in paragraph 1.7 in the Letter to Unitholders) is refreshed and A-REIT will have the flexibility to issue additional new Units in the current financial year within the thresholds stipulated in the Trust Deed without having to seek Unitholders' approval prior to such an issue. This means that A-REIT will be able to raise equity financing expeditiously in the event that an attractive property is offered for sale and A-REIT needs to act quickly in order to acquire it. The ability to raise equity on an expedited basis is



essential for A-REIT, which operates in a dynamic and competitive property market where purchasers must act swiftly when a suitable property is offered for sale. To this end, the Manager recommends that Unitholders vote at the EGM in favour of the resolution relating to the Ratification. As at the date of this Circular, the Manager has no plans for such an issue of new Units and, in any case, will not carry out such issue before the completion of the Equity Fund Raising.

(See paragraph 1 of the Letter to Unitholders for more information about each of the above resolutions.)

## UNITHOLDINGS

The following table sets out the unitholdings of Ascendas, MGM Singapore, the Manager, The Capital Group Companies, Inc., UOB Asset Management Limited and Prudential Asset Management (Singapore) Limited in the scenarios described therein. Based on information available to the Manager, each of The Capital Group Companies, Inc., UOB Asset Management Limited and Prudential Asset Management (Singapore) Limited is a Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units on issue ("**Substantial Unitholder**"). The unitholdings set out in the table are based on the assumptions that (a) new Units under the Equity Fund Raising and the Consideration Units proposed to be issued to Ascendas are issued at an issue price of S\$1.50 per Unit, (b) each of the identified Unitholders subscribes for its provisional allocation of new Units under the preferential offering tranche of the Equity Fund Raising and (c) each of MGM Singapore, The Capital Group Companies, Inc., UOB Asset Management Limited and Prudential Asset Management (Singapore) Limited subscribes for the maximum number of new Units it would be permitted to subscribe for under the private placement tranche of the Equity Fund Raising (see paragraphs 5.4 and 6 in the Letter to Unitholders).

	Unitholdings as at the Latest Practicable Date or such other indicated date		Unitholdings after the Consideration Units are issued		Unitholdings after the Consideration Units are issued and subscriptions under the Preferential Offering only <sup>(1)</sup>		Unitholdings after the Consideration Units are issued and subscriptions under both the Preferential Offering and Private Placement <sup>(2)</sup>	
	(%)		(%) <sup>(3)</sup>		(%) <sup>(3)</sup>		(%) <sup>(3)</sup>	
Ascendas	17.5 <sup>(4)</sup>	138,897,702 <sup>(4)</sup>	20.8	220,295,035	22.1	234,185,333	22.1	234,185,333
MGM Singapore	7.2 <sup>(4)</sup>	57,240,729 <sup>(4)</sup>	5.4	57,240,729	5.9	62,965,000	7.2	76,517,632
The Manager	0.5 <sup>(4)</sup>	4,281,709 <sup>(4)</sup>	0.4	4,281,709	0.4	4,710,000	0.4	4,710,000
The Capital Group Companies, Inc.	7.3 <sup>(5)</sup>	58,054,000 <sup>(5)</sup>	5.5	58,054,000	6.0	63,860,000	7.3	77,608,987
UOB Asset Management Limited	5.2 <sup>(6)</sup>	41,292,450 <sup>(6)</sup>	3.9	41,292,450	4.3	45,422,000	5.2	55,201,454
Prudential Asset Management (Singapore) Limited	5.0 <sup>(7)</sup>	39,850,850 <sup>(7)</sup>	3.8	39,850,850	4.1	43,836,000	5.0	53,274,263

### Notes:

- (1) Assuming that each of the identified Unitholders subscribes for its provisional allocation of new Units under the preferential offering tranche of the Equity Fund Raising.
- (2) Assuming that each of MGM Singapore, The Capital Group Companies, Inc., UOB Asset Management Limited and Prudential Asset Management (Singapore) Limited subscribes for its provisional allocation of new Units under the preferential offering tranche of the Equity Fund Raising and the maximum number of new Units it would be permitted to subscribe for under the private placement tranche of the Equity Fund Raising. None of these Substantial Unitholders have given any undertaking to subscribe for new Units under the private placement tranche of the Equity Fund Raising. Neither Ascendas nor the Manager will be permitted to subscribe for new Units under the private placement tranche of the Equity Fund Raising.
- (3) Based on the total number of Units on issue upon the completion of the Equity Fund Raising.
- (4) As at the Latest Practicable Date.
- (5) Based on the latest available notice of substantial unitholdings dated 9 March 2004 issued by The Capital Group Companies, Inc. and the Units subscribed by The Capital Group Companies, Inc. under the Earlier Placement (as defined in paragraph 1.7 of the Letter to Unitholders).
- (6) Based on the latest available notice of substantial unitholdings dated 12 May 2004 issued by UOB Asset Management Limited and the Units subscribed by UOB Asset Management Limited under the Earlier Placement.
- (7) Based on the latest available notice of substantial unitholdings dated 29 September 2004 issued by Prudential Asset Management (Singapore) Limited.

## INDICATIVE TIMETABLE

<u>Event</u>	<u>Date and Time</u>
Last day of trading on a “cum” basis in respect of the distribution of A-REIT’s distributable income for the period from 4 March 2004 to 30 September 2004 for Units traded under the stock counter “Ascendasreit”, and the period from 23 June 2004 to 30 September 2004 for Units traded under the stock counter “Ascendasreit A”	: 22 October 2004 at 5.00 p.m.
Commencement of trading on a “ex” basis in respect of A-REIT’s distributable income for the period from 4 March 2004 to 30 September 2004 or, as the case may be, the period from 23 June 2004 to 30 September 2004, and aggregation of both classes of Units	: 25 October 2004 at 9.00 a.m.
Close of the Transfer Books and Register of Unitholders in connection with the distribution of A-REIT’s distributable income for the period from 4 March 2004 to 30 September 2004 or, as the case may be, the period from 23 June 2004 to 30 September 2004	: 27 October 2004 at 5.00 p.m.
Last date and time for lodgement of Proxy Forms	: 31 October 2004 at 2.30 p.m.
Date and time of EGM	: 2 November 2004 at 2.30 p.m.
Date of payment of the distribution in respect of A-REIT’s distributable income for the period from 4 March 2004 to 30 September 2004 or, as the case may be, the period from 23 June 2004 to 30 September 2004	: 23 November 2004
<b><i>If the approvals sought at the EGM are obtained:</i></b>	
Last day of trading on a “cum” basis in respect of the Preferential Offering	: 9 November 2004 at 5.00 p.m.
Commencement of trading on an “ex” basis in respect of the Preferential Offering	: 10 November 2004 at 9.00 a.m.
Date on which the Transfer Books and Register of Unitholders will be closed to determine the provisional allocations of Singapore Registered Unitholders under the Preferential Offering	: 16 November 2004 at 5.00 p.m.
Commencement of the Equity Fund Raising	: To be determined (but is expected to be no later than late November 2004)

<b>Event</b>	<b>Date and Time</b>
Close of the Equity Fund Raising	: To be determined (but is expected to be no later than late November 2004)
Issue and commencement of trading of the new Units issued under the Equity Fund Raising and, if applicable, the Consideration Units on the SGX-ST under a separate stock counter	: To be determined (but is expected to be no later than mid-December 2004)
Completion of the Acquisitions	: To be determined (but is expected to be no later than late December 2004)

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion.

To enable Unitholders to enjoy more frequent returns on their investments in A-REIT, the Manager will implement quarterly distribution of A-REIT's distributable income with effect from the distribution period following the distribution of A-REIT's distributable income for the period from 4 March 2004 to 30 September 2004 for Units traded under the "Ascendasreit" counter, and the period from 23 June 2004 to 30 September 2004 for Units traded under the "Ascendasreit A" counter. Accordingly, the next distribution period will be the Third Quarter Distribution Period. The new Units proposed to be issued under the Equity Fund Raising and, if applicable, the Consideration Units will only be entitled to participate in the distributable income of A-REIT for the period from the date of their issue to 31 December 2004.

# ASCENDAS REAL ESTATE INVESTMENT TRUST

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

## **Directors of the Manager**

Mr Lew Syn Pau (*Chairman*)  
Mr David Clarke (*Deputy Chairman*)  
Ms Chong Siak Ching  
Mr Gregory Goodman  
Mr Swee Kee Siong  
Mr David Wong Cheong Fook (*Independent Director*)  
Mr Benedict Kwek Gim Song (*Independent Director*)  
Mr Thai Chee Ken (*Independent Director*)  
Mr James Hodgkinson (*Alternate to Mr David Clarke*)

## **Registered Office**

75 Science Park Drive  
#01-03 CINTECH II  
Singapore Science Park I  
Singapore 118255

14 October 2004

To: Unitholders of Ascendas Real Estate Investment Trust

Dear Sir/Madam

## **1. SUMMARY OF APPROVALS SOUGHT**

The following paragraphs set forth a summary of the approvals which the Manager seeks from Unitholders. Approval by way of an Ordinary Resolution is required in respect of the resolutions relating to the Infineon Acquisition, the Techpoint Acquisition and the MGM Singapore Placement (see paragraphs 2, 3 and 6 below) while approval by way of an Extraordinary Resolution is required for each of the other six resolutions (see paragraphs 4, 5 and 7 to 9 below).

### **1.1 The Proposed Acquisitions of Infineon Building and Techpoint**

Chapter 9 of the Listing Manual requires, *inter alia*, approval of Unitholders for an interested person transaction if the value thereof exceeds 5.0% of A-REIT's latest audited net tangible asset ("NTA"). Paragraph 6 of the Property Funds Guidelines imposes a similar requirement for an interested party transaction whose value exceeds 5.0% of A-REIT's latest audited net asset value ("NAV").

In compliance with the requirements of the Listing Manual and the Property Funds Guidelines, the Manager is seeking Unitholders' approval for the proposed acquisitions of:

#### **1.1.1 Infineon Building**

The Infineon Purchase Price of S\$50.9 million exceeds both the aforementioned thresholds in Chapter 9 of the Listing Manual and paragraph 6 of the Property Funds Guidelines.

Ascendas is a related corporation of the Manager (both being subsidiaries of Ascendas Pte Ltd) and is also a "controlling unitholder" of A-REIT by virtue of the 138,897,702 Units, comprising approximately 17.5% of the total number of Units on issue, that it holds as at the Latest Practicable Date. As such, Ascendas is regarded as an "interested person" (as defined in the Listing Manual) as well as an "interested party" (as defined in the Property Funds Guidelines) of A-REIT.

Accordingly, if the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Infineon Building (the form of which is appended to the Infineon Option Agreement) (the "**Infineon Purchase Agreement**"), the Infineon Acquisition will constitute an interested person transaction as well as an interested party transaction.



### **1.1.2 Techpoint**

The Techpoint Purchase Price of S\$75.0 million also exceeds both the aforementioned thresholds. If the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement relating to the purchase of Techpoint (the form of which is appended to the Techpoint Option Agreement) (the “**Techpoint Purchase Agreement**”), the Techpoint Acquisition will also constitute an interested person transaction as well as an interested party transaction.

(See paragraphs 2 and 3 below for further details about the above proposed Acquisitions.)

## **1.2 The Proposed Issue of Consideration Units**

It is expected that, together with the new Units to be issued under the Equity Fund Raising, the value of the Consideration Units will, immediately, after such Units are issued, exceed 10.0% of the value of A-REIT’s Deposited Property, and the aggregate number of such Units will exceed 20.0% of the outstanding Units immediately after the issue of such Units.

The issue of the Consideration Units to Ascendas will also constitute placements to a Substantial Unitholder as Ascendas currently holds approximately 17.5% of the total number of Units on issue. Unitholders’ approval for such placements is required as Rule 812(1) of the Listing Manual otherwise prohibits a placement of Units to Substantial Unitholders. The Trust Deed also requires that a placement of new Units to Ascendas (being a related party of the Manager) must be approved by way of an Extraordinary Resolution of Unitholders.

Moreover, given that Ascendas is also a controlling unitholder of A-REIT, the issues of the Infineon Consideration Units and the Techpoint Consideration Units to Ascendas would both constitute an interested person transaction under the Listing Manual. There is a possibility (depending on the Issue Price) that the value of the Infineon Consideration Units and the Techpoint Consideration Units will, in themselves, exceed 5.0% of the value of A-REIT’s latest audited NTA. In such circumstances, Rule 906 of the Listing Manual also requires Unitholders’ approval for the issue of such Consideration Units to Ascendas.

Accordingly, the Manager is seeking the approval of Unitholders by an Extraordinary Resolution for the issue of the Infineon Consideration Units to Ascendas in payment of the Relevant Infineon Purchase Price Amount and for the issue of the Techpoint Consideration Units to Ascendas in payment of the Relevant Techpoint Purchase Price Amount.

Assuming that the Issue Price is S\$1.50 and that the Issue Price Supplement is approved by Unitholders at the EGM, 31,897,333 Infineon Consideration Units and 49,500,000 Techpoint Consideration Units will then be issued to Ascendas.

## **1.3 The Proposed Issue of New Units under the Equity Fund Raising**

The Trust Deed provides that specific prior approval of Unitholders by Extraordinary Resolution is required for an issue of new Units if the issue (together with any other issue of Units, including Units issued to the Manager in payment of its Base Fee and/or Performance Fee, other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, in the same financial year) would, immediately thereafter, exceed 10.0% of the value of the Deposited Property or if the number of such Units would, immediately after the issue, exceed 20.0% of the outstanding Units.

It is expected that the value of the new Units proposed to be issued for the purpose of the Equity Fund Raising will, immediately after such new Units are issued, exceed 10.0% of the value of the Deposited Property. The number of new Units proposed to be issued under the Equity Fund Raising is also expected to exceed 20.0% of the outstanding Units immediately after the issue of such Units. Accordingly, the Manager is seeking the approval of Unitholders by Extraordinary

Resolution for an issue of such number of new Units under the Equity Fund Raising as to raise up to an aggregate of S\$400.0 million<sup>4</sup> in gross proceeds to partly finance the Acquisitions.

Assuming that the Issue Price is determined to be S\$1.50, and that Unitholders' approvals are obtained for the issue of the Consideration Units, 185,269,334 new Units will be issued for the purpose of the Equity Fund Raising. In the event that Unitholders' approvals for the issue of the Consideration Units are not obtained, an additional 81,397,333 new Units (based on an Issue Price of S\$1.50) will have to be issued under the Equity Fund Raising to finance the Infineon Acquisition and the Techpoint Acquisition.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of up to 285,715,000 new Units to be issued for the purposes of the Equity Fund Raising, the Infineon Acquisition and the Techpoint Acquisition. The SGX-ST's in-principle approval is not an indication of the merits of the Equity Fund Raising and the Acquisitions.

(See paragraph 5 below for further details about the Equity Fund Raising.)

#### **1.4 Placement to MGM Singapore**

The Manager is also seeking the approval of Unitholders for the placement of new Units under the private placement tranche of the Equity Fund Raising to MGM Singapore, a Substantial Unitholder. The number of new Units proposed to be placed to MGM Singapore shall be no more than what would be required to maintain its proportionate unitholdings in percentage terms at its pre-placement level as at the Latest Practicable Date.

Such approval of the Unitholders is required by the SGX-ST as a condition for its waiver of Rule 812(1) of the Listing Manual, which otherwise prohibits a placement of new Units to MGM Singapore. MGM Singapore and each of its associates (as defined in the Listing Manual), including the Manager, are prohibited from voting on the resolution to permit such a placement of new Units.

(See paragraph 6 below for further details about the MGM Singapore Placement.)

#### **1.5 Supplementing the Trust Deed to Permit Consideration Units to be Issued at the Same Price as that for the Issue of New Units under the Equity Fund Raising**

The prescribed formula under the Trust Deed for determining the issue price of new Units issued as consideration for the purchase price of a property is different from the prescribed formula for determining the issue price for new Units issued under an equity fund raising exercise, and it is likely that the issue price for the Consideration Units thus determined will differ from the Issue Price for new Units under the Equity Fund Raising.

To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued essentially for the same purpose of partly funding the Acquisitions, the Manager proposes to amend certain provisions of the Trust Deed so that it may issue the Consideration Units at the same price as that for the issue of new Units under the Equity Fund Raising (the "**Issue Price Supplement**").

To that end, the Manager is seeking Unitholders' approval under Clause 28 of the Trust Deed to amend the Trust Deed with the Issue Price Supplement.

(See paragraph 7 below for further details about the proposal to amend the Trust Deed with the Issue Price Supplement and the section entitled "Issue Price Supplement" in **Appendix 1** of this Circular for the proposed form of the Issue Price Supplement.)

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<sup>4</sup> This figure is based on the assumption that Unitholders' approvals for the issue of the Consideration Units are not obtained and that the maximum amount of gross proceeds that is required to be raised to fund the Acquisitions include such amounts as are required to fund the Infineon Acquisition and the Techpoint Acquisition in cash. If such approvals are obtained, the maximum amount of gross proceeds to be raised from the Equity Fund Raising will accordingly be reduced by the Relevant Infineon Purchase Price Amount and/or the Relevant Techpoint Purchase Price Amount.

## 1.6 Supplementing the Trust Deed to Allow the Manager At Any Time to Irrevocably Elect to Receive its Base Fee and/or Performance Fee in the Form of Cash and/or Units

### 1.6.1 Base Fee

The Trust Deed currently states that, for the 60-month period after the Units were first listed on the SGX-ST<sup>5</sup>, the Base Fee shall be paid to the Manager in Units and cash in equal proportions. When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased with 50.0% of the Base Fee attributable to the relevant period at an issue price per Unit calculated as the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the relevant business day (the “**10-Day Volume Weighted Average Price**”). After the said 60-month period, the payment of the Base Fee shall be in the form of cash.

### 1.6.2 Performance Fee

The Trust Deed currently also states that, for the 60-month period after the Units were first listed on the SGX-ST, the Performance Fee shall be paid to the Manager in the form of Units to be issued at the 10-Day Volume Weighted Average Price. After the said 60-month period, the Performance Fee shall be paid to the Manager in the form of cash.

The Manager proposes to amend the Trust Deed to provide that, in respect of each additional property which may be acquired by A-REIT in the future (including the Properties), the Manager may at any time irrevocably elect to receive its Base Fee and/or Performance Fee relating to each such property in the form of cash and/or Units (to be issued at the 10-Day Volume Weighted Average Price) for so long as such property is held by A-REIT (the “**Management Fee Supplement**”).

Notwithstanding Unitholders’ approval of the Management Fee Supplement, the current prescribed mode of payment of the Manager’s management fee (the “**Management Fee**”) in respect of the Existing Properties (as provided for in the Trust Deed) will be adopted in relation to the Properties until such time an election is made by the Manager.

(See paragraph 8 below for further details about the Management Fee Supplement and the section entitled “Management Fee Supplement” in **Appendix 1** of this Circular for the proposed form of the Management Fee Supplement.)

## 1.7 Ratification of the Earlier Placement and the Refreshment of the General Mandate

The Trust Deed provides that new Units may be issued other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders without the prior approval of Unitholders if the issue (together with any other issue of Units, including Units issued to the Manager in payment of its Base Fee and/or Performance Fee, other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, in the same financial year) would not, immediately after the issue, exceed 10.0% of the value of the Deposited Property or if the number of such Units would not, immediately after the issue, exceed 20.0% of the outstanding Units (the “**General Mandate**”).

82,142,857 Units were issued at an issue price of S\$1.40 per Unit in June 2004 under the General Mandate to, *inter alia*, partly finance the acquisitions of Progen Building and C & P Logistics Hub (the “**Earlier Placement**”).

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<sup>5</sup> The Units were first listed on the SGX-ST on 19 November 2002 and the 60-month period will end on 18 November 2007.

The Manager is seeking the Ratification so that the Earlier Placement would be treated as having been carried out under a specific approval of Unitholders rather than pursuant to the General Mandate, thereby refreshing the General Mandate. The effect of the Ratification and the refreshment of the General Mandate is that A-REIT will have the ability to issue, at any time before the end of the current financial year (31 March 2005), such number of new Units which, together with any Units issued to the Manager in payment of its Base Fee and/or Performance Fee but excluding the Units issued under the Earlier Placement, the new Units to be issued under the Equity Fund Raising and the Consideration Units, would not in value exceed 10.0% of the value of A-REIT's Deposited Property at the relevant time or 20.0% of the outstanding Units at the relevant time, whichever threshold is lower.

As at the date of this Circular, the Manager has not finalised any plans for such an issue of new Units and, in any case, will not carry out any such issue before the completion of the Equity Fund Raising.

## 2. RATIONALE FOR THE ACQUISITIONS

### 2.1 Benefits to Unitholders

Apart from enhancing A-REIT's reputation as a provider of premium industrial space, the Manager believes that the Acquisitions offer the following benefits:

#### 2.1.1 Increased Earnings and Distributions

The Manager believes that the Acquisitions will improve the earnings and distributions enjoyed by Unitholders because each of the Properties will be acquired at an attractive price relative to the cash flow it generates. Based on the Manager's forecast, the Properties will generate a property yield (before acquisition costs) of approximately 8.5% for the financial year ending 31 March 2006, which is higher than the property yield for the Existing Properties.

With an illustrative issue price range of S\$1.40 to S\$1.70 per Unit for the new Units proposed to be issued under the Equity Fund Raising, the table on page 13 shows A-REIT's forecast and projected DPU and distribution yield for the financial years ending 31 March 2005 and 31 March 2006 in relation to the Existing Properties and A-REIT's enlarged portfolio of properties upon acquisition of the Properties in the following circumstances:

- (i) where the quantum of additional borrowings incurred and equity raised by A-REIT for the Acquisitions reduces A-REIT's Gearing to approximately 26% upon completion of the Equity Fund Raising and the Acquisitions (the "**Forecast Scenario**"), which gives A-REIT greater capacity to fund future acquisitions with debt financing; and
- (ii) where the proportion of additional borrowings incurred and equity raised by A-REIT for the Acquisitions maintains A-REIT's Gearing at its expected level of approximately 34%<sup>6</sup> upon completion of the Equity Fund Raising and the Acquisitions (the "**Simulation Scenario**").

The Manager intends to reduce A-REIT's Gearing to approximately 26% following the Acquisitions as per the Forecast Scenario; the Simulation Scenario has been set out only for the purpose of illustration.

The table on page 13 should be read together with the forecast and projected Statement of Net Investment Income and Distributable Income as well as the accompanying assumptions and sensitivity analysis in **Appendix 3** of this Circular, and the report of KPMG (the "**Independent Accountants**") in **Appendix 4** of this Circular.

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<sup>6</sup> This figure is calculated based on the assumption that A-REIT's acquisition of C & P Phase II will be completed as scheduled in December 2004.

## Forecast and Projected DPU and Distribution Yield After the Acquisitions and the Equity Fund Raising

Issue Price (\$)	Number of new Units issued to fund the Acquisitions <sup>(1)</sup> ('000)		Existing Properties				After the Acquisitions <sup>(2)</sup> and with Gearing reduced to 26% (Forecast Scenario)				After the Acquisitions <sup>(2)</sup> and with Gearing maintained at 34% (Simulation Scenario)			
			DPU (Cents) FY2005 <sup>(3)</sup>	Distribution Yield FY2005	DPU (Cents) FY2006	Distribution Yield FY2006	DPU (Cents) FY2005 <sup>(3)</sup>	Distribution Yield FY2005	DPU (Cents) FY2006	Distribution Yield FY2006	DPU (Cents) FY2005 <sup>(4)</sup>	Distribution Yield FY2005	DPU (Cents) FY2006	Distribution Yield FY2006
1.40	285,714		9.16	6.54%	9.25	6.61%	9.20	6.57%	9.68	6.92%	9.36	6.69%	10.20	7.28%
		DPU Improvement					0.4%		4.6%		2.2%		10.2%	
1.45	275,862		9.16	6.32%	9.25	6.38%	9.23	6.37%	9.77	6.74%	9.38	6.47%	10.27	7.08%
		DPU Improvement					0.8%		5.6%		2.4%		11.0%	
1.50	266,667		9.16	6.11%	9.25	6.17%	9.26	6.18%	9.86	6.57%	9.41	6.27%	10.34	6.89%
		DPU Improvement					1.1%		6.6%		2.7%		11.7%	
1.55	258,065		9.16	5.91%	9.25	5.97%	9.30	6.00%	9.94	6.41%	9.43	6.08%	10.40	6.71%
		DPU Improvement					1.5%		7.5%		2.9%		12.4%	
1.60	250,000		9.16	5.73%	9.25	5.78%	9.32	5.83%	10.02	6.26%	9.45	5.91%	10.46	6.54%
		DPU Improvement					1.8%		8.3%		3.2%		13.1%	
1.65	242,424		9.16	5.55%	9.25	5.61%	9.35	5.67%	10.10	6.12%	9.47	5.74%	10.52	6.38%
		DPU Improvement					2.1%		9.1%		3.4%		13.7%	
1.70	235,294		9.16	5.39%	9.25	5.44%	9.38	5.52%	10.17	5.98%	9.49	5.58%	10.58	6.22%
		DPU Improvement					2.4%		9.9%		3.6%		14.3%	

**Notes:**

- (1) The number of new Units issued is based on a Gearing of approximately 26% under the Forecast Scenario and will vary according to the Issue Price and the level of Gearing.
- (2) Assuming that the Acquisitions will be completed by 15 December 2004 and that there is no change to the current mode of payment of the Management Fee in respect of the Existing Properties and Properties.
- (3) The DPU under the Forecast Scenario will vary to the extent that the new Units issued under the Equity Fund Raising and the Consideration Units are issued on a date other than 1 December 2004. Such Units will only be entitled to A-REIT's distributable income from the date of their issue. A-REIT's distributable income for the period from 1 December 2004 to 31 March 2005 is estimated to be 3.26 cents per Unit (assuming that A-REIT's Gearing is reduced to approximately 26%).
- (4) The DPU under the Simulation Scenario will vary to the extent that the new Units issued under the Equity Fund Raising and the Consideration Units are issued on a date other than 1 December 2004. Such Units will only be entitled to A-REIT's distributable income from the date of their issue.

The table on page 13 shows the impact of the Acquisitions and the Equity Fund Raising on A-REIT's DPU and distribution yield. The Forecast Scenario shows that at an issue price of S\$1.50 per Unit and a Gearing of approximately 26%, the Acquisitions will generate a DPU accretion of 0.61 cents (6.6%) for the financial year ending 31 March 2006. The Simulation Scenario shows that at the same issue price of S\$1.50 and a Gearing of approximately 34%, DPU increases by 1.09 cents (11.7%).

### **2.1.2 Enhanced Stability of Earnings and Distributions**

The Properties' Weighted Average Lease Term to Expiry of 7.6 years will result in an increase in A-REIT's overall Weighted Average Lease Term to Expiry to 6.0 years as compared to a term of 5.2 years for the Existing Properties. The Manager believes that this improved lease expiry profile will underpin the stability of A-REIT's earnings and distributions going forward.

### **2.1.3 Competitive Strengths of the Properties**

The Manager believes that the Properties benefit from the following competitive strengths:

- (i) **Strategic Locations:** The Properties are strategically located near densely populated areas and enjoy a high level of connectivity to the rest of Singapore due to their proximity to major transport arteries and public transportation hubs.
- (ii) **Strong Tenancy Profile:** The major tenants of the Properties include Infineon Technologies Asia Pacific Pte Ltd, Motorola Electronics Pte Ltd, MediaCorp Publishing Pte Ltd, National Library Board, Schneider Electric South East Asia (HQ) Pte Ltd, Freight Links Express Holdings Limited and RSH Limited. The lease terms for each major tenant in each of the Properties and the Weighted Average Lease Term to Expiry for each Property are set out in **Appendix 5** of this Circular.

### **2.1.4 Improved Income Diversification**

The Acquisitions will provide an improvement to A-REIT's diversification by income by reducing A-REIT's reliance on any one particular property in its portfolio. Following completion of the Acquisitions, not more than 11.6% of A-REIT's total net property income will be derived from any single property (as compared to 15.9% based on the Existing Properties). Further, the percentage of gross rental income attributable to committed leases in the financial year ending 31 March 2006 will increase from 87.5% to 90.3% as a result of the Acquisitions.

### **2.1.5 Enhanced Tenant Base**

The Acquisitions are expected to benefit Unitholders through further diversification of A-REIT's income by tenant base and an increase in the number of long term tenants in A-REIT's property portfolio. A-REIT enjoys a diverse income stream because of its broad tenant base which consists of more than 400 tenants. The Acquisitions will increase A-REIT's tenant base and further enhance income diversification through the addition of quality tenants such as Infineon Technologies Asia Pacific Pte Ltd, Motorola Electronics Pte Ltd, MediaCorp Publishing Pte Ltd, National Library Board, Schneider Electric South East Asia (HQ) Pte Ltd, Freight Links Express Holdings Limited and RSH Limited. These new tenants add to A-REIT's core of blue chip tenants that already include multi-national corporations such as Honeywell Pte Ltd and Siemens Pte Ltd as well as companies listed on the SGX-ST such as OSIM International Ltd, Ultro Technologies Limited, TT International Limited and Venture Corporation Ltd.

Following completion of the Acquisitions, A-REIT's top 10 tenants in terms of gross rental income will make up 38.5% of its total property portfolio income as compared to 50.1% before the Acquisitions.

The following table sets out the top 10 tenants of A-REIT after the Acquisitions:

<b>Tenant</b>	<b>Percentage by Gross Rental Income</b>
C&P Holdings Pte Ltd	9.8%
TT International Limited	4.6%
Siemens Pte Ltd	4.5%
Infineon Technologies Asia Pacific Pte Ltd	3.8%
Honeywell Pte Ltd	3.1%
IDS Logistics Services Pte Ltd	2.9%
Institute of High Performance Computing	2.7%
Group Exklusiv Pte Ltd	2.5%
Zuellig Pharma Pte Ltd	2.3%
RSH Limited	2.3%
<b>Total</b>	<b>38.5%</b>

### **2.1.6 Capital Management**

The Acquisitions are proposed to be funded through a mix of debt and equity financing that will result in a reduced Gearing of approximately 26% from the expected level of approximately 34%. This will enable A-REIT to acquire up to S\$225.0 million worth of additional properties with debt financing (if the Manager considers it appropriate to do so) before reaching its maximum Gearing limit of 35%.

### **2.1.7 Growth**

The Acquisitions provide for growth through stepped rental increases incorporated into the long term leases at eight of the Properties. The stepped rental increases, combined with the Manager's ability to continue to improve cash flows as leases expire, underpin future growth in earnings and distributions for Unitholders.

The rent escalation provision in the leases at the relevant Properties are set out in **Appendix 5** of this Circular.

### **2.1.8 Increased Market Capitalisation**

Assuming that the new Units under the Equity Fund Raising and the Consideration Units are issued at S\$1.50 per Unit, following the successful completion of the Equity Fund Raising and the Acquisitions, the market capitalisation of A-REIT is expected to increase to approximately S\$1,587.5 million (based on a market price of S\$1.50 per Unit) given the 1,058,335,157 Units that would then be on issue. Unitholders are therefore expected to benefit from the anticipated increase in the trading liquidity of the Units.

### **2.1.9 Economies of Scale**

The Acquisitions will enlarge the portfolio of properties owned by A-REIT and allow Unitholders to benefit in the long term from the economies of scale which A-REIT will enjoy in its dealings with suppliers, as well as the resulting ability of A-REIT to generate cost synergies.

See **Appendix 5** of this Circular for more information on the Properties.

## **2.2 Profit Forecast and Profit Projection**

The following table summarises the effect of the Acquisitions on A-REIT's forecast and projected net investment income and distributable income for the financial years ending 31 March 2005 and 31 March 2006.



The forecast and projection have been reviewed by the Independent Accountants and should be read together with their report contained in **Appendix 4** of this Circular as well as the assumptions and sensitivity analysis which accompany the forecast and projected Statement of Net Investment Income and Distributable Income in **Appendix 3** of this Circular.

## FORECAST AND PROJECTED STATEMENT OF NET INVESTMENT INCOME AND DISTRIBUTABLE INCOME

	Forecast for the Financial Year Ending 31 March 2005			Projection for the Financial Year Ending 31 March 2006		
	Existing Properties (S\$'000)	The Properties (S\$'000)	After the Acquisitions (S\$'000)	Existing Properties (S\$'000)	The Properties (S\$'000)	After the Acquisitions (S\$'000)
Gross revenue	116,602	13,087	129,689	125,422	45,331	170,753
Property operating expenses	(33,848)	(3,637)	(37,485)	(36,237)	(12,732)	(48,969)
Net property income	82,754	9,450	92,204	89,185	32,599	121,784
Non-property expenses	(18,298)	(1,694)	(19,992)	(22,234)	(3,399)	(25,633)
Net investment income	64,456	7,756	72,212	66,951	29,200	96,151
Non-tax deductible expenses	6,842	1,295	8,137	6,929	2,118	9,047
Net investment income available for distribution	71,298	9,051	80,349	73,880	31,318	105,198
Weighted average number of Units on issue ('000) <sup>(1)</sup>	778,329		867,267			
Units on issue ( '000) <sup>(1)(2)</sup>	794,425		1,061,680	798,424		1,066,881
Earnings per Unit (cents) <sup>(1)(2)</sup>	8.28		8.33	8.39		9.01
DPU (cents) <sup>(1)(2)</sup>	9.16		9.26	9.25		9.86

### Notes:

- (1) The weighted average number of Units is used for the calculation of earnings per Unit and DPU for the financial year ending 31 March 2005 as the new Units to be issued under the Equity Fund Raising and the Consideration Units are only entitled to A-REIT's distributable income from the date of issue of such Units (which is assumed to be 1 December 2004). The total number of Units on issue is used to calculate earnings per Unit and DPU for the financial year ending 31 March 2006. The forecast and projection are based on the assumption that Gearing is reduced to approximately 26% immediately following the completion of the Acquisitions.
- (2) Assuming that 266.7 million new Units (including the Consideration Units) are issued at an issue price of S\$1.50 per Unit to fund the Acquisitions and that A-REIT's Gearing is reduced to approximately 26% upon completion of the Acquisitions and as at 31 March 2006. The figures include Units issued to the Manager in part payment of its Base Fee and Performance Fee in respect of the Existing Properties and the Properties under the current mode of payment of such fees.

### 2.3 Pro Forma Financial Effects of the Acquisitions

The pro forma financial effects of the Acquisitions on the DPU and NAV per Unit are set out in **Appendix 5** of this Circular.

## **2.4 Requirement for Unitholders' Approval of the Infineon Acquisition and the Techpoint Acquisition**

### **2.4.1 Chapter 9 of the Listing Manual**

Chapter 9 of the Listing Manual states that, where A-REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions (each of a value equal to or greater than S\$100,000) with the same interested person during the same financial year) is equal to or exceeds 5.0% of A-REIT's latest audited NTA, Unitholders' approval is required in respect of that transaction.

Based on the audited financial statements of A-REIT for the financial year ended 31 March 2004 (the "**Audited Financial Statements**"), the NTA of A-REIT was S\$691.6 million as at 31 March 2004. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by A-REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$34.6 million, such a transaction would be subject to Unitholders' approval.

Given that the purchase prices of Infineon Building and Techpoint are S\$50.9 million and S\$75.0 million, respectively, the value of both the Infineon Acquisition and the Techpoint Acquisition exceed the said threshold.

Ascendas, the vendor of Infineon Building and Techpoint, is a related corporation of the Manager as both of them are subsidiaries of Ascendas Pte Ltd. As at the Latest Practicable Date, Ascendas holds 138,897,702 Units (comprising approximately 17.5% of the Existing Units) and is therefore regarded as a controlling unitholder of A-REIT.

As a controlling unitholder as well as a related corporation of the Manager, Ascendas is treated as an interested person of A-REIT for the purposes of Chapter 9 of the Listing Manual.

Accordingly, both the Infineon Acquisition and the Techpoint Acquisition are subject to Unitholders' approval under Chapter 9 of the Listing Manual.

### **2.4.2 Paragraph 6 of the Property Funds Guidelines**

Paragraph 6 of the Property Funds Guidelines also imposes a requirement for Unitholders' approval for an interested party transaction by A-REIT whose value exceeds 5.0% of A-REIT's latest audited NAV.

Based on the Audited Financial Statements, the NAV of A-REIT was S\$691.6 million as at 31 March 2004. Accordingly, if the value of a transaction which is proposed to be entered into by A-REIT with an interested party is equal to or greater than S\$34.6 million, such a transaction would be subject to Unitholders' approval. The purchase prices of Infineon Building and Techpoint both exceed this threshold.

As a controlling unitholder as well as a related corporation of the Manager, Ascendas is considered to be an interested party of A-REIT for the purposes of paragraph 6 of the Property Funds Guidelines. As such, both the Infineon Acquisition as well as the Techpoint Acquisition are subject to Unitholders' approval under paragraph 6 of the Property Funds Guidelines.

The Manager is hereby seeking specific approval of Unitholders for the Infineon Acquisition and the Techpoint Acquisition.

## **2.5 Advice of the Independent Financial Adviser**

PricewaterhouseCoopers Corporate Finance Pte Ltd has been appointed as the independent financial adviser (the “**IFA**”) to advise the independent directors of the Manager (the “**Independent Directors**”) on the Infineon Acquisition and the Techpoint Acquisition. A copy of the letter from the IFA to the Independent Directors (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix 6** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the view that both the Infineon Acquisition and the Techpoint Acquisition are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

The IFA has therefore advised the Independent Directors to recommend that Unitholders vote in favour of both the Infineon Acquisition and the Techpoint Acquisition.

## **2.6 Interests of Directors and Substantial Unitholders**

Certain directors of Ascendas and its direct holding company, Ascendas Pte Ltd, collectively hold an aggregate direct and indirect interest in 368,600 Units.

Mr Lew Syn Pau, Chairman of Ascendas Pte Ltd, is also the Chairman of the Board of Directors of the Manager. Ms Chong Siak Ching, the President and Chief Executive Officer of Ascendas Pte Ltd and a director of Ascendas, is also a director of the Manager. Mr Swee Kee Siong, Senior Advisor of Ascendas Pte Ltd, is also a director of the Manager. Ascendas Pte Ltd holds an aggregate direct and indirect interest in 143,179,411 Units, comprising approximately 18.1% of the total number of Units on issue.

Save as disclosed herein and based on information available to the Manager, none of the directors of Ascendas or the Manager, or the Substantial Unitholders has any interest, direct or indirect, in the Acquisitions.

## **2.7 Director’s Service Contracts**

No person is proposed to be appointed as a director of the Manager in connection with the Acquisitions, the Option Agreements, the Purchase Agreements, or any other transaction contemplated in relation to the Acquisitions.

## **3. DETAILS OF THE ACQUISITIONS**

### **3.1 Background**

The Manager is constantly seeking properties that provide attractive cash flows and yields for A-REIT to acquire in fulfilment of its stated strategy of seeking to capitalise on opportunities in the Singapore business space and light industrial property sectors. The Manager has identified the Properties as being suitable for acquisition by A-REIT.

Following negotiations between the Managers and the vendors of each of the Properties, the Trustee (as trustee of A-REIT), upon the Manager’s recommendations, entered into the Option Agreements in relation to the sale and purchase of the Properties.

Subject to the fulfilment of certain specified conditions precedent and/or obtaining certain specified approvals from the relevant authorities, each of the Option Agreements provides that:

- 3.1.1** the relevant vendor grants to the Trustee a call option to require the relevant vendor to enter into the relevant Purchase Agreement for the sale of the relevant Property to the Trustee; and

**3.1.2** the Trustee grants to the relevant vendor a put option to require the Trustee to enter into the relevant Purchase Agreement for the purchase of the relevant Property by the Trustee.

### 3.2 Information about the Properties

The following table sets out certain information relating to each of the Properties:

	Purchase Price (S\$ million)	Net Property Income Projection FY2006 (S\$ million)	Property Yield Projection FY2006 (%)	Rental Escalation	Weighted Average Lease Term to Expiry <sup>(1)</sup> (Years)	Major Tenants
Infineon Building	50.9	4.2	8.2	3.0% p.a.	12.0	Infineon Technologies Asia Pacific Pte Ltd
Techpoint	75.0	6.4	8.5	N.A.	2.4	Motorola Electronic Pte Ltd; MediaCorp Publishing Pte Ltd; Schneider Electric South East Asia (HQ) Pte Ltd
Exklusiv Centre	44.8 <sup>(2)</sup>	3.5	7.9 <sup>(2)</sup>	Year 4 = 8.0%; Year 7 = market review capped at 8.0%, ratchet clause; Year 10 = 8.0%	12.0	Group Exklusiv Pte Ltd
CG Aerospace Building	31.1 <sup>(3)</sup>	2.4	10.7 <sup>(3)</sup>	N.A.	2.8	"K" Line Air Service (S) Pte Ltd; National Library Board; Tradeport Singapore Pte Ltd
Autron Building	14.0	1.2	8.3	Year 4 = 10.0%; Year 7 = 10.0%; Year 10 = 10.0%	12.0	Autron Singapore Pte Ltd
SB Building	17.8 <sup>(4)</sup>	1.2	8.7 <sup>(4)</sup>	2.5% p.a. except for start of Year 6 at 7.5%	12.0	Soilbuild Group Holdings Pte Ltd
Fedex Building	33.5	2.6	7.8	N.A.	5.2	Federal Express (Singapore) Pte Ltd; Cargo Distribution Pte Ltd
Freight Links (Changi) Building	32.0 <sup>(5)</sup>	2.4	9.3 <sup>(5)</sup>	Year 2-6 = 2.0% p.a.; Year 7 = 6.0%	7.0	Freight Links Express Districentre Pte Ltd
Freight Links (Toh Guan) Building	36.4 <sup>(6)</sup>	2.6	9.0 <sup>(6)</sup>	Year 2-6 = 2.0% p.a.; Year 7 = 6.0%	8.0	Freight Links Express Distripark Pte Ltd
MacDermid Building	5.5	0.6	11.0	N.A.	2.6	MacDermid Singapore Pte Ltd

	Purchase Price (S\$ million)	Net Property Income Projection FY2006 (S\$ million)	Property Yield Projection FY2006 (%)	Rental Escalation	Weighted Average Lease Term to Expiry <sup>(1)</sup> (Years)	Major Tenants
Wisma Gulab	55.7 <sup>(7)</sup>	3.5	8.0 <sup>(7)</sup>	Year 2–6 = 3.0% p.a.; Year 7–10 = 4.5% p.a.; Year 11–15 = 3.0% p.a.	15.0	RSH Limited
Volex Building	9.4	0.8	8.0	1.75% p.a. or CPI, whichever is higher	12.0	Volex (Asia) Pte Ltd
Steel Industries Building	15.3	1.2	7.9	N.A.	5.0	Steel Industries Pte Ltd
<b>Total/ Average</b>	<b>421.4</b>	<b>32.5</b>	<b>8.5</b>			

**Notes:**

- (1) Assuming that the Acquisitions are completed on 15 December 2004.
- (2) The property yield for Exklusiv Centre is based on a property value of S\$43.9 million, being its acquisition price of S\$44.8 million less the deferred settlement component of S\$0.9 million (see **Appendix 7** for more details regarding the deferred settlement component).
- (3) The property yield for CG Aerospace Building is based on a property value of S\$23.0 million, being its acquisition price of S\$31.1 million less the deferred settlement component of S\$8.1 million (see **Appendix 7** for more details regarding the deferred settlement component).
- (4) The property yield for SB Building is based on a property value of S\$14 million, being its acquisition price of S\$17.8 million less the deferred settlement component of S\$3.8 million (see **Appendix 7** for more details regarding the deferred settlement component).
- (5) The property yield for Freight Links (Changi) Building is based on a property value of S\$25.6 million, being its acquisition price of S\$32.0 million less the deferred settlement component of S\$6.4 million (see **Appendix 7** for more details regarding the deferred settlement component).
- (6) The property yield for Freight Links (Toh Guan) Building is based on a property value of S\$29.1 million, being its acquisition price of S\$36.4 million less the deferred settlement component of S\$7.3 million (see **Appendix 7** for more details regarding the deferred settlement component).
- (7) The property yield for Wisma Gulab is based on a property value of S\$43.5 million, being its acquisition price of S\$55.7 million less the deferred settlement component of S\$12.2 million (see **Appendix 7** for more details regarding the deferred settlement component).

More information about the Properties can be found in **Appendix 5** of this Circular.

### 3.3 Certain Terms of the Option Agreements and the Purchase Agreements

Certain principal terms of each of the Option Agreements and Purchase Agreements can be found in **Appendix 7** of this Circular.

### 3.4 Estimated Acquisition Costs of the Properties

The total estimated acquisition costs of the Properties amount to S\$441.2 million, comprising the aggregate purchase price of the Properties (S\$421.4 million), applicable stamp duty (S\$12.6 million), the Manager's acquisition fee in respect of the Properties (S\$4.2 million) and the professional and other fees and expenses incurred or to be incurred by the Manager in connection with the Acquisitions (S\$3.0 million).

### **3.5 Method of Financing**

Assuming Unitholder's approvals for the issue of the Consideration Units to Ascendas are obtained, the aggregate purchase price of the Properties (excluding the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount) and all acquisition costs relating to the Acquisitions will be financed from the net proceeds of the Equity Fund Raising and additional borrowings by A-REIT. The actual amount to be borrowed will represent the difference between (a) the acquisition costs of the Properties (less the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount) and (b) the net proceeds of the Equity Fund Raising.

The actual number of new Units that will be issued under the Equity Fund Raising and the actual number of Consideration Units to be issued to Ascendas will depend on the Issue Price as determined by the Manager and the Joint Lead Managers and Underwriters closer to the date of commencement of the Equity Fund Raising. Assuming that the Issue Price is determined to be S\$1.50 and that Unitholders' approvals are obtained for the issue of the Consideration Units, 185,269,334 new Units will be issued for the purpose of the Equity Fund Raising and 81,397,333 Consideration Units will be issued to Ascendas. In the event that Unitholders' approvals for the issue of the Consideration Units are not obtained, an additional 81,397,333 new Units (based on an Issue Price of S\$1.50) will have to be issued under the Equity Fund Raising to finance the Infineon Acquisition and the Techpoint Acquisition.

A-REIT has a S\$150.0 million standby bank debt facility with Oversea-Chinese Banking Corporation Limited. It is intended that up to S\$8.4 million will initially be drawn down on this bank facility to partly finance the Acquisitions.

## **4. THE PROPOSED ISSUE OF CONSIDERATION UNITS**

### **4.1 Requirement for Unitholders' Approval for the Issue of Consideration Units to Ascendas**

It is expected that, together with the new Units to be issued under the Equity Fund Raising, the value of the Consideration Units will, immediately, after such Units are issued, exceed 10.0% of the value of A-REIT's Deposited Property, and the aggregate number of such Units will exceed 20.0% of the outstanding Units immediately after the issue of such Units.

The Infineon Consideration Units and the Techpoint Consideration Units to Ascendas will also constitute placements to a Substantial Unitholder as Ascendas currently holds approximately 17.5% of the total number of Units on issue. Unitholders' approvals for such placements are required as Rule 812(1) of the Listing Manual otherwise prohibits a placement of Units to Substantial Unitholders. The Trust Deed also requires that a placement of new Units to Ascendas (being a related party of the Manager) must be approved by way of an Extraordinary Resolution of Unitholders.

Moreover, given that Ascendas is also a controlling unitholder of A-REIT, the issues of the Infineon Consideration Units and the Techpoint Consideration Units to Ascendas would both constitute an interested person transaction under the Listing Manual. There is a possibility (depending on the Issue Price) that the value of the Infineon Consideration Units and the Techpoint Consideration Units will, in themselves, exceed 5.0% of the value of A-REIT's latest audited NTA. In such circumstances, Rule 906 of the Listing Manual also requires Unitholders' approvals for both the issue of the Infineon Consideration Units and the issue of the Techpoint Consideration Units to Ascendas.

Accordingly, the Manager is seeking the approval of Unitholders by an Extraordinary Resolution for the issue of the Infineon Consideration Units to Ascendas in payment of the Relevant Infineon Purchase Price Amount and for the issue of the Techpoint Consideration Units to Ascendas in payment of the Relevant Techpoint Purchase Price Amount.

## 4.2 Rationale for Agreeing to Issue Consideration Units

As the Manager had determined that Infineon Building and Techpoint would be attractive acquisitions for A-REIT in terms of DPU accretion, it was agreed that A-REIT would, subject to the relevant approvals being obtained, pay the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount in Units rather than cash to ensure greater certainty of funding. Unlike an equity fund raising exercise, the issue of Consideration Units by A-REIT is not subject to market conditions.

Ascendas is one of Singapore's leading developers, managers and marketers of business park and industrial properties and has significant local market expertise, experience and knowledge of the local property market. The Manager believes that upon receipt of the Consideration Units, Ascendas' interests will become further aligned with those of the Unitholders and A-REIT as a whole and, accordingly, A-REIT will increase its competitive advantage in the acquisition of properties in the Singapore businesses park and light industrial sectors.

The issue of the Consideration Units to Ascendas in payment of the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount will also reduce the underwriting fee payable to the Joint Lead Managers and Underwriters as no such fee will be payable by A-REIT in respect of the Consideration Units. In the event that Unitholders' approvals for the issue of the Consideration Units are not obtained, the number of new Units to be issued under the Equity Fund Raising will have to include such new Units that would otherwise have been issued directly to Ascendas as the Consideration Units, and A-REIT would have to incur an additional estimated S\$2.1 million in underwriting fees.

## 5. DETAILS OF THE EQUITY FUND RAISING

### 5.1 Structure

It is intended that the Equity Fund Raising will comprise:

- 5.1.1 a preferential offering of new Units at the Issue Price to Singapore Registered Unitholders on a non-renounceable basis of 1 new Unit for every 10 of the Existing Units held on the Books Closure Date (fractions of a Unit to be disregarded) (the "**Preferential Offering**"); and
- 5.1.2 an offering of new Units at the Issue Price by way of:
  - (i) an offering to the public in Singapore through the automated teller machines ("**ATMs**") of DBS Bank (including POSB) on a "first-come, first-served" basis (the "**ATM Offering**"); and
  - (ii) a placement to retail and institutional investors (the "**Private Placement**").

In the event that the Issue Price is determined to be S\$1.50, the Preferential Offering will comprise 79,166,849<sup>7</sup> new Units, and the ATM Offering and the Private Placement will together comprise 106,102,485 new Units<sup>8</sup>.

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<sup>7</sup> This figure does not take into account the additional Units which will, where necessary, be allocated to Singapore Registered Unitholders to enable them to obtain, through subscriptions for their provisional allocations of new Units under the Preferential Offering, aggregate unitholdings in integral multiples of 1,000 Units (see paragraph 5.2 for further details).

<sup>8</sup> The figures are calculated based on the assumption that the relevant approvals for the issue of the Consideration Units are obtained and that there will be no new Units issued under the Equity Fund Raising to finance the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount.



## 5.2 Additional Information on the Preferential Offering

Singapore Registered Unitholders, including the Restricted Placees (such as the directors of the Manager (the “**Directors**”), their immediate family<sup>9</sup> and Substantial Unitholders), can accept their provisional allocations of new Units under the Preferential Offering in full or in part but may not apply for excess Units thereunder. Restricted Placees who are Singapore Registered Unitholders are permitted to accept their provisional allocations of new Units under the Preferential Offering as the SGX-ST has granted a waiver from the requirements under Rule 812(1) of the Listing Manual.

Subject to the exceptions described below, Singapore Registered Unitholders (except those who are Restricted Placees) may also, in addition to accepting their provisional allocations of new Units under the Preferential Offering, apply for new Units under the ATM Offering and the Private Placement. Notwithstanding the foregoing, the Directors and their immediate family may apply for new Units under the ATM Offering as the SGX-ST’s waiver of the requirements under Rule 812(1) of the Listing Manual (as described above) also extends to allowing such applications by the Directors and their immediate family. The Joint Lead Managers and Underwriters may also place new Units to The Capital Group Companies, Inc., UOB Asset Management Limited, Prudential Asset Management (Singapore) Limited and, subject to obtaining the relevant approval at the EGM, MGM Singapore under the Private Placement so as to enable each of these Substantial Unitholders to maintain its proportionate unitholdings at its pre-placement level in percentage terms (see paragraphs 5.4 and 6 below).

Where a Singapore Registered Unitholder’s provisional allocation of new Units under the Preferential Offering is other than an integral multiple of 1,000 Units, it will be increased to such number which, when added to the Unitholder’s unitholdings as at the Books Closure Date (being the date on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the provisional allocations of Singapore Registered Unitholders under the Preferential Offering), results in an integral multiple of 1,000 Units. For example, a Singapore Registered Unitholder with 1,500 Existing Units as at the Books Closure Date will be provisionally allocated with 500 new Units under the Preferential Offering (increased from the 150 new Units allocated based on the ratio of 1 new Unit for every 10 Existing Units under the Preferential Offering) so that, should the Unitholder decide to accept his provisional allocation of new Units, he will own a total of 2,000 Units.

The making of the Preferential Offering may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation applicable in countries (other than Singapore) where Unitholders may have their addresses as registered with The Central Depository Pte Ltd (“**CDP**”), the Preferential Offering will not be extended to Unitholders whose registered addresses with CDP are outside Singapore, who do not have a “rights” mailing address with CDP and who have not, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notice and documents. Unitholders whose registered addresses with CDP are outside Singapore and who wish to participate in the Preferential Offering will have to provide CDP with addresses in Singapore for the service of notice and documents at least five Market Days prior to the Books Closure Date.

New Units under the Preferential Offering which are not taken up by the Singapore Registered Unitholders for any reason will be aggregated and sold, at the discretion of the Joint Lead Managers and Underwriters, to satisfy excess demand for new Units under the Private Placement to the extent that there is such excess demand.

Acceptance of the provisional allocations of new Units may be effected via application forms or through the ATMs of the relevant participating banks.

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<sup>9</sup> The spouse, children, adopted children, step-children, siblings and parents of the Directors.

**As the Preferential Offering is made on a non-renounceable basis, the provisional allocations of new Units cannot be renounced in favour of a third party or traded on the SGX-ST.**

**Notice is hereby given that, subject to the relevant approvals sought at the EGM being obtained, the Books Closure Date is Tuesday, 16 November 2004 at 5.00 p.m. This date is three Market Days after the Units commence trading ex-entitlements to provisional allocations under the Preferential Offering on Wednesday, 10 November 2004 at 9.00 a.m.**

### **5.3 Additional Information on the ATM Offering**

There will be a limit on both the minimum and maximum number of new Units that an applicant can apply for under the ATM Offering. The minimum and maximum limits will be determined closer to the date of commencement of the Equity Fund Raising.

In the event that the new Units offered under the ATM Offering are not fully taken up, the number of new Units that are not taken up will be aggregated and sold, at the discretion of DBS Bank, to satisfy excess demand for new Units under the Private Placement to the extent that there is such excess demand.

### **5.4 Additional Information on the Private Placement**

The Manager has obtained a waiver from the SGX-ST from the requirement under Rule 812 of the Listing Manual to seek Unitholders' approval for an issue of new Units to The Capital Group Companies, Inc., UOB Asset Management Limited and Prudential Asset Management (Singapore) Limited (each of which is a Substantial Unitholder) where the new Units proposed to be placed to each such Substantial Unitholder is no more than what would be required to maintain its proportionate unitholdings as its pre-placement level in percentage terms. Subject to the said restriction and to the requirement that the Manager certifies it is independent of each such Substantial Unitholder, the Joint Lead Managers and Underwriters may place new Units to these Substantial Unitholders under the Private Placement. In such an event, an announcement thereof will be made by A-REIT.

The waiver was obtained on the basis that these Substantial Unitholders should not be treated differently from any other Unitholder and should be given the same opportunities to apply for such number of Units under an equity fund raising exercise as is required to maintain their pre-placement percentage unitholdings in A-REIT.

Excess demand for the new Units under the Private Placement will be satisfied only to the extent that new Units offered under the Preferential Offering and/or the ATM Offering are not taken up and are reallocated to the Private Placement.

### **5.5 Estimated Proceeds**

Assuming that 266.7 million new Units are issued at an issue price of S\$1.50 per Unit to partly fund the Acquisitions (including the Infineon Acquisition and the Techpoint Acquisition), the estimated gross proceeds of the Equity Fund Raising are expected to be approximately S\$400.0 million.

The actual number of new Units to be issued under the Equity Fund Raising will depend on the Issue Price (which is to be determined by the Manager and the Joint Lead Managers and Underwriters closer to the date of commencement of the Equity Fund Raising) and whether Unitholders' approval for the issue of the Consideration Units is obtained.

## **5.6 Costs of the Equity Fund Raising**

If A-REIT proceeds with the Equity Fund Raising, the Manager estimates that A-REIT will have to bear the following costs and expenses:

- 5.6.1** up to S\$4.3 million<sup>10</sup>, estimated to be the underwriting and selling commissions and related expenses payable to the Joint Lead Managers and Underwriters in relation to the Equity Fund Raising; and
- 5.6.2** S\$1.6 million<sup>11</sup>, estimated to be professional and other fees and expenses incurred by A-REIT in connection with the Equity Fund Raising.

## **5.7 Underwriting by the Joint Lead Managers and the Underwriters**

Save in respect of the new Units undertaken to be subscribed for by Ascendas, MGM Singapore and the Manager under the Preferential Offering and, if the relevant approval is obtained at the EGM, the new Units which may be offered to MGM Singapore under the Private Placement, the Preferential Offering and the Private Placement will be underwritten by the Joint Lead Managers and Underwriters at the Issue Price. The ATM Offering will be underwritten by DBS Bank at the Issue Price.

Upon the commencement of trading in the Units on an “ex” basis in respect of the Preferential Offering, any force majeure clause in the underwriting agreement relating thereto cannot be invoked.

## **5.8 Undertakings by Ascendas, MGM Singapore and the Manager**

Ascendas, MGM Singapore and the Manager, who own an aggregate of 200,420,140 Units as at the Latest Practicable Date (comprising approximately 25.3% of the Existing Units), have each given an undertaking to the Joint Lead Managers and Underwriters, the Trustee (as trustee of A-REIT) and (in the case of Ascendas and MGM Singapore) the Manager to take up their respective provisional allocations under the Preferential Offering.

## **5.9 Distribution Periods**

To enable Unitholders to enjoy more frequent returns on their investments in A-REIT, the Manager will implement quarterly distributions of A-REIT’s distributable income with effect from the distribution period following the distribution of A-REIT’s distributable income for the period from 4 March 2004 to 30 September 2004 for Units traded under the “Ascendasreit” counter, and the period from 23 June 2004 to 30 September 2004 for Units traded under the “Ascendasreit A” counter.

Accordingly, the next distribution scheduled to take place will be in respect of A-REIT’s distributable income for the Third Quarter Distribution Period. The new Units issued under the Equity Fund Raising as well the Consideration Units will only be entitled to participate in the distributable income of A-REIT for the period from the date of their issue to 31 December 2004 whereas the Existing Units are entitled to participate in A-REIT’s distributable income for the entire Third Quarter Distribution Period.

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<sup>10</sup> This figure comprises the underwriting and selling commissions payable to the Joint Lead Managers and Underwriters. No underwriting and selling commissions will be payable to the Joint Lead Managers and Underwriters in respect of the Consideration Units issued to Ascendas (if the relevant approvals are obtained), the new Units taken up by Ascendas, MGM Singapore and the Manager under the Preferential Offering and (if the relevant approval is obtained at the EGM) by MGM Singapore under the Private Placement. If the Consideration Units are not issued, the Joint Lead Managers and Underwriters will be required to underwrite such additional number of new Units equivalent to that of the Consideration Units to be issued under the Equity Fund Raising. Accordingly, this figure could increase by approximately S\$2.1 million.

<sup>11</sup> This figure includes financial advisory fees, legal fees, fees for the Independent Accountants, the Independent Valuers, the IFA and other professional fees and related expenses.

As the new Units to be issued under the Equity Fund Raising and the Consideration Units will not be entitled to participate in A-REIT's distributable income for the period from 1 October 2004 to the day immediately prior to the date such Units are issued, it is necessary for such Units to trade under a separate stock counter for the period commencing from their date of issue to the last day of "cum-distribution" trading for them as well as the Existing Units in respect of the Third Quarter Distribution Period, which is expected to be in January 2005. After the last day of "cum-distribution" trading, the Units trading on the temporary stock counter as well as the Existing Units will be aggregated and traded under the same stock counter on the next market day, *i.e.* the first day of "ex-distribution" trading for the new Units to be issued under the Equity Fund Raising, the Consideration Units and the Existing Units.

**For the avoidance of doubt, new Units issued pursuant to the Equity Fund Raising and the Consideration Units will not be entitled to participate in the distribution of any distributable income accrued by A-REIT prior to the date of issue of such Units. Such Units, upon issue and allotment, will only be entitled to participate in the distributable income of A-REIT for the period from the date of their issue to 31 December 2004 whereas the Existing Units are entitled to participate in A-REIT's distributable income in respect of the entire Third Quarter Distribution Period.**

#### **5.10 Status of the New Units**

The new Units to be issued under the Equity Fund Raising as well as the Consideration Units will only be entitled to participate in the distributable income of A-REIT for the period from the date of their issue to 31 December 2004 whereas the Existing Units are entitled to participate in A-REIT's distributable income in respect of the entire Third Quarter Distribution Period. From the next distribution period following the Third Quarter Distribution Period, the new Units to be issued under the Equity Fund Raising and the Consideration Units will rank *pari passu* in all respects with the then existing Units, including the right to any distributions which may be paid for that distribution period (1 January 2005 to 31 March 2005) as well as all distributions thereafter.

### **6. PLACEMENT TO MGM SINGAPORE PTE. LTD.**

#### **6.1 Listing Manual Prohibition on Placement to Substantial Unitholders**

The Manager has obtained from the SGX-ST a waiver of Rule 812(1) of the Listing Manual in respect of a placement of Units to MGM Singapore (a Substantial Unitholder) under the Private Placement, subject to Unitholders' approval being obtained for such a placement. The Manager therefore seeks Unitholders' approval for a placement of new Units under the Private Placement to MGM Singapore. The proposed placement of new Units to MGM Singapore will comprise no more than such number of new Units as would be required to maintain the proportionate unitholdings of MGM Singapore in percentage terms at its pre-placement level as at the Latest Practicable Date.

#### **6.2 Rationale for Placement to MGM Singapore**

The Manager is of the view that MGM Singapore should be permitted to subscribe for new Units under the Private Placement so that its level of unitholdings in percentage terms is not diluted because of the Equity Fund Raising.

The Manager believes that, notwithstanding that MGM Singapore is a Substantial Unitholder, MGM Singapore should not be treated differently from any other Unitholder, and should be given the opportunity to apply for additional Units under the Private Placement so as to maintain its present percentage unitholdings in A-REIT since other Unitholders may also apply for additional Units under the Equity Fund Raising. As a Substantial Unitholder, MGM Singapore provides a degree of stability to A-REIT as an investment vehicle given the size of its unitholdings.

## **7. SUPPLEMENTING THE TRUST DEED WITH THE ISSUE PRICE SUPPLEMENT**

### **7.1 Different Methods for Determination of the Issue Price for Consideration Units and the Issue Price for New Units Under the Equity Fund Raising**

Clause 5.2.3 of the Trust Deed currently states that, for so long as A-REIT is listed, the Manager may issue Units on any business day at the 10-day Volume Weighted Average Price. Unless the Issue Price Supplement is approved by Unitholders, Clause 5.2.3 would be applicable to the proposed issue of new Units to Ascendas as Consideration Units in payment of the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount.

In contrast, Clause 5.2.6(ii) of the Trust Deed provides that, in respect of an issue of new Units other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders (such as the issue of new Units for the purpose of the Equity Fund Raising), the issue price of such new Units must not reflect more than a 5.0% discount to the weighted average price for trades done for a full Market Day on the day the placement agreement relating to such issue is signed or, if trading in the Units is not available for a full Market Day, for the preceding Market Day up to the time such a placement agreement is signed.

### **7.2 Disparity in Issue Prices for Consideration Units and New Units Under the Equity Fund Raising**

Given the inherent unpredictability of stock prices on any securities exchange, the 10-day Volume Weighted Average Price is likely to differ from the Issue Price under the Equity Fund Raising. To avoid such an incongruity, given that the Consideration Units and the new Units under the Equity Fund Raising are essentially to be issued for the purpose of funding the Acquisitions, the Manager proposes to amend the Trust Deed with the Issue Price Supplement.

### **7.3 Proposed Supplement to the Trust Deed**

The Manager seeks Unitholders' approval under Clause 28 of the Trust Deed to amend the Trust Deed with the Issue Price Supplement. The Trustee has informed the Manager that it has no objection to the proposed supplement.

(See the section entitled "Issue Price Supplement" in **Appendix 1** of this Circular for the proposed form of the Issue Price Supplement.)

## **8. SUPPLEMENTING THE TRUST DEED WITH THE MANAGEMENT FEE SUPPLEMENT**

### **8.1 Trust Deed Provisions Relating to the Manager's Management Fee**

The Trust Deed currently stipulates that, for the 60-month period from the date the Units were first listed on the SGX-ST, the Base Fee shall be paid to the Manager in the form of cash and Units in equal proportions and the Performance Fee is to be paid to the Manager in the form of Units. After the said 60-month period, the Base Fee as well as the Performance Fee are to be paid entirely in cash.

When the Base Fee is paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased with 50.0% of the Base Fee attributable to the relevant period at an issue price equal to the 10-Day Volume Weighted Average Price. When the Performance Fee is paid in the form of Units, the Manager shall be entitled to receive such number of Units for the Performance Fee as may be purchased at an issue price equal to the 10-Day Volume Weighted Average Price.

### **8.2 Proposed Supplement to the Trust Deed**

The Manager proposes to amend the Trust Deed to provide that, in respect of each additional property which may be acquired by A-REIT in the future (including the Properties), the Manager may at any time irrevocably elect to receive its Base Fee and/or Performance Fee relating to each such property in the form of cash and/or Units for so long as such property is held by A-REIT. Should the Manager elect to receive Units, such Units are to be issued at the 10-day

Volume Weighted Average Price as currently prescribed. Prior to such election, the Manager will take its Base Fee in respect of such property in cash and Units in equal proportions and its Performance Fee in respect of such property in Units for the aforementioned 60-month period, after which the Base Fee as well as the Performance Fee are to be paid entirely in cash.

To that end, the Manager is seeking Unitholders' approval under Clause 28 of the Trust Deed to amend the Trust Deed with the Management Fee Supplement.

(See the section entitled "Management Fee Supplement" in **Appendix 1** of this Circular for the proposed form of the Management Fee Supplement.)

### **8.3 Rationale for the Proposed Supplement to the Trust Deed**

The Manager believes that the ability to choose the form of payment of its Base Fee and Performance Fee will give it flexibility in structuring the Acquisitions and future acquisitions of properties that enhance returns for Unitholders.

Moreover, to the extent that the Manager chooses to receive its Base Fee and/or the Performance Fee in Units, the Manager's interests will become further aligned with those of Unitholders.

## **9. RATIFICATION OF THE EARLIER PLACEMENT AND THE REFRESHMENT OF THE GENERAL MANDATE**

### **9.1 Background**

The Earlier Placement was undertaken by the Manager to, *inter alia*, partly finance the acquisitions of Progen Building and C & P Logistics Hub.

The 82,142,857 Units issued by A-REIT under the Earlier Placement were equivalent in value to approximately 9.7% of the value of A-REIT's Deposited Property, and constituted approximately 10.4% of the total number of issued Units, immediately after the completion thereof.

### **9.2 Rationale for the Ratification of the Earlier Placement and the Refreshment of the General Mandate**

The Manager is constantly identifying properties that provide attractive cash flows and yields to acquire. The Ratification and the refreshment of the General Mandate will give A-REIT the ability and flexibility to raise funds quickly through a placement of Units without having to seek approval from Unitholders. The ability to raise equity expeditiously is essential for A-REIT, which operates in a dynamic and competitive property market where purchasers must act swiftly when a suitable property is offered for sale.

The Manager would therefore like to take the opportunity presented by the upcoming EGM to propose that Unitholders approve the Ratification and the refreshment of the General Mandate so that A-REIT will have the ability to issue, at any time before the end of the current financial year (31 March 2005), such number of new Units which, together with any Units issued to the Manager in payment of its Base Fee and/or Performance Fee but excluding the Units issued under the Earlier Placement, the new Units to be issued under the Equity Fund Raising and the Consideration Units, would not in value exceed 10.0% of the value of A-REIT's Deposited Property at the relevant time or 20.0% of the outstanding Units at the relevant time, whichever threshold is lower.

## **10. RECOMMENDATIONS**

### **10.1 On the Infineon Acquisition and the Techpoint Acquisition**

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix 6** of this Circular), the Independent Directors believe that the Infineon Acquisition and the Techpoint Acquisition are based on normal commercial terms and would not be prejudicial to the interests of A-REIT and its Unitholders. Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolutions to approve the Infineon Acquisition and the Techpoint Acquisition.

### **10.2 On the Proposed Issue of Consideration Units**

Having regard to the rationale for the issue of Infineon Consideration Units and Techpoint Consideration Units in payment of, respectively, the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount set out in paragraph 4.2 above, the Independent Directors are of the opinion that the issue of the Consideration Units to Ascendas would be on normal commercial terms and would not be prejudicial to the interests of A-REIT or its Unitholders. Accordingly, the Independent Directors recommend that Unitholders vote in favour of the resolutions which will be proposed at the EGM to permit the issue of the Infineon Consideration Units and the Techpoint Consideration Units.

### **10.3 On the Proposed Issue of New Units**

Given the current conditions in the Singapore stock market and the borrowing limit imposed by MAS on property funds such as A-REIT, the Directors consider the Equity Fund Raising to be an efficient method of raising funds for the Acquisitions. Accordingly, the Manager recommends that Unitholders vote in favour of the resolution which will be proposed at the EGM to issue such number of new Units under the Equity Fund Raising as to raise up to an aggregate of S\$400.0 million in gross proceeds.

### **10.4 On the Placement to MGM Singapore**

Having regard to the rationale for the placement of new Units to MGM Singapore set out in paragraph 6.2 above, the Directors (excluding those Directors appointed by MGM Singapore, namely, Mr David Clarke, Mr Gregory Goodman and Mr James Hodgkinson) are of the opinion that such a placement of new Units under the Private Placement to MGM Singapore would be on normal commercial terms and would not be prejudicial to the interests of A-REIT or its Unitholders. Accordingly, they recommend that Unitholders vote in favour of the resolution which will be proposed at the EGM to permit the placement of new Units under the Private Placement to MGM Singapore.

### **10.5 On the Issue Price Supplement**

If an issue of new Units as part or full consideration for the purchase of a property takes place in conjunction with an issue of new Units (other than on a *pro rata* basis to all Unitholders) under an equity fund raising exercise relating thereto, the issue prices of the new Units in each of those instances is likely to differ due to the different methods of calculation prescribed by the Trust Deed.

To avoid such an incongruity, the Directors (excluding those Directors appointed by Ascendas, namely, Mr Lew Syn Pau, Ms Chong Siak Ching and Mr Swee Kee Siong) recommend that Unitholders vote at the EGM in favour of the resolution to amend the Trust Deed with the Issue Price Supplement so that A-REIT may issue the Consideration Units at the same price as that for the issue of new Units under the Equity Fund Raising and that, in any future issue of new Units as part or full consideration for the purchase of a property carried out in conjunction with an issue of new Units under an equity fund raising exercise relating thereto, it may issue new Units at the same issue price per Unit in both instances.



## 10.6 On the Management Fee Supplement

The ability to choose the form of payment of its Base Fee and Performance Fee will give the Manager more flexibility in structuring the Acquisitions and future acquisitions of properties that enhance returns for Unitholders. As such, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to amend the Trust Deed with the Management Fee Supplement.

## 10.7 On the Ratification of the Earlier Placement and the Refreshment of the General Mandate

The Manager believes that the ability to raise equity on an expedited basis is critical for any real estate investment trust. Approval of the Ratification and the refreshment of the General Mandate will obviate the need for another extraordinary general meeting if and when the Manager plans for another equity fund raising exercise under the General Mandate before the end of the current financial year. This translates into substantial cost and management-time savings for A-REIT, which ultimately results in greater income available for distribution to Unitholders.

As such, the Manager recommends that Unitholders vote at the EGM in favour of the resolution to approve the Ratification and the refreshment of the General Mandate.

## 11. EXTRAORDINARY GENERAL MEETING

The Manager proposes to convene the EGM for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM. The purpose of this Circular is to provide Unitholders with relevant information about each of these resolutions. Approval by way of an Ordinary Resolution of Unitholders is required in respect of the resolutions relating to the Infineon Acquisition, the Techpoint Acquisition and the MGM Singapore Placement, and by way of an Extraordinary Resolution of Unitholders in respect of all other resolutions proposed to be passed at the EGM.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register as at 48 hours before the EGM, as certified by CDP to the Manager.

**Unitholders should note that the approval of the resolutions relating to the Infineon Acquisition, the Techpoint Acquisition and the MGM Singapore Placement are subject to, and contingent upon, the resolution relating to the issue of new Units for the purpose of the Equity Fund Raising. The approval of the resolutions relating to the issue of the Infineon Consideration Units and the Techpoint Consideration Units are subject to, and contingent upon, the resolutions relating to the Infineon Acquisition or, as the case may be, the Techpoint Acquisition, and the Issue Price Supplement. The approval of the resolutions relating to the issue of new Units for the purpose of the Equity Fund Raising, the Issue Price Supplement, the Management Fee Supplement as well as the Ratification and the refreshment of the General Mandate are not subject to, nor contingent upon, the approval of any other resolution proposed to be passed at the EGM.**

## 12. PROHIBITION ON VOTING

Rule 919 of the Listing Manual prohibits persons interested in a resolution and its associates (as defined in the Listing Manual) from voting on the resolution at the EGM. As Ascendas is interested in the resolutions relating to the Infineon Acquisition, the Techpoint Acquisition, the proposed issue of the Infineon Consideration Units, the proposed issue of the Techpoint Consideration Units and the Issue Price Supplement, it and its associates (including the Manager) are prohibited from voting on those resolutions.

As The Capital Group Companies, Inc., UOB Asset Management Limited and Prudential Asset Management (Singapore) Limited may apply for new Units under the Private Placement (see paragraph 5.4 above), the SGX-ST has stipulated that these Substantial Unitholders should abstain from voting on the resolution relating to the issue of new Units for the purpose of the Equity Fund Raising.

Under Rule 812(2) of the Listing Manual, MGM Singapore is prohibited from voting on the resolution to permit the placement of new Units to it by the Joint Lead Managers and Underwriters under the Private Placement. The associates (as defined in the Listing Manual) of MGM Singapore, which includes the Manager, are also prohibited from voting on the resolution relating to the MGM Singapore Placement.

In addition, Rule 748(5) of the Listing Manual prohibits the Trustee, the Manager or any of their connected persons and any Director from voting their Units at any meeting to approve any matter in which they have a material interest. Given that the Management Fee Supplement directly affects the form of payment receivable by the Manager in respect of its Base Fee and Performance Fee, the Manager and its associates (including Ascendas and MGM Singapore) are prohibited from voting on the resolution relating to the Management Fee Supplement.

### **13. ACTION TO BE TAKEN BY UNITHOLDERS**

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar's office at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, not later than 2.30 p.m. on 31 October 2004, being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of one or more of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions.

### **14. DIRECTORS' RESPONSIBILITY STATEMENTS**

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the date of this Circular and there are no material facts the omission of which would make any statement in this Circular misleading in any material respect. Where information has been extracted or reproduced from published or otherwise publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Circular.

The forecast and projected financial information set out in paragraph 2 above and in **Appendix 3** of this Circular have been stated by the Directors after due and careful enquiry.

## **15. JOINT LEAD MANAGERS AND UNDERWRITERS' RESPONSIBILITY STATEMENT**

Each of the Joint Lead Managers and Underwriters confirms that, having made all reasonable enquiries and to the best of its knowledge and belief, based on information made available by the Manager, the information about the Equity Fund Raising contained in paragraphs 5.1 to 5.5, 5.6.1, 5.7 to 5.8 and 5.10 above constitutes true disclosure of all material facts about the Equity Fund Raising as at the date of this Circular and that there are no material facts the omission of which would make any statement about the Equity Fund Raising contained in the said paragraphs misleading in any material respect.

## **16. CONSENTS**

Each of the Independent Accountants, the Independent Valuers and the IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the Independent Accountants' Report on the Profit Forecast and Profit Projection, the Valuation Summaries and the IFA Letter, and all references thereto, in the form and context in which they are included in this Circular.

## **17. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager<sup>12</sup> at 75 Science Park Drive, #01-03 CINTech II, Singapore Science Park I, Singapore 118255, from the date of this Circular up to and including the date falling three months after the date of this Circular:

- the full valuation reports on the Properties issued by their respective Independent Valuers;
- the Option Agreements;
- the Purchase Agreements (appended to the Option Agreements);
- the Independent Accountants' Report on the Profit Forecast and Profit Projection;
- the IFA Letter;
- the Audited Financial Statements; and
- the written consents of the Independent Accountants, the Independent Valuers and the IFA referred to in paragraph 16 above.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as A-REIT is in existence.

Yours faithfully  
Ascendas-MGM Funds Management Limited  
(as manager of A-REIT)

Lew Syn Pau  
Chairman

---

<sup>12</sup> Prior appointment will be appreciated.

## DISCLAIMERS

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 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 Circular 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. All forecasts and projections are based on a specified range of issue prices per Unit and on the Manager's assumptions as explained in **Appendix 3** of this Circular. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price higher or lower than the issue price range specified in this Circular. The major assumptions are certain expected levels of property rental income and property expenses over the relevant periods, which are considered by the Manager to be appropriate and reasonable as at the date of the Circular. The forecast and projected financial performance of A-REIT is not guaranteed and there is no certainty that it can be achieved. Investors should read the whole of this Circular for details of the forecasts and projections and consider the assumptions used and make their own assessment of the future performance of A-REIT.

## GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>10-Day Volume Weighted Average Price</b>	The volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the relevant business day
<b>A-REIT</b>	Ascendas Real Estate Investment Trust
<b>Acquisitions</b>	The proposed acquisitions by A-REIT of the Properties
<b>Additional Excess Amount</b>	The amount (if any) above the first S\$4,000,000 in respect of the Agreed Variation Cost
<b>Agreed Variation Cost</b>	The cost of the variation as quoted in the variation order issued by Infineon Technologies Asia Pacific Pte Ltd in accordance with the Infineon Purchase Agreement
<b>Ascendas</b>	Ascendas Land (Singapore) Pte Ltd
<b>ATM</b>	Automated teller machine
<b>ATM Offering</b>	The proposed offering of new Units to the public in Singapore through the ATMs of DBS Bank (including POSB) under the Equity Fund Raising
<b>Audited Financial Statements</b>	The audited financial statements of A-REIT for the financial year ended 31 March 2004
<b>AYE</b>	Ayer Rajah Expressway
<b>Base Fee</b>	The base component of the Management Fee, being 0.5% per annum of the Deposited Property
<b>Books Closure Date</b>	The time and date on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the provisional allocations of Singapore Registered Unitholders under the Preferential Offering, being 16 November 2004 at 5.00 p.m.
<b>CDP</b>	The Central Depository (Pte) Limited
<b>CMBS</b>	Commercial mortgage backed securities
<b>Consideration Units</b>	The Infineon Consideration Units and the Techpoint Consideration Units
<b>CPI</b>	Consumer Price Index
<b>CTE</b>	Central Expressway
<b>DBS Bank</b>	DBS Bank Ltd
<b>Deposited Property</b>	The gross assets of A-REIT, including all its authorised investments held or deemed to be held upon the trusts under the Trust Deed
<b>Directors</b>	The directors of the Manager

<b>DPU</b>	Distribution per Unit
<b>Earlier Placement</b>	The issue of 82,142,857 Units at an issue price of S\$1.40 in June 2004
<b>ECP</b>	East Coast Parkway
<b>EGM</b>	The extraordinary general meeting of Unitholders to be held at 2.30 p.m. on 2 November 2004 at Collyer Room, Level 4, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 to approve the matters set out in the Notice of Extraordinary General Meeting on pages 108 to 111 of this Circular
<b>Equity Fund Raising</b>	The proposed offer and issue of such number of new Units as to raise up to an aggregate of S\$400.0 million in gross proceeds to partly finance the Acquisitions
<b>Excess Amount</b>	The amount (if any) above the first S\$2,000,000 in respect of the Agreed Variation Cost
<b>Existing Properties</b>	The Alpha, The Aries, The Capricorn, The Gemini, Techplace I, Techplace II, Techlink, Honeywell Building, OSIM HQ Building, Ghim Li Building, Ultro Building, Changi Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building, TT International Tradepark, Nan Wah Building, Progen Building and C & P Logistics Hub
<b>Existing Units</b>	The 791,668,490 Units on issue as at the Latest Practicable Date
<b>Extraordinary Resolution</b>	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
<b>FY</b>	Financial year
<b>Gearing</b>	The ratio of A-REIT's borrowings to the value of its Deposited Property
<b>General Mandate</b>	The Trust Deed provision which permits A-REIT to issue new Units other than by way of a rights issue offered on a <i>pro rata</i> basis to all existing Unitholders without the prior approval of Unitholders if the issue (together with any other issue of Units, including Units issued to the Manager in payment of its Base Fee and/or Performance Fee, other than by way of a rights issue offered on a <i>pro rata</i> basis to all existing Unitholders, in the same financial year) would not, immediately after the issue, exceed 10.0% of the value of the Deposited Property or if the number of such Units would not, immediately after the issue, exceed 20.0% of the outstanding Units
<b>Independent Accountants</b>	KPMG
<b>Independent Directors</b>	The independent directors of the Manager

<b>IFA</b>	PricewaterhouseCoopers Corporate Finance Pte Ltd
<b>IFA Letter</b>	The letter issued by the IFA annexed as <b>Appendix 6</b> of this Circular
<b>Independent Valuers</b>	CB Richard Ellis (Pte) Ltd, Colliers International Consultancy and Valuation (Singapore) Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd
<b>Infineon Acquisition</b>	The proposed acquisition of Infineon Building on the terms and conditions of the Infineon Purchase Agreement
<b>Infineon Consideration Units</b>	The new Units proposed to be issued to Ascendas in satisfaction of the Relevant Infineon Purchase Price Amount
<b>Infineon Option Agreement</b>	The put and call option agreement dated 22 September 2003 (as amended by a supplemental agreement dated 14 October 2004) entered into between the Trustee (as trustee of A-REIT) and Ascendas relating to the sale and purchase of Infineon Building
<b>Infineon Purchase Agreement</b>	The agreement to be entered into between the Trustee (as trustee of A-REIT) and Ascendas for the sale and purchase of Infineon Building (as appended to the Infineon Option Agreement)
<b>Infineon Purchase Price</b>	The purchase price of Infineon Building
<b>Issue Price</b>	The price per Unit of the new Units proposed to be issued under the Equity Fund Raising, which is to be agreed between the Manager and the Joint Lead Managers and Underwriters closer to the date of commencement thereof
<b>Issue Price Supplement</b>	The proposed supplement to the Trust Deed to allow the Manager to issue the Consideration Units at the same issue price per Unit as that for the issue of new Units under the Equity Fund Raising
<b>Joint Lead Managers and Underwriters</b>	DBS Bank and Macquarie
<b>JTC</b>	JTC Corporation
<b>JTC Lease</b>	The lease agreement relating to Infineon Building made between JTC and the Trustee
<b>Latest Practicable Date</b>	1 October 2004, being the latest practicable date prior to the printing of this Circular
<b>Listing Manual</b>	The Listing Manual of the SGX-ST
<b>Macquarie</b>	Macquarie Securities (Singapore) Pte. Ltd.
<b>Management Fee</b>	The Manager's management fee as provided for in the Trust Deed, comprising the Base Fee and the Performance Fee

<b>Management Fee Supplement</b>	The proposed supplement to the Trust Deed to allow the Manager at any time to irrevocably elect to receive its Base Fee and/or Performance Fee in respect of each additional property which may be acquired by A-REIT in the future (including the Properties) in the form of cash and/or Units (to be issued at the 10-Day Volume Weighted Average Price) for so long as such property is held by A-REIT
<b>Manager</b>	Ascendas-MGM Funds Management Limited, as manager of A-REIT
<b>Market Day</b>	A day on which the SGX-ST is open for trading in securities
<b>MAS</b>	Monetary Authority of Singapore
<b>MGM Singapore Placement</b>	The proposed placement of new Units to MGM Singapore as part of the Equity Fund Raising
<b>MGM Singapore</b>	MGM Singapore Pte. Ltd.
<b>MRT</b>	Mass rapid transit
<b>NAV</b>	Net asset value
<b>NTA</b>	Net tangible assets
<b>Option Agreements</b>	The respective put and call option agreements relating to the sale and purchase of the Properties
<b>Ordinary Resolution</b>	A resolution proposed and passed as such by a majority being greater than 50% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
<b>Performance Fee</b>	The performance component of the Management Fee, as set out in Clause 15.12 of the Trust Deed
<b>PIE</b>	Pan Island Expressway
<b>Portfolio</b>	The Existing Properties and the Properties
<b>Preferential Offering</b>	The proposed preferential offering of new Units to the Singapore Registered Unitholders under the Equity Fund Raising
<b>Private Placement</b>	The proposed placement of new Units to retail and institutional investors under the Equity Fund Raising
<b>Property Funds Guidelines</b>	The Property Funds Guidelines in the Code on Collective Investment Schemes issued by the MAS
<b>Properties</b>	Infineon Building, Techpoint, Exklusiv Centre, CG Aerospace Building, Autron Building, SB Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building, Wisma Gulab, Steel Industries Building and Volex Building, and “ <b>Property</b> ” refers to any one of them
<b>Purchase Agreements</b>	The respective sale and purchase agreements relating to the sale and purchase of the Properties



<b>Ratification</b>	The proposed ratification by Unitholders at the EGM of the issue of 82,142,857 Units in June 2004 at an issue price of S\$1.40 per Unit
<b>Relevant Infineon Purchase Price Amount</b>	The Infineon Purchase Price less the 1.0% deposit already paid by A-REIT and the 5.0% in cash payable upon the issue of the certificate of statutory completion for Infineon Building
<b>Relevant Techpoint Purchase Price Amount</b>	The Techpoint Purchase Price less the 1.0% deposit already paid by A-REIT
<b>Restricted Places</b>	<ul style="list-style-type: none"> <li>(a) The Directors and Substantial Unitholders</li> <li>(b) The spouse, children, adopted children, step-children, siblings and parents of the Directors and Substantial Unitholders</li> <li>(c) Substantial shareholders, related companies (as defined in Section 6 of the Companies Act, Chapter 50 of Singapore), associated companies and sister companies of the Substantial Unitholders</li> <li>(d) Corporations in which the Directors and the Substantial Unitholders have an aggregate interest of at least 10.0%</li> <li>(e) Any person who, in the opinion of the SGX-ST, falls within categories (a) to (d)</li> </ul>
<b>Second Land Plot</b>	The second land plot on which Exklusiv Centre is located
<b>SGX-ST</b>	Singapore Exchange Securities Trading Limited
<b>Singapore Registered Unitholders</b>	Unitholders as at the Books Closure Date other than those whose registered addresses with CDP are outside Singapore, who do not have a "rights" mailing address with CDP and who have not, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<b>sqm</b>	Square metre(s)
<b>Substantial Unitholder</b>	A Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units on issue
<b>Techpoint Acquisition</b>	The proposed acquisition of Techpoint on the terms and conditions of the Techpoint Purchase Agreement
<b>Techpoint Consideration Units</b>	The new Units proposed to be issued to Ascendas as consideration for the Relevant Techpoint Purchase Price Amount
<b>Techpoint Option Agreement</b>	The put and call option agreement dated 31 August 2004 (as amended by a supplemental agreement dated 14 October 2004) entered into between the Trustee (as trustee of A-REIT) and Ascendas relating to the sale and purchase of Techpoint
<b>Techpoint Purchase Price</b>	The purchase price of Techpoint

<b>Techpoint Purchase Agreement</b>	The agreement to be entered into between the Trustee (as trustee of A-REIT) and Ascendas for the sale and purchase of Techpoint (as appended to the Techpoint Option Agreement)
<b>Third Quarter Distribution Period</b>	The distribution period from 1 October 2004 to 31 December 2004
<b>Trust Deed</b>	The trust deed constituting A-REIT dated 9 October 2002 entered into between the Trustee and the Manager (as amended)
<b>Trustee</b>	HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited), as trustee of A-REIT
<b>Unit</b>	A unit representing an undivided interest in A-REIT
<b>Unitholder</b>	A Depositor whose securities account with CDP is credited with Units
<b>Valuation Summaries</b>	The valuation summaries on the Properties attached as <b>Appendix 2</b> of this Circular
<b>Weighted Average Lease Term to Expiry</b>	The weighted average lease term to expiry by gross rental income
<b>S\$ and cents</b>	Singapore dollars and cents
<b>%</b>	Per centum or percentage

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

## PROPOSED SUPPLEMENTS TO THE TRUST DEED

### ISSUE PRICE SUPPLEMENT

The proposed form of the Issue Price Supplement is as follows:

That Clause 5.2.5 of the Trust Deed be amended in accordance with the following insertions and deletions indicated by, respectively, the underlined and deleted text below:

- “(i) The Issue Price of a Unit for a rights issue offered on a pro rata basis to all existing Holders must not be less than 50 per cent. of the Market Price of Units (if applicable, of the same Class) on the Business Day preceding the day on which the intention to make the offer or issue is announced on. Any such rights entitlement must be tradable on the SGX-ST or the Recognised Stock Exchange on which the Trust is Listed. The Trustee must ensure that such a rights issue is made at a price that is in accordance with the terms specified in this Clause 5.2.5(i);”
- (ii) The Issue Price of a Unit for any reinvestment of distribution arrangement under Clause 11.11, must not be less than 90 per cent. of the Market Price of a Unit as at the Business Day immediately following the Record Date for the determination of Distribution Entitlements. The Trustee must ensure that such an issue is made at a price that is in accordance with the terms specified in this Clause 5.2.5(ii); ~~and~~
- (iii) The Issue Price of a Unit issued other than by way of a rights issue offered on a pro rata basis to all existing Holders must be determined in accordance with the conditions set out in Clause 5.2.6.
- (iv) Where Units are issued as full or partial consideration for the acquisition of an Authorised Investment by the Trust in conjunction with an issue of Units pursuant to Clause 5.2.5(i) or Clause 5.2.6 to raise Cash for the balance of the consideration for the said Authorised Investment (or part thereof) or to acquire other Authorised Investments in conjunction with the said Authorised Investment, the Manager shall have the discretion to determine that the Issue Price of Units so issued as consideration shall be the same as the Issue Price for the Units issued in conjunction therewith pursuant to Clause 5.2.5(i) or Clause 5.2.6 (as the case may be).”

## MANAGEMENT FEE SUPPLEMENT

The proposed form of the Management Fee Supplement is as follows:

That Clause 1.1 of the Trust Deed be amended by inserting the following definition of “**Existing Properties**” immediately after the definition of “**Divestment Fee**”:

“**Existing Properties**” means, collectively, the properties known as The Alpha, The Aries, The Capricorn, The Gemini, Techplace I, Techplace II, Techlink, Honeywell Building, OSIM HQ Building, Ghim Li Building, Ultro Building, Changi Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building, TT International TradePark, Nan Wah Building, Progen Building and C & P Logistics Hub;”

That Clause 15.1.1 of the Trust Deed be amended in accordance with the insertions and deletions indicated by, respectively, the underlined and deleted text below:

“The Manager shall be entitled to receive for its own account out of the Deposited Property within 60 days of the last day of every calendar month the amount of the Base Fee accrued to it and remaining unpaid. The Manager shall be entitled to alter the rate of the Base Fee to some smaller percentage than that hereinafter provided by notice to the Trustee in writing PROVIDED THAT the Manager shall give written notice of any alteration of such rate to a higher percentage within the permitted limit to all Holders, the Trustee and the Depository in respect of the Depositors, not less than three months prior to the date of effect thereof. The Base Fee shall not exceed the rate of 0.5 per cent. per annum of the Deposited Property (for the purposes of this Clause, the “**permitted limit**”). Any increase in the rate of the Base Fee above the permitted limit or any change in the structure of the Base Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors, duly convened and held in accordance with the provisions of the Schedule hereto. The Base Fee shall accrue on each day of each calendar month in respect of the period up to and including the last day of that calendar month. The amount accruing on each day of each calendar month shall be a sum equal to the appropriate percentage of the Deposited Property on the last day of the calendar month multiplied by the number of days in the relevant period and divided by 365. The “**appropriate percentage**” shall be the rate of Base Fee applicable on the relevant day. The Base Fee shall be payable out of the Capital Account or the Income Account of the Deposited Property as the Manager in its discretion shall decide.

In respect of the Existing Properties, the Base Fee shall be paid to the Manager in the form of Units to be issued to the Manager and in the form of cash in equal proportions for a period of 60 months after the Units are Listed, after which payment of the Base Fee shall be in the form of cash. In respect of all other properties to be acquired by the Trust, the Manager may elect at any time after the acquisition of the relevant property (such election to be irrevocable) to receive the Base Fee in the form of cash and/or in the form of Units, in such proportion as may be determined by the Manager. Until such election is made, the Base Fee shall be paid to the Manager in the form of Units to be issued to the Manager and in the form of cash in equal proportions in respect of such property for the remainder of the 60-month period after the Units are Listed, after which payment of the Base Fee shall be in the form of cash.

When paid wholly or partly in the form of cash, the cash component of the Base Fee or the relevant part thereof (as applicable) shall be payable out of the Deposited Property monthly in arrears. and When paid wholly or partly in the form of Units, the Base Fee or the relevant part thereof (as the case may be) Units component shall be paid on a six-monthly basis in arrears. When paid in the form of Units, and the Manager shall be entitled to receive such number of Units as may be purchased with 50 per cent. the relevant proportion of the Base Fee attributable to the relevant period at an Issue Price equal to the Market Price determined in accordance with Clause 5.2.3(i). In the event that payment is to be made in the form of Units and Holders’ prior approval is required pursuant to Clause 5.2.6(b) but is not obtained at the Holders’ meeting to permit such issue of Units to the Manager, then the payment to the Manager for the Base Fee shall be made in the form of cash. The Manager shall be entitled to all the rights attached to such Units issued to it as any other Holder. The amount of the Base Fee payable to the Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies

whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. The Base Fee payable to the Manager shall take into account all or any portion of the Base Fee being waived by the Manager.

That Clause 15.1.2 of the Trust Deed be amended in accordance with the insertions and deletions indicated by, respectively, the underlined and deleted text below:

“The Manager shall be entitled to receive for its own account out ~~to~~ of the Deposited Property within 60 days of the last day of every Financial Year any amount of Performance Fee accrued to the Manager and remaining unpaid. The Performance Fee in relation to any Financial Year shall be equal to a rate of 0.1 per cent. per annum of the Deposited Property PROVIDED THAT the distributions per Unit in such Financial Year (calculated before accounting for the Performance Fee) exceed the distributions per Unit in the preceding Financial Year by at least 2.5 per cent. but less than 5.0 per cent. or a rate of 0.2 per cent. per annum of the Deposited Property PROVIDED THAT the distributions per Unit in such Financial Year (calculated before accounting for the Performance Fee) exceed the distributions per Unit in the preceding Financial Year by at least 5.0 per cent. The **“distributions per Unit”** in relation to any Financial Year shall be the aggregate of distributions made for that Financial Year divided by the weighted average number of Units in issue during such Financial Year. For the first Financial Year, the “distributions per Unit” shall be the annualised amount of the actual distribution made in respect of the first Financial Year.

In respect of the Existing Properties, Tthe Performance Fee shall be paid in the form of Units to be issued to the Manager for a period of 60 months after the Units are Listed, after which payment of the Performance Fee shall be in the form of cash. In respect of all other properties to be acquired by the Trust, the Manager may elect at any time after the acquisition of the relevant property (such election to be irrevocable) to receive the Performance Fee in the form of cash and/or in the form of Units, in such proportion as may be determined by the Manager. Until such election is made, the Performance Fee shall be paid in the form of Units to be issued to the Manager in respect of such property for the remainder of the 60-month period after the Units are Listed, after which payment of the Performance Fee shall be in the form of cash.

When the Performance Fee or part thereof is paid in the form of Units, ~~T~~the Manager shall be entitled to receive such number of Units for the relevant proportion of the Performance Fee as may be purchased at an Issue Price equal to the Market Price determined in accordance with Clause 5.2.3(i). In the event that Holders’ prior approval is required pursuant to Clause 5.2.6(b) but is not obtained at the Holders’ meeting to permit such issue of Units to the Manager, then the payment to the Manager for the Performance Fee shall be made in the form of cash. The Manager shall be entitled to all the rights attached to such Units issued to it as any other Holder. Any increase in the rate(s) of the Performance Fee or any change in the structure of the Performance Fee shall be approved by an Extraordinary Resolution of a meeting of Holders or (as the case may be) Depositors, duly convened and held in accordance with the provisions of the Schedule hereto. The amount of the Performance Fee (if any) payable to the Manager shall be net of all applicable GST and all other applicable sales tax, governmental impositions, duties and levies whatsoever imposed thereon by the relevant authorities in Singapore or elsewhere. The Performance Fee payable to the Manager shall take into account all or any portion of the Performance Fee being waived by the Manager. For the avoidance of doubt, no Performance Fee shall be payable in respect of the first Financial Year.”

**VALUATION SUMMARIES**

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(i) Valuation summary on Infineon Building

**CBRE**  
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Co. Reg. No.:197701161R

**Independent Property Valuation  
Summary Report**

3 September 2004

Bermuda Trust (Singapore) Limited  
(as trustee of Ascendas Real Estate Investment Trust)  
20 Raffles Place  
Ocean Towers #13-01/05  
Singapore 048620

Ascendas-MGM Funds Management Limited  
(as manager of Ascendas Real Estate Investment Trust)  
75 Science Park Drive  
#01-03 CINTECH II  
Singapore 118255

PricewaterhouseCoopers Corporate Finance Pte Ltd  
8 Cross St #17-00  
PWC Building  
Singapore 048424

Dear Sirs

**VALUATION OF  
INFINEON ASIA PACIFIC HEADQUARTERS BUILDING  
AT 8 KALLANG SECTOR, SINGAPORE**

We have been instructed by Bermuda Trust (Singapore) Limited as Trustee of Ascendas Real Estate Investment Trust ("A-REIT") to assess the Open Market value of the abovementioned property assuming satisfactory completion of the building as at 3 September 2004 based on the Put and Call Option Agreement dated 22 September 2003. We confirm that we have conducted an inspection and have obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of the property assuming satisfactory completion as at 3 September 2004.



Managing Director: Willy P Y Shee Dip Urb Val [Auck] SNZPI FSISV  
Executive Directors: Pauline Goh BSc (Est Man) FSISV Li Hiaw Ho Dip Urb Val (Auck) SNZPI FSISV Soon Su Lin BSc (Est Man) Hons MBA MSISV  
Jeremy N Lake BSc (Urb Est Man) Hons MRICS Lim Lay See BSc (Est Man) Hons MSISV Sim Hwee Yan BSc (Est Man) Hons FSISV  
Moray Armstrong BLE (Land Econ) MRICS Daniel McDonald Dip Bus Mgt [Land Econ] Tay It Tuan BSc (Est Man) Hons MSc MSISV  
Directors: Joseph Tan Mavis Seow BSc (Est Man) Hons Michael Tay BSc (Est Man) Hons

We have prepared comprehensive formal valuation report of the property in accordance with the requirements in the Letter of Instruction on an Open Market Value basis where:

Open Market Value means the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our valuation has been made on the assumption that the owner sells the property, upon its satisfactory completion, on the open market subject to the existing tenancy and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the value of the property.

Where market values are assessed, they reflect the full contract value and no account is taken of any liability to taxation on sale or of the cost involved in effecting a sale. The property is valued on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Our valuation is prepared on the basis that the premises and any works thereto comply with all relevant statutory regulations. It is assumed that the Building Authority will issue the building on site with the Certificate of Statutory Completion.

Where applicable, information as to title particulars, site area and tenure are obtained from searches carried out at the Singapore Land Authority. We have also relied on information provided to us by our client pertaining to matters such as the gross floor area, existing tenancy, etc. All information provided as at 1 September 2004 is treated as correct and CB Richard Ellis (Pte) Ltd accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any other information provided were to materially change.

No structural survey has been made of the building and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects. None of the services in the buildings was tested.



In arriving at the open market value of the property, we have relied on the Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Method. Each of these methods has been used as a check against the other.

A summary of the key details and valuation of the property is as follows:

**INFINEON ASIA PACIFIC HEADQUARTERS BUILDING AT 8 KALLANG SECTOR, SINGAPORE**

Date of Valuation:	3 September 2004
Land Area:	10,946.0 square metres
Gross Floor Area (GFA):	26,924.7 square metres
Tenure:	30 years from 1 July 2003 with an option for a further term of 17 years, subject to Jurong Town Corporation (JTC) Minimum Investment Criteria of S\$15 million on plant and machinery to be expended by Infineon on the property within a period of 3 years from 1 July 2003.
Capitalisation Rate:	8.00%
IRR (10 years)	9.50%
Terminal Yield:	8.25%
Valuation:	S\$50,900,000
Value per square metres of GFA:	S\$1,890 or S\$176 per square foot

This valuation summary is for the use of Bermuda Trust (Singapore) Limited (as trustee), Ascendas-MGM Funds Management Ltd (as manager), the Auditor of A-REIT and A-REIT financier(s) for acquisition purposes. No responsibility is accepted to any other party for the whole or any part of its contents.

CB Richard Ellis (Pte) Ltd has prepared this Valuation Summary letter which appears in this Prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information provided within the aforementioned Report and this Valuation Summary letter. CB Richard Ellis (Pte) Ltd does not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given by CB Richard Ellis (Pte) Ltd in this Valuation Summary letter.

CB Richard Ellis (Pte) Ltd has relied upon property data supplied by Ascendas-MGM Funds Management Ltd which we assume to be true and accurate. CB Richard Ellis (Pte) Ltd takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

Page 4

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the property and are not a related corporation of nor we have a relationship with the Manger, adviser or other party/parties whom the property trust is contracting with. The valuer's compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuer undertaking the valuation is authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully  
**CB RICHARD ELLIS (PTE) LTD**



**LI HIAW HO**  
**DipUrbVal (Auck) SNZPI FSISV**  
**Appraiser's Licence No. AD041-2445**

(ii) Valuation summary on Techpoint

**CBRE**  
CB RICHARD ELLIS

CB Richard Ellis (Pte) Ltd

6 Battery Road #32-01  
Singapore 049909

T 65 6224 8181  
F 65 6225 1987

www.cbre.com.sg

Co. Reg. No.: 197701161R

**Independent Property Valuation  
Summary Report**

31 August 2004

Bermuda Trust (Singapore) Limited  
(as trustee of Ascendas Real Estate Investment Trust)  
20 Raffles Place  
Ocean Towers #13-01/05  
Singapore 048620

Ascendas-MGM Funds Management Limited  
(as manager of Ascendas Real Estate Investment Trust)  
75 Science Park Drive  
#01-03 CINTech II  
Singapore 118255

PricewaterhouseCoopers Corporate Finance Pte Ltd  
8 Cross St #17-00  
PWC Building  
Singapore 048424

Dear Sirs

**VALUATION OF  
10 ANG MO KIO STREET 65, (TECHPOINT), SINGAPORE**

We have been instructed by Bermuda Trust (Singapore) Limited as Trustee of Ascendas Real Estate Investment Trust ("A-REIT") to assess the Open Market value of the abovementioned property as at 31 August 2004 based on the Memorandum of Understanding dated 27 July 2004. We confirm that we have conducted an inspection and have obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of the property as at 31 August 2004.



Managing Director: Willy P Y Shee Dip Urb Val (Auck) SNZPI FSISV  
Executive Directors: Pauline Goh BSc (Est Man) FSISV Li Hiaw Ho Dip Urb Val (Auck) SNZPI FSISV Soon Su Lin BSc (Est Man) Hons MBA MSISV  
Jeremy N Lake BSc (Urb Est Man) Hons MRICS Lim Lay See BSc (Est Man) Hons MSISV Sim Hwee Yan BSc (Est Man) Hons FSISV  
Moray Armstrong BLE (Land Econ) MRICS Daniel McDonald Dip Bus Mgt (Land Econ) Tay H Tuan BSc (Est Man) Hons MSc MSISV  
Directors: Joseph Tan Mavis Seow BSc (Est Man) Hons Michael Tay BSc (Est Man) Hons

Page 2

We have prepared comprehensive formal valuation report of the property in accordance with the requirements in the Letter of Instruction on an Open Market Value basis where:

Open Market Value means the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state taking into account the rental guarantee where applicable and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the value of the property.

Where market values are assessed, they reflect the full contract value and no account is taken of any liability to taxation on sale or of the cost involved in effecting a sale. The property is valued on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Our valuation is prepared on the basis that the premises and any works thereto comply with all relevant statutory regulations. It is assumed that the Building Authority has issued the building on site with Certificate of Statutory Completion.

Where applicable, information as to title particulars, site area and existing tenure are obtained from searches carried out at the Singapore Land Authority. We have also relied on information provided to us by our client pertaining to matters such as the gross/lettable floor area, rental guarantees, ground lease expiry, annual values etc. All information provided as at 31 August 2004 is treated as correct and CB Richard Ellis (Pte) Ltd accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any other information provided were to materially change.

No structural survey has been made of the building and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects. None of the services in the buildings was tested.

In arriving at the open market value of the property, we have relied on the Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Method. Each of these methods has been used as a check against the other.

A summary of the key details and valuation of the property is as follows:

**10 ANG MO KIO STREET 65, (TECHPOINT), SINGAPORE**

Date of Valuation:	31 August 2004
Land Area:	22,481.4 square metres
Gross Floor Area (GFA):	56,196 square metres
Net Lettable Floor Area (NLA):	42,230 square metres
Tenure:	65 years from 1 April 1987
Capitalisation Rate:	8.00%
IRR (10 years)	9.50%
Terminal Yield:	8.25%
Valuation:	S\$75,000,000
Value per square metres of GFA:	S\$1,335 or S\$124 per square foot
Value per square metres of NLA:	S\$1,776 or S\$165 per square foot

This valuation summary is for the use of Bermuda Trust (Singapore) Limited (as trustee), Ascendas-MGM Funds Management Ltd (as manager), the Auditor of A-REIT and A-REIT financier(s) for acquisition purposes. No responsibility is accepted to any other party for the whole or any part of its contents.

CB Richard Ellis (Pte) Ltd have prepared this Valuation Summary letter which appears in this Prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information provided within the aforementioned Report and this Valuation Summary letter. CB Richard Ellis (Pte) Ltd does not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given by CB Richard Ellis (Pte) Ltd in this Valuation Summary letter.

CB Richard Ellis (Pte) Ltd has relied upon property data supplied by Ascendas-MGM Funds Management Ltd which we assume to be true and accurate. CB Richard Ellis (Pte) Ltd takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

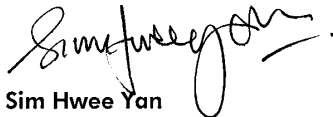
Page 4

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the property and are not a related corporation of nor we have a relationship with the Manger, adviser or other party/parties whom the property trust is contracting with. The valuer's compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuer undertaking the valuation is authorised to practice as valuer and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully

**CB RICHARD ELLIS (PTE) LTD**



**Sim Hwee Yan**

**BSc (Est. Mgt) Hons FSISV**

**Appraiser's Licence No. : AD041-2004155J**

**Executive Director – Valuation & Advisory Services**

**(iii) Valuation summary on Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building and MacDermid Building**

**CBRE**  
CB RICHARD ELLIS

CB Richard Ellis (Pte) Ltd

6 Battery Road #32-01  
Singapore 049909

T 65 6224 8181  
F 65 6225 1987

www.cbre.com.sg

Co. Reg. No.: 197701161R

**Independent Property Valuation  
Summary Report**

17 September 2004

HSBC Institutional Trust Services (Singapore) Limited  
(as trustee of Ascendas Real Estate Investment Trust)  
21 Collyer Quay #14-01  
HSBC Building  
Singapore 049320

Ascendas-MGM Funds Management Limited  
(as manager of Ascendas Real Estate Investment Trust)  
75 Science Park #01-03 CINTeCH II  
Singapore Science Park 1  
Singapore 118255

Dear Sirs

**VALUATION OF**

- 1) 6 CHANGI SOUTH STREET 2 SINGAPORE 486349, FEDEX BUILDING**
- 2) 9 CHANGI SOUTH STREET 3 SINGAPORE 486361, FREIGHT LINKS (CHANGI) BUILDING**
- 3) 5 TOH GUAN ROAD EAST SINGAPORE 608831, FREIGHT LINKS (TOH GUAN) BUILDING**
- 4) 20 TUAS AVENUE 6 SINGAPORE 639307, MACDERMID BUILDING**

We have been instructed by HSBC Institutional Trust Services (Singapore) Limited as trustee of Ascendas Real Estate Investment Trust ("**A-REIT**") to assess the Open Market value of the abovementioned properties as at 15 September 2004 based on the Memorandum of Understanding dated 31 August 2004. We confirm that we have conducted an inspection and have obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of the properties as at 15 September 2004.



Managing Director: Willy P Y Shee Dip Urb Val [Auck] SNZPI FSISV  
Executive Directors: Pauline Goh BSc (Est Man) FSISV Li Hiaw Ho Dip Urb Val [Auck] SNZPI FSISV Soon Su Lin BSc (Est Man) Hons MBA MSISV  
Jeremy N Lake BSc (Urb Est Man) Hons MRICS Lim Lay See BSc (Est Man) Hons MSISV Sim Hwee Yan BSc (Est Man) Hons FSISV  
Moray Armstrong BIE (Land Econ) MRICS Daniel McDonald Dip Bus Mgt (Land Econ) Tay It Tuan BSc (Est Man) Hons MSc MSISV  
Directors: Joseph Tan Mavis Seow BSc (Est Man) Hons Michael Tay BSc (Est Man) Hons

We have prepared comprehensive formal valuation report of each property in accordance with the requirements in the Letter of Instruction dated 31 August 2004 on an Open Market Value basis where:

Open Market Value means the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Our valuation have been made on the assumption that the owner sells the properties on the open market in their existing state taking into account the leaseback terms and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the value of the properties.

Where market value is assessed, it reflects the full contract value and no account is taken of any liability to taxation on sale or of the cost involved in effecting a sale. The properties are valued on the assumption that they are free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Our valuation is prepared on the basis that the premises and any works thereto comply with all relevant statutory regulations. It is assumed that the building(s) on site has been issued with Certificate of Statutory Completion by the Building Authority.

Where applicable, information as to title particulars, site area and tenure are obtained from searches carried out at the Singapore Land Authority. We have also relied on information provided to us by our client pertaining to matters such as the gross floor area, leaseback arrangements, ground rent, annual value etc. All information provided as at 15 September 2004 is treated as correct and CB Richard Ellis (Pte) Ltd accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any other information provided were to materially change.



No structural survey has been made of the buildings and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects. None of the services in the buildings were tested.

In arriving at the open market value of the properties, we have considered the Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Method.

A summary of the key details and valuation of the properties is as follows:

**Date of Valuation : 15 September 2004**

Property	6 Changi South Street 2, Fedex Building	9 Changi South Street 3, Freight Links (Changi) Building	5 Toh Guan Road East, Freight Links (Toh Guan) Building	20 Tuas Avenue 6, Macdermid Building
Land Area (square metres)	9,933.6	14,504.3	20,367.6	5,454.3
Gross Floor Area (square metres)	17,651.0	23,208.3	29,740.91	5,064.0
Net Lettable Area (square metres)	14,357.6	20,724.0	23,723.0	4,321.0
Leasehold Tenure	30+30 years from 1 November 1995	30+30 years from 1 May 1995	30+30 years from 16 December 1989	30+30 years from 16 July 1990
Capitalisation Rate	7.75%	7.75%	7.50%	8.50%
IRR (10 years)	9.50%	9.50%	9.50%	9.50%
Terminal Yield	8.00%	8.00%	7.75%	8.75%
Valuation	S\$33,500,000	S\$32,000,000	S\$36,400,000	S\$5,500,000

This valuation summary summaries our Valuation Reports and is for the use of HSBC Institutional Trust Services (Singapore) Limited (as trustee of A-REIT), Ascendas-MGM Funds Management Ltd (as manager of A-REITS), the auditor of A-REIT and A-REIT's financier(s) in connection with A-REIT's proposed acquisition of the properties as well as for inclusion in the circular to be issued by A-REIT in relation to, among other things, the raising of funds for the acquisition of the properties (the "**Circular**"). No responsibility is accepted to any other party for the whole or any part of its contents.

CB Richard Ellis (Pte) Ltd have prepared this Valuation Summary letter which appears in the Circular and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within the aforementioned Valuation Reports and this Valuation Summary letter. CB Richard Ellis (Pte) Ltd does not make any warranty or representation as to the accuracy of the information in any other part of the Circular other than as expressly made or given by CB Richard Ellis (Pte) Ltd in this Valuation Summary letter.

CB Richard Ellis (Pte) Ltd has relied upon property data supplied by Ascendas-MGM Funds Management Ltd which we assume to be true and accurate. CB Richard Ellis (Pte) Ltd takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject properties and are not a related corporation of nor we have a relationship with Ascendas-MGM Funds Management Limited, the adviser or other party/parties whom the property trust is contracting with. The valuer's compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event (such as a lending proposal or sale negotiation).

We hereby certify that the valuer undertaking the valuation is authorised to practice as valuer and has the necessary expertise and experience in valuing similar types of properties.

Yours faithfully

**CB RICHARD ELLIS (PTE) LTD**



**Sim Hwee Yan**

**BSc (Est. Mgt) Hons FSISV**

**Appraiser's Licence No. : AD041-2004155J**

**Executive Director – Valuation & Advisory Services**

(iv) Valuation summary on CG Aerospace Building, Autron Building, Wisma Gulab, Volex Building and Exklusiv Centre



**Independent Property Valuation  
Summary Reports**

17 September 2004

Colliers International Consultancy &  
Valuation (Singapore) Pte Ltd  
50 Raffles Place  
#18-01 Singapore Land Tower  
Singapore 048623  
Tel 65 6223 2323  
Fax 65 6438 6626

Ascendas-MGM Funds Management Limited  
as manager of Ascendas Real Estate Investment Trust  
75 Science Park Drive  
#01-03 CINTECH II  
Singapore Science Park 1  
Singapore 118255

HSBC Institutional Trust Services (Singapore) Limited  
as Trustee of Ascendas Real Estate Investment Trust  
21 Collyer Quay #14-01  
HSBC Building  
Singapore 049320

Dear Sirs

**OPEN MARKET VALUATION OF THE FOLLOWING PROPERTIES:**

- 1) 3 CHANGI SOUTH STREET 2 (CG AEROSPACE BUILDING) SINGAPORE 486548
- 2) 53 SERANGOON NORTH AVENUE 4 (AUTRON BUILDING) SINGAPORE 555852
- 3) 190 MACPHERSON ROAD (WISMA GULAB) SINGAPORE 348548
- 4) 35 TAMPINES STREET 92 (VOLEX BUILDING) SINGAPORE 528880
- 5) 247 ALEXANDRA ROAD (EXCLUSIV CENTRE) SINGAPORE 159934

This valuation summary has been prepared for the purpose of inclusion in the circular ("**Circular**") to be issued by Ascendas Real Estate Investment Trust ("**A-REIT**") in relation to, among other things, the raising of funds for the acquisition of the abovementioned properties (the "**Properties**").

We have been instructed to assess the Open Market Value of the above properties as at 15 September 2004 based on their respective ground lease terms, usage and tenancy agreements.

We confirm that we have inspected the Properties and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Open Market Values of the Properties.

We have prepared comprehensive formal valuation reports in accordance with the requirements in the Letter of Instruction dated 30 May 2004 and 31 August 2004 respectively on an Open Market Value basis where:

"Open Market Value" of the property means the best price at which the sale of an interest in a property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation assuming:

- (a) a willing but not anxious vendor (seller) and a willing but not anxious purchaser (buyer);
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale; and
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation.

Where applicable, information as to title particulars, land area, ownership and tenure has been obtained from searches carried out at the Singapore Land Authority. We have also relied on the information provided by Ascendas-MGM Funds Management Limited on matters such as lettable/gross floor area, tenancy details, ground lease expiry, ground rent, annual value, etc. All information provided as at 15 September 2004 is treated as correct and Colliers International Consultancy and Valuation (Singapore) Pte Ltd accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any other information provided were to materially change.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Properties are free from any major or material encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

We have not carried out investigations on site in order to determine the suitability of ground conditions nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

In arriving at our opinion of value, we have considered the prevailing market conditions, especially those pertaining to the industrial sector of the property market. The valuation methods adopted to arrive at our opinion of value are the Investment Method, Direct Comparison Method, Replacement Cost Method and Discounted Cash Flow Analysis. Each method has been used as a check against the other.

A summary of our opinion of the Open Market Value for each of the Properties is given below:

Building Name	Balance Tenure	Approx. Gross Floor Area	Approx. Net Lettable Area	Valuation	Internal Rate of Return*	Cap <sup>†</sup> Rate	Initial Investment Yield based on net rent	Terminal Yield*	Date of Valuation
		(sqm)	(sqm)	(\$)	(%)	(%)	(%)	(%)	
CG AEROSPACE	49.7 yrs	24,117	20,699	\$31,500,000/-	11.3	7.5	8.5	9.2	15-Sep-2004
AUTRON BUILDING	51.2 yrs	10,589	8,328	\$14,000,000/-	11.2	8.0	8.1	9.5	15-Sep-2004
WISMA GULAB	Freehold	15,557	11,821	\$55,700,000/-	10.1	6.7	6.2	7.2	15-Sep-2004
VOLEX BUILDING	47.4 yrs	8,931	8,000	\$ 9,500,000/-	10.1	8.0	8.2	9.6	15-Sep-2004
EXCLUSIV CENTRE	47 yrs	13,699	10,513	\$45,000,000/-	9.6	7.5	7.9	8.7	2-Aug-2004

\* Based on acquisition price

Cap<sup>†</sup> Rate-Capitalisation Rate

This valuation summary is for the use of HSBC Institutional Trust Services (Singapore) Limited (as trustee of A-REIT), Ascendas-MGM Funds Management Limited (as manager of A-REIT), the auditor of A-REIT and A-REIT's financier(s) in connection with A-REIT's proposed acquisition of the Properties as well as for inclusion in the Circular. No responsibility is accepted to any other party for the whole or any part of its contents.


We have prepared this valuation summary which appears in the Circular and specially disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular other than in respect of the information provided within the valuation reports and summary. We do not make any warranty or representation as to the accuracy of the information in any part of the Circular other than as expressly made or given in this valuation summary.

Colliers International Consultancy and Valuation (Singapore) Pte Ltd has relied upon the property data supplied by Ascendas-MGM Funds Management Limited which we assume to be true and accurate. Colliers International Consultancy and Valuation (Singapore) Pte Ltd takes no responsibility for inaccurate data supplied by the client and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the Properties and are not a related corporation of nor do we have a relationship with Ascendas-MGM Funds Management Limited, the advisers or other party/parties whom A-REIT is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that our valuers undertaking these valuations are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully



.....  
**Colliers International Consultancy & Valuation (Singapore) Pte Ltd**

Cynthia Ng

Executive Director (Valuation)

(v) Valuation summary on Steel Industries Building and SB Building



Jones Lang LaSalle Property Consultants Pte Ltd  
Jones Lang LaSalle Property Management Pte Ltd  
9 Raffles Place #39-00 Republic Plaza Singapore 048619  
tel +65 6220 3888 fax +65 6438 3360



Valuation (Land & Building)

Your Ref :  
Our Ref : TKC:tpl:040856-040858

Ascendas-MGM Funds Management Limited  
(as manager of Ascendas Real Estate Investment Trust)  
75 Science Park Drive  
#01-03 CINTECH II  
Singapore 118255

HSBC Institutional Trust Services (Singapore) Limited  
(as trustee of Ascendas Real Estate Investment Trust)  
21 Collyer Quay #14-01  
HSBC Building  
Singapore 049320

17 September 2004

Dear Sirs,

**OPEN MARKET VALUATION OF THE FOLLOWING PROPERTIES :-**

- 1) 5 TAI SENG DRIVE (STEEL INDUSTRIES BUILDING) SINGAPORE 535217
- 2) 25 CHANGI SOUTH STREET 1 (SB BUILDING) SINGAPORE 486059

This valuation has been prepared for the purpose of inclusion in the circular to be issued by Ascendas Real Estate Investment Trust (“A-REIT”) in relation to, among other things, the raising of funds for the acquisition of the abovementioned properties (the “Circular”).

We have been instructed by Ascendas-MGM Funds Management Limited (the “Manager”), as manager of A-REIT to assess the Open Market Value of the abovementioned properties as at 15 September 2004 based on their respective ground lease terms, usage and tenancy agreements. We confirm that we have inspected the subject properties and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Open Market Values of the properties subject to the respective sales and leaseback agreements.

We have prepared comprehensive formal valuation reports in accordance with the requirements in the agreement dated 26 August 2004 on an Open Market Value basis where:-

“Open Market Value” of each of the properties means the best price at which the sale of an interest in each of the properties might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming:-

- (a) a willing but not anxious vendor (seller) and a willing but not anxious purchaser (buyer);
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of each of the properties and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale; and
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation.

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**Ascendas-MGM Funds Management Ltd**  
**- Open Market Valuation Of 2 Properties**

**17 September 2004**

Our valuation has been made on the assumption that the owner sells each of the properties in the open market subject to the respective sales and leaseback agreements.

Where applicable, information as to title particulars, land area, ownership and tenure has been obtained from searches carried out at the Registry of Titles and Deeds. We have also relied on the information provided by Ascendas-MGM Funds Management Limited on matters such as lettable/gross floor area, tenancy details, ground lease expiry, ground rent, annual values, etc. All information provided as at 15 September 2004 is treated as correct and Jones Lang LaSalle accepts no responsibility for subsequent changes in information and reserve the right to change our opinion of value if any other information provided were to materially change.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties, nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the properties are free from any major or material encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

We have not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

In arriving at our opinion of value, we have considered the prevailing market conditions, especially those pertaining to the light industrial and business park (science park) sectors of the property market. The valuation methods adopted to arrive at our opinion of values are the Discounted Cash Flow Analysis and Direct Capitalization Approach.

A summary of our opinion of the Open Market Value of each property is given below :-

Building Name	Balance Tenure	Approx. Gross Floor Area (sq.m.)	Approx. Net Lettable Area (sq.m.)	Valuation (S\$)	Internal Rate of Return	Cap Rate	Initial Investment Yield Based on Net Rent	Terminal Yield	Date of Valuation
Steel Industries Building	45.24 years	12,929.95	11,254.00	15,250,000/-	8.03% <sup>1</sup>	7.50%	8.50%	8.50%	15 September 2004
SB Building	53.04 years	13,998.00	11,895.00	17,800,000/-	8.50% <sup>1</sup>	7.50%	8.20%	8.20%	15 September 2004

This valuation summary is for the use of HSBC Institutional Trust Services (Singapore) Limited (as trustee of A-REIT), Ascendas-MGM Funds Management Limited (as the Manager), the auditor of A-REIT and A-REIT's financier(s) in connection with A-REIT's proposed acquisition of the properties as well as for inclusion in the Circular. No responsibility is accepted to any other party for the whole or any part of its contents.

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<sup>1</sup> 10 years





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**Ascendas-MGM Funds Management Ltd**  
**- Open Market Valuation Of 2 Properties**

**17 September 2004**

Jones Lang LaSalle has relied upon the property data supplied by the Manager which we assume to be true and accurate. Jones Lang LaSalle takes no responsibility for inaccurate data supplied by the client and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject properties and are not a related corporation or nor do we have a relationship with the Manager, advisers or other party/parties whom A-REIT is contracting with. The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that our valuers undertaking these valuations are authorized to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

Faithfully,

Tan Keng Chiam  
B. Sc. (Est. Mgt.) MSISV  
Licence No : AD041-2004796D  
National Director  
**JONES LANG LASALLE**

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## PROFIT FORECAST AND PROFIT PROJECTION

Statements contained in this section which are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from that forecast and projected. In no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager, the Joint Lead Managers and Underwriters or any other person, nor that these results will be achieved or are likely to be achieved.

The following table sets out A-REIT's forecast net investment income and distributable income for the financial year ending 31 March 2005 and its projected net investment income and distributable income for the financial year ending 31 March 2006. The forecast and projection have been reviewed by the Independent Accountants and should be read together with their report contained in **Appendix 4** of this Circular as well as the assumptions and sensitivity analysis set out below.

### FORECAST AND PROJECTED STATEMENT OF NET INVESTMENT INCOME AND DISTRIBUTABLE INCOME

	Forecast for the Financial Year Ending 31 March 2005			Projection for the Financial Year Ending 31 March 2006		
	Existing Properties	The Properties	After the Acquisitions	Existing Properties	The Properties	After the Acquisitions
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Gross revenue — Existing Properties	106,456	—	106,456	117,372	—	117,372
Other revenue — Existing Properties	10,146	—	10,146	8,050	—	8,050
Gross revenue — the Properties	—	13,087	13,087	—	45,331	45,331
Gross revenue	116,602	13,087	129,689	125,422	45,331	170,753
Property services fees	(3,451)	—	(3,451)	(3,484)	—	(3,484)
Property tax	(7,740)	—	(7,740)	(8,160)	—	(8,160)
Other property operating expenses	(20,398)	—	(20,398)	(21,299)	—	(21,299)
Property expenses — completed acquisitions	(2,259)	—	(2,259)	(3,294)	—	(3,294)
Property expenses — the Properties	—	(3,637)	(3,637)	—	(12,732)	(12,732)
Property operating expenses	(33,848)	(3,637)	(37,485)	(36,237)	(12,732)	(48,969)
Net property income	82,754	9,450	92,204	89,185	32,599	121,784
Manager's management fee	(8,929)	(1,618)	(10,547)	(9,345)	(3,089)	(12,434)
Trust expenses	(1,062)	(44)	(1,106)	(1,096)	(132)	(1,228)
Borrowing costs	(8,307)	(32)	(8,339)	(11,793)	(178)	(11,971)
Non-property expenses	(18,298)	(1,694)	(19,992)	(22,234)	(3,399)	(25,633)
Net investment income	64,456	7,756	72,212	66,951	29,200	96,151
Non-tax deductible expenses	6,842	1,295	8,137	6,929	2,118	9,047
Net investment income available for distribution	71,298	9,051	80,349	73,880	31,318	105,198
Weighted average number of Units on issue ('000) <sup>(1)</sup>	778,329		867,267			
Units on issue ('000) <sup>(1)(2)</sup>	794,425		1,061,680	798,424		1,066,881
Earnings per Unit (cents) <sup>(1)(2)</sup>	8.28		8.33	8.39		9.01
DPU (cents) <sup>(1)(2)</sup>	9.16		9.26	9.25		9.86

**Notes:**

- (1) The weighted average number of Units is used for the calculation of earnings per Unit and DPU for the financial year ending 31 March 2005 as the new Units to be issued under the Equity Fund Raising and the Consideration Units are only entitled to A-REIT's distributable income from the date of issue of such Units (which is assumed to be 1 December 2004). The total number of Units on issue is used to calculate earnings per Unit and DPU for the financial year ending 31 March 2006. The forecast and projection are based on the assumption that Gearing is reduced to approximately 26% immediately following the completion of the Acquisitions.
- (2) Assuming that 266.7 million new Units (including the Consideration Units) are issued at an issue price of S\$1.50 per Unit to fund the Acquisitions and that A-REIT's Gearing is reduced to approximately 26% upon completion of the Acquisitions and as at 31 March 2006. The figures include Units issued to the Manager in part payment of its Base Fee and Performance Fee in respect of the Existing Properties and the Properties under the current mode of payment of such fees.

**Assumptions**

The major assumptions that the Manager has made in preparing the forecast and projection are detailed below. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Circular<sup>1</sup>.

**(i) Gross Revenue**

Gross revenue is the aggregate of gross rental income and other income (including car parking income, licence fees, utilities and other miscellaneous income) earned from the Existing Properties and the Properties (collectively, the "**Portfolio**"). A summary of the assumptions which have been used in calculating the gross revenue is set out below:

**(A) Gross Rental Income**

Gross rental income is net rental income (net of any rental rebates, where applicable) and service charges. Rents paid under A-REIT's lease agreements are generally fixed for a period of three years, which is usual market practice in Singapore. A number of A-REIT's leases also include stepped rental increases, whereby rental income is increased by a fixed quantum/percentage annually during the lease term. Gross rental income also includes a service charge component, which is a contribution paid by tenants towards the operating expenses of the property.

Net rental income is based on the contracted net rents payable under current lease agreements or signed commitments to lease (net of any rental rebates, where applicable) including, where applicable, the Manager's expectations for any changes on review, renewal or expiry of leases and the potential for any loss of rent between lease expiry and lease renewal and early termination of leases. Factors taken into account in assessing the expected rental income include the effect of competing properties, assumed tenant retention rates on lease expiry, likely market conditions, inflation levels and tenant demand levels. Existing tenants have been assumed to renew their leases unless tenants have indicated otherwise.

The percentage of projected gross rental income for the financial year ending 31 March 2006 attributed to committed leases is as follows:

	<b>Before the Acquisitions</b>	<b>After the Acquisitions</b>
Percentage of Gross Rental Income Attributable to Committed Leases <sup>(1)</sup>	87.5%	90.3%

**Note:**

- (1) Including all current leases in respect of the Existing Properties as at 31 August 2004 and leases which will be entered into between the Trustee and a tenant pursuant to a signed commitment to lease.

<sup>1</sup> All assumptions are based on the following: (a) new Units under the Equity Fund Raising and the Consideration Units are assumed to be issued on 1 December 2004, (b) the Acquisitions are assumed to be completed on 15 December 2004 and (c) Gearing is reduced to approximately 26% upon the completion of the Acquisitions.

Following the expiry of a committed lease, in order to forecast and project the gross rental income for those properties, the Manager has assessed the market rent in respect of the lettable area of each of those properties in the Portfolio as at 31 August 2004. The market rent is the rent which the Manager believes could be achieved if each lease is re-negotiated as at 31 August 2004 and is estimated with reference to rents payable pursuant to comparable leases for tenancies that have been recently negotiated, the effect of competing business and industrial parks, assumed tenant retention rate on lease expiry (provided the tenant has not specified the intention not to renew), likely market conditions, inflation levels and tenant demand levels.

**(B) Other Income**

Other income includes car parking income, licence fees, utilities and other miscellaneous income earned from the Portfolio. Car parking income includes income earned from the operation of car parks and utilities income includes income from air conditioning, water and electricity charges to tenants. Expected car parking income, licence fees, utilities and other miscellaneous income is based on the existing licence agreements and current income collections.

**(C) Renewals and Vacancy Allowance**

It has been assumed that leases up for renewal during the period between 1 September 2004 and 31 March 2005 and for the financial year ending 31 March 2006 will be renewed (provided the tenant has not specified its intention not to renew) with retention rates and vacancy allowances taken into consideration. The assumed weighted average retention rate and vacancy allowance for all renewals over the forecast and projection periods are 65.0% and six months, respectively.

**(ii) Property Operating Expenses**

**(A) Property Services Fees**

Property services fees include property management fees and lease management fees which are based on 2.0% and 1.0%, respectively, of gross revenue.

**(B) Property Tax**

It has been assumed that property tax will be 10.0% of the net rental income for multi-tenant properties and 10.0% of the annual value for single-tenant properties.

**(C) Other Property Operating Expenses**

An individual assessment of other property operating expenses has been made for each of the properties in the Portfolio for the financial years ending 31 March 2005 and 31 March 2006.

**(D) Bad and Doubtful Debts**

No provision has been made for bad and doubtful debts during the period from 1 September 2004 to 31 March 2005 and for the financial year ending 31 March 2006.

**(iii) Manager's Management Fees**

The Manager is entitled under the Trust Deed to the Management Fee comprising the Base Fee and the Performance Fee.

The mode of payment of the Management Fee payable to the Manager is assumed to remain the same for the Portfolio.

The Base Fee is 0.5% per annum of the Deposited Property. The Base Fee will be paid in equal proportions in the form of Units and cash.

A Performance Fee of 0.20% of A-REIT's Deposited Property has been included for the financial years ending 31 March 2005 and 31 March 2006, being a fee of 0.10% as DPU growth exceeds 2.5% and an additional fee of 0.10% as DPU growth exceeds 5.0%. The Performance Fee will be paid in the form of Units.

The number of Units issued to the Manager will be based on the market price of the Units (as determined pursuant to the Trust Deed) at the time of payment. In preparation of the financial forecast and projection, Units issued to the Manager in payment of the Management Fee are assumed to be issued at an issue price of S\$1.50 per Unit.

**(iv) Trust Expenses**

Trust expenses include recurring operating expenses such as the Trustee's fees, annual listing fees, registry fees, accounting, audit and tax advisors fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses.

The Trustee's fees are 0.03% per annum of the Deposited Property (subject to a minimum of S\$10,000 per month) and are accrued daily and paid monthly in arrears based on the Deposited Property at the end of each quarter in accordance with the Trust Deed.

In assessing these amounts, the Manager has considered factors likely to influence the level of these fees, charges and costs including A-REIT's market capitalisation, gross assets, the likely number of investors, property values and the estimated rate of inflation.

**(v) Borrowing Costs**

In August 2004, A-REIT raised S\$300.0 million from an issue of commercial mortgage backed securities ("CMBS"). A-REIT also has a S\$150.0 million standby bank debt facility with Oversea-Chinese Banking Corporation Limited. The Manager has fixed the interest rate in respect of S\$260.0 million of A-REIT's borrowings through interest rate swaps with a remaining weighted average term of 3.7 years at an average fixed interest rate of 2.42% per annum (exclusive of all margins), resulting in an "all in" current interest rate of 2.35% (including margins and floating interest rates) on A-REIT's current aggregate borrowings of S\$359.0 million. The Manager has assumed an average interest rate of 2.57% per annum (inclusive of all margins and amortisation of CMBS costs) for the seven months ending 31 March 2005 and for the financial year ending 31 March 2006 after taking into account the additional borrowings to be incurred by the Manager for the Acquisitions.

**(vi) Capital Expenditure**

An allowance for the forecast and projected capital expenditure has been included based on the Manager's budget. It has been assumed that the capital expenditure will be funded by bank borrowings. Capital expenditure incurred is capitalised as part of the Deposited Property and has no impact on the net investment income or distributable income other than the interest incurred on bank borrowings, the Management Fee and the Trustee's fees.

Capital expenditure of S\$17.5 million and S\$4.9 million have been forecast and projected in the seven months ending 31 March 2005 and the financial year ending 31 March 2006, respectively.

**(vii) Equity Raising**

The forecast and projection have been prepared based on an issue price of S\$1.50 per new Unit on the assumption that the proceeds from the issue of the new Units will be used to partly finance the Acquisitions in accordance with the terms of the Purchase Agreements.

The costs associated with the Equity Fund Raising are expected to be S\$5.9 million and will be paid for by A-REIT on completion of the Equity Fund Raising. These costs are charged against the issued capital in the balance sheet and have no impact on the net investment income or distributable income.

### **(viii) The Properties**

A-REIT will be entitled to income from the Properties from the day of completion of the Acquisitions (which is assumed to be on 15 December 2004).

The Properties will be recorded in A-REIT's financial statements at cost initially and will be revalued in line with its accounting policy on investment properties. Acquisition costs such as applicable stamp duty and legal and other fees are capitalised to the cost of the Properties and accordingly have no impact on the forecast net investment income or distributable income for the financial year ending 31 March 2005.

For the purpose of forecasting and projecting the Management Fee and Trustee's fees for the financial years ending 31 March 2005 and 31 March 2006, the Manager has made an assumption that the value of the Existing Properties and the Properties will increase by the extent of the budgeted capital expenditure set out in paragraph (vi) above and the estimated acquisition costs of the Properties.

### **(ix) Accounting Standards**

The Manager has assumed no change in applicable accounting standards or other financial reporting requirements that may have a material effect on the forecast and projected net investment income.

### **(x) Other Assumptions**

The Manager has made the following additional assumptions in preparing the financial forecast and projection for the financial years ending 31 March 2005 and 31 March 2006, respectively:

- that A-REIT's property portfolio remains unchanged after the Properties are acquired;
- that no further capital will be raised during the forecast and projection periods;
- that there will be no material changes in taxation legislation or other legislation; and
- that all leases are enforceable and will be performed in accordance with their terms.

### **Sensitivity**

The financial forecast and projection included in this Circular are based on a number of key assumptions that have been outlined earlier in this **Appendix 3**.

Unitholders should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast and projected in this Circular are to be expected. To assist Unitholders in assessing the impact of these assumptions on the financial projection, the sensitivity of DPU to changes in the key assumptions are set out below.

The sensitivity analysis below is intended to provide a guide only and variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

The sensitivity analysis has been prepared using the same assumptions as those set out earlier in this **Appendix 3**.

### **Gross Revenue**

Changes in gross revenue affect the net investment income of A-REIT. The effect of variations in gross revenue on distributions for the financial year ending 31 March 2006 is as follows:

Assuming an Issue Price of	S\$1.40	S\$1.50	S\$1.60	S\$1.70
<b>DPU</b>				
5.0% above estimate	10.47	10.66	10.84	10.99
Base case after the Acquisitions	9.68	9.86	10.02	10.17
5.0% below estimate	8.90	9.06	9.21	9.34

### **Property Operating Expenses**

Changes in property operating expenses affect the net investment income of A-REIT. The effect of variations in property operating expenses on distributions for the financial year ending 31 March 2006 is as follows:

Assuming an Issue Price of	S\$1.40	S\$1.50	S\$1.60	S\$1.70
<b>DPU</b>				
5.0% above estimate	9.46	9.63	9.79	9.93
Base case after the Acquisitions	9.68	9.86	10.02	10.17
5.0% below estimate	9.91	10.09	10.26	10.41

### **Borrowing Costs**

Changes in interest rates affect the net investment income of A-REIT. The interest rate assumptions are set out earlier in this **Appendix 3**. The effect of variations on total interest costs (including CMBS amortised establishment costs) on distributions for the financial year ending 31 March 2006 is as follows:

Assuming an Issue Price of	S\$1.40	S\$1.50	S\$1.60	S\$1.70
<b>DPU</b>				
5.0% above estimate	9.63	9.80	9.96	10.11
Base case after the Acquisitions	9.68	9.86	10.02	10.17
5.0% below estimate	9.74	9.92	10.08	10.23

## INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST AND PROFIT PROJECTION

The Board of Directors  
Ascendas-MGM Funds Management Limited  
(as manager of Ascendas Real Estate Investment Trust)  
75 Science Park Drive  
#01-03 CINTECH II  
Singapore Science Park I  
Singapore 118255

HSBC Institutional Trust Services (Singapore) Limited  
(as trustee of Ascendas Real Estate Investment Trust)  
21 Collyer Quay #10-01  
HSBC Building  
Singapore 049320

14 October 2004

Dear Sirs

### **Letter from the Independent Accountants on the Profit Forecast for the Financial Year Ending 31 March 2005 and Profit Projection for the Financial Year Ending 31 March 2006**

This letter has been prepared for inclusion in the circular to be issued by Ascendas Real Estate Investment Trust (“**A-REIT**”) in relation to the issue of new units in A-REIT (the “**Circular**”).

The directors of Ascendas-MGM Funds Management Limited (the “**Directors**”) are responsible for the preparation and presentation of the forecast and projected Statement of Net Investment Income and Distributable Income for the financial year ending 31 March 2005 (the “**Profit Forecast**”) and the financial year ending 31 March 2006 (the “**Profit Projection**”) as set out on pages 63 and 64 of the Circular, which have been prepared on the basis of their assumptions as set out on pages 64 to 67 of the Circular.

We have examined, as independent accountants, the Profit Forecast and the Profit Projection as set out on pages 63 and 64 of the Circular in accordance with Singapore Standards on Auditing applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast and Profit Projection including the assumptions set out on pages 64 to 67 of the Circular (the “**Assumptions**”) on which they are based.

### **Profit Forecast**

In our capacity as independent accountants and based on our examination of the evidence supporting the Assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion, the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the Assumptions, is consistent with the accounting policies normally adopted by A-REIT and is presented in accordance with the relevant presentation principles of the applicable accounting framework, Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” (but not all the required disclosures) as at the date of this report.



## **Profit Projection**

The Profit Projection is intended to show a possible outcome based on the stated assumptions. Because the length of the period covered by the Profit Projection extends beyond the period covered by a profit forecast, the assumptions used in the Profit Projection (which included hypothetical assumptions about future events which may not necessarily occur) are more subjective than would be appropriate for a profit forecast. The Profit Projection does not therefore constitute a profit forecast.

In our capacity as independent accountants and based on our examination of the evidence supporting the Assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Projection. Further, in our opinion, the Profit Projection, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the Assumptions, is consistent with the accounting policies normally adopted by A-REIT and is presented in accordance with the relevant presentation principles of the applicable accounting framework, Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (but not all the required disclosures) as at the date of this report.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast or Profit Projection since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast and projected. For the reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast or Profit Projection.

Attention is drawn, in particular, to the sensitivity analysis of the Profit Forecast and Profit Projection as set out on pages 67 and 68 of the Circular.

Yours faithfully

KPMG  
*Certified Public Accountants*  
Singapore  
Eng Chin Chin  
Partner

## INFORMATION ON THE PROPERTIES

*The following sections set out selected information in respect of the Properties, the Existing Properties and certain pro forma financial information relating to the Acquisitions. Any discrepancies in the tables, charts or diagrams between the listed figures and totals thereof are due to rounding.*

### (A) THE PROPERTIES

- (i) **Infineon Building:** Infineon Building will be leased to Infineon Technologies Asia Pacific Pte Ltd for use as its headquarters in the Asia-Pacific region upon completion.

Developed by Ascendas, the building consists of two 10-storey towers, which incorporates warehouse space, fully air-conditioned research and development facilities as well as corporate offices. There are approximately 269 parking spaces for cars. The property is strategically located on a plot of land fronting the Pan Island Expressway (“**PIE**”) in the Kallang area of Singapore.

The total gross floor area of Infineon Building is 26,925 sqm on a land area of 10,946 sqm, resulting in a plot ratio of 2.46 (subject to survey).

- (ii) **Techpoint:** Techpoint is located in the Ang Mo Kio industrial estate and is set within the neighbourhood of high-tech companies like Motorola, NCS Hub and Apple Computer.

The property comprises a 6-storey building, with a total gross floor area of 56,196 sqm and has a parking capacity of approximately 445 lots.

The property is multi-tenanted and existing tenants include Motorola Electronics Pte Ltd, MediaCorp Publishing Pte Ltd and Schneider Electric South East Asia (HQ) Pte Ltd.

- (iii) **Exklusiv Centre:** Exklusiv Centre is situated along Alexandra Road, a major motor vehicle showroom belt in Singapore. It is located approximately 500 meters from Red Hill MRT Station and is well served by the Ayer Rajah Expressway (“**AYE**”) and the Central Expressway (“**CTE**”).

The property comprises a 5-storey motor vehicle showroom cum office building and its sole tenant is Group Exklusiv Pte Ltd, whose stable of companies hold distribution rights in Singapore for Volkswagen, Renault and Skoda cars.

The total gross floor area of the property is 13,699 sqm on a land area of 7,523 sqm, resulting in a plot ratio of 1.82.

- (iv) **CG Aerospace Building:** CG Aerospace Building is located at 3 Changi South Street 2 within the Changi South Industrial Area, in close proximity to Singapore Expo, Changi Business Park and Changi Airport. It is well served by the East Coast Parkway (“**ECP**”) and also enjoys close proximity to the PIE.

Completed in 1996, the property comprises two multi-tenanted 4-storey warehouse buildings. All levels above ground level in both buildings will be furnished with air-conditioning in accordance with additional investment plans by the vendor.

The total gross floor area is 24,117 sqm on a land area of 17,208 sqm, resulting in a plot ratio of 1.40.

- (v) **Autron Building:** Autron Building is located in Serangoon North Avenue 4 and is readily accessible by the CTE from the city centre.

The property comprises a 5-storey office building as well as an attached 4-storey building, which is used as production space. The property is currently utilised by Autron Singapore Pte Ltd as its corporate headquarters. It is simultaneously utilised by its subsidiary, IC Equipment Pte Ltd, for the assembly of equipment for the electronics industry.

The total gross floor area of the property is 10,589 sqm on a land area of 4,950 sqm, resulting in a plot ratio of 2.14.

- (vi) **SB Building:** SB Building is located at 25 Changi South Street 1 within the Changi South Industrial Area, in close proximity to Singapore Expo, Changi Business Park and Changi Airport. It is well served by the ECP and enjoys close proximity to the PIE.

The property comprises a 2-storey warehouse cum 3-storey office building and houses subsidiaries of Soilbuild Group Holdings Pte Ltd.

The total gross floor area is 13,998 sqm on a land area of 14,067 sqm, resulting in a plot ratio of 1.00.

- (vii) **Fedex Building:** Fedex Building is located at 6 Changi South Street 2 within Changi South Industrial Area, in close proximity to Singapore Expo, Changi Business Park and Changi Airport. It is well served by the ECP and enjoys close proximity to the PIE.

The property comprises a 4-storey warehouse development with ancillary offices. Its anchor tenants, Federal Express (S) Pte Ltd and Federal Express Pacific Inc occupy approximately 80% of the total net lettable space.

The total gross floor area is 17,651 sqm on a land area of 9,934 sqm, resulting in a plot ratio of 1.78.

- (viii) **Freight Links (Changi) Building:** Freight Links (Changi) Building is located at 9 Changi South Street 3 within Changi South Industrial Area, in close proximity to Singapore Expo, Changi Business Park and Changi Airport. It is well served by the ECP and enjoys close proximity to the PIE.

The property comprises an 8-storey office building and a 4-storey conventional warehouse, complete with a passenger lift, a cargo lift, nine dock levellers, 69 parking lots for cars and 13 parking bays for trucks.

The total gross floor area is 23,208 sqm on a land area of 14,504 sqm, resulting in a plot ratio of 1.60.

- (ix) **Freight Links (Toh Guan) Building:** Freight Links (Toh Guan) Building is located at 5 Toh Guan Road East and is readily accessible by the AYE and the PIE.

The property comprises two warehouse complexes made up of a part 3-storey and part 5-storey warehouse block with ancillary offices and an adjoining 4-storey warehouse block, complete with container bays and lorry and car parking lots within the concrete/perforated slab compound.

The total gross floor area is 29,741 sqm on a land area of 20,368 sqm, implying a plot ratio of 1.46.

- (x) **MacDermid Building:** MacDermid Building is located at 20 Tuas Avenue 6 and is well served by the AYE and West Coast Highway. It is situated approximately 22 kilometres away from the city centre.

Completed in the 1990s, the property comprises a part 3-storey and part 1-storey building with a mezzanine level purpose-built detached factory. The building is a concrete framed structure supported with steel trusses and concrete floor slabs and is covered by metal roofing sheets with roof insulation. Access to the higher storeys is available via three sets of internal concrete staircases.

The total gross floor area is 5,064 sqm on a site area of 5,464 sqm, implying a plot ratio of 0.93.

- (xi) **Wisma Gulab:** Wisma Gulab is located at 190 MacPherson Road and is well served by both the CTE and the PIE.

The property comprises a 9-storey warehouse cum office building, a basement car park with 26 parking lots for cars, 15 parking lots for lorries around the periphery, two passenger lifts and two cargo lifts. The property is utilised as the corporate headquarters for RSH Limited.

The total gross floor area is 15,557 sqm on a land area of 5,070 sqm.

- (xii) **Steel Industries Building:** Steel Industries Building is located at 5 Tai Seng Drive in the eastern part of Singapore, approximately 12 kilometres northeast of the city centre. The property is readily accessible by the PIE and the CTE and is located near the Circle Line MRT and the Paya Lebar Expressway which is currently under construction.

The property comprises a 6-storey light industrial cum office building, 40 parking lots for cars, eight loading bays with levellers, three cargo lifts and one passenger lift.

The total gross floor area is 12,930 sqm on a land area of 5,162 sqm, resulting in a plot ratio of 2.50.

- (xiii) **Volex Building:** Volex Building is located at 35 Tampines Street 92 in the eastern part of Singapore and is readily accessible by the PIE and the ECP. It is located in close proximity to Singapore Expo, Changi Business Park and Changi Airport.

The property comprises a 4-storey light industrial cum office building, 48 car parking lots, two loading bays and one cargo lift.

The total gross floor area is 8,931 sqm on a land area of 5,012 sqm, resulting in a plot ratio of 1.76.

The following table sets out a summary of selected information for the Properties in the first full financial year of ownership:

	Appraised Value (S\$ million)	Purchase Price (S\$ million)	Deferred Amount (S\$ million)	Net Property Income Projection FY 2006 (S\$ million)	Property Yield Before Costs Projection FY 2006 (%)	Gross Revenue Projection FY 2006 (S\$ million)	Rental Escalation	Lease Tenure (years)	Net Lettable Area (sqm)	Weighted Average Lease Term to Expiry (years)	Major Tenants	Asset Class	Land Lease Expiry
Infineon Building	50.9	50.9	—	4.2	8.2	5.5	3.0 % p.a.	12	26,925 <sup>(1)</sup>	12.0	Infineon Technologies Asia Pacific Pte Ltd	Hi-Tech Industrial	30 Jun 2005 <sup>(2)</sup>
Techpoint	75.0	75.0	—	6.4	8.5	10.0	N.A.	Multi-tenanted building	42,230	2.4	Motorola Electronics Pte Ltd; MediaCorp Publishing Pte Ltd; Schneider Electric South East Asia (HQ) Pte Ltd	Hi-Tech Industrial	31 Mar 2052
Exklusiv Centre	45.0	44.8	0.9	3.5	7.9	3.8	Year 4 = 8.0%; Year 7 = market review capped at 8.0%, ratchet clause; Year 10 = 8.0%	12	10,513	12.0	Group Exklusiv Pte Ltd	Light Industrial	25 Sep 2051
CG Aerospace Building	31.5	31.1	8.1	2.4	10.7	3.9	N.A.	Multi-tenanted building	20,699	2.8	"K" Line Air Service (S) Pte Ltd; National Library Board; Tradeport Singapore Pte Ltd	Distribution and Logistics Centres	31 May 2054 <sup>(3)</sup>
Autron Building	14.0	14.0	—	1.2	8.3	2.6	Year 4 = 10.0%; Year 7 = 10.0%; Year 10 = 10.0%	12	8,328	12.0	Autron Singapore Pte Ltd	Light Industrial	30 Nov 2055
SB Building	17.8	17.8	3.8	1.2	8.7	2.0	2.5% p.a. except for the start of Year 6 at 7.5%	12	11,895	12.0	Soilbuild Group Holdings Pte Ltd	Light Industrial	30 Sep 2057
Fedex Building	33.5	33.5	—	2.6	7.8	3.6	N.A.	5, 6	14,358	5.2	Federal Express (Singapore) Pte Ltd; Cargo Distribution Pte Ltd	Distribution and Logistics Centres	31 Oct 2055
Freight Links (Changi) Building	32.0	32.0	6.4	2.4	9.3	3.2	Year 2 - 6 = 2.0% p.a.; Year 7 = 6.0%	7	20,724	7.0	Freight Links Express Districentre Pte Ltd	Distribution and Logistics Centres	30 Apr 2055

	Appraised Value (S\$ million)	Purchase Price (S\$ million)	Deferred Amount (S\$ million)	Net Property Income Projection FY 2006 (S\$ million)	Property Yield Before Costs Projection FY 2006 (%)	Gross Revenue Projection FY 2006 (S\$ million)	Rental Escalation	Lease Tenure (years)	Net Lettable Area (sqm)	Weighted Average Lease Term to Expiry (years)	Major Tenants	Asset Class	Land Lease Expiry
Freight Links (Toh Guan) Building	36.4	36.4	7.3	2.6	9.0	3.7	Year 2 - 6 = 2.0% p.a.; Year 7 = 6.0%	8	23,723	8.0	Freight Links Express Distripark Pte Ltd	Distribution and Logistics Centres	15 Dec 2049
MacDermid Building	5.5	5.5	—	0.6	11.0	0.7	N.A.	3	4,321	2.6	MacDermid Singapore Pte Ltd	Distribution and Logistics Centres	15 Jul 2050
Wisma Gulab	55.7	55.7	12.2	3.5	8.0	3.7	Year 2 - 6 = 3.0% p. a.; Year 7 - 10 = 4.5% p. a.; Year 11 - 15 = 3.0% p. a.	15	11,821	15.0	RSH Limited	Hi-Tech Industrial	Freehold
Volex Building	9.5	9.4	—	0.8	8.0	1.1	1.75% p.a. or CPI, whichever is higher	12	8,000	12.0	Volex (Asia) Pte Ltd	Light Industrial	31 Jan 2052
Steel Industries Building	15.3	15.3	—	1.2	7.9	1.6	N.A.	5	11,254	5.0	Steel Industries Pte Ltd	Light Industrial	30 Nov 2049
<b>Total/ Average</b>	<b>422.1</b>	<b>421.4</b>	<b>38.7</b>	<b>32.5</b>	<b>8.5</b>	<b>45.3</b>							

**Notes:**

- (1) This figure refers to the total gross floor area as the net lettable area has yet to be confirmed.
- (2) Subject to the satisfaction of the plant and machinery investment criteria for the option term of 17 years.
- (3) Conditional upon JTC Corporation (“**JTC**”) granting a 30-year option.

## (B) EFFECTS OF THE PROPERTIES ON A-REIT'S PORTFOLIO

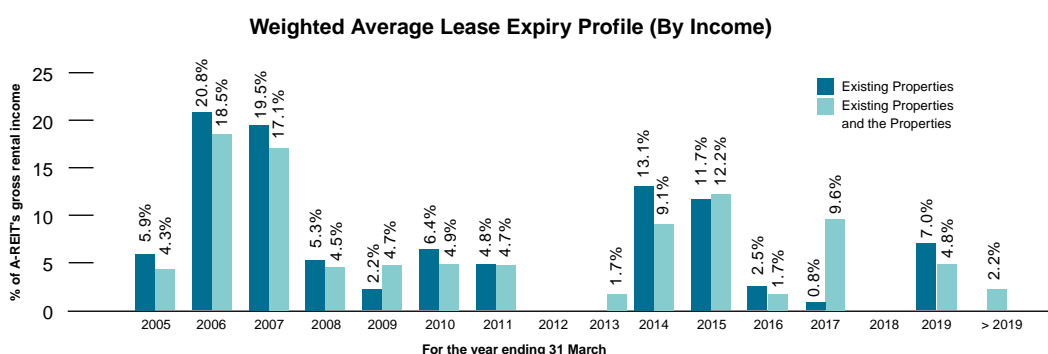
The following table sets out a summary of selected information about the Existing Properties and the Properties:

	Existing Properties	The Properties	Existing Properties and the Properties
Net Lettable Area (sqm)	606,807	214,791 <sup>(1)</sup>	821,598 <sup>(1)</sup>
Occupancy Rate (as at 31 August 2004)	92.2%	98.3% <sup>(2)</sup>	96.1% <sup>(2)</sup>
Number of Tenants	416	56	472
Weighted Average Lease Term to Expiry (years)	5.2	7.6	6.0

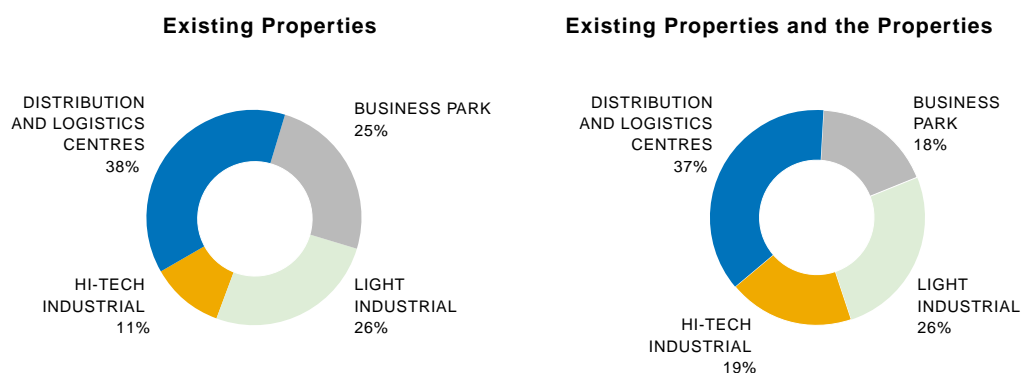
### Notes:

- (1) The figures include the total gross floor area of Infineon Building as the net lettable area has yet to be confirmed.  
 (2) Assuming that the Acquisitions were completed on 31 August 2004.

The following diagram illustrates the impact of the Properties on A-REIT's lease expiry profile by gross rental income as at 31 August 2004:



The following pie chart illustrates the impact of the Properties on the asset class diversification by value of A-REIT's portfolio as at 31 August 2004:



On completion of the Acquisitions, A-REIT's weighting in relation to the "Business Park" asset class will decrease from 25% to 18% and the weighting in relation to the "Hi-tech Industrial" asset class will increase from 11% to 19%.

Diversification of the income stream results from the broad tenancy base in excess of 400 tenants. Earnings are enhanced with an increase in the number of long term tenants through the Acquisitions. Although 11 of the Properties are each currently leased to a single tenant, the Properties are configured such that they would be suitable for a variety of tenants.

Following completion of the Acquisitions, A-REIT's top 10 tenants in terms of gross rental income make up 38.5% of the portfolio income as compared with 50.1% before the Acquisitions.

The following table sets out the top 10 tenants of A-REIT after the Acquisitions:

<b>Tenant</b>	<b>Percentage by Gross Rental Income</b>
C&P Holdings Pte Ltd	9.8%
TT International Limited	4.6%
Siemens Pte Ltd	4.5%
Infineon Technologies Asia Pacific Pte Ltd	3.8%
Honeywell Pte Ltd	3.1%
IDS Logistics Services Pte Ltd	2.9%
Institute of High Performance Computing	2.7%
Group Exklusiv Pte Ltd	2.5%
Zuellig Pharma Pte Ltd	2.3%
RSH Limited	2.3%
<b>Total</b>	<b>38.5%</b>



## (C) 2004 PRO FORMA FINANCIAL INFORMATION

### Basis of Preparation of the Pro Forma Financial Information

The pro forma financial information of A-REIT reflects the pro forma results of A-REIT for the financial year ended 31 March 2004 and the pro forma balance sheet as at 31 March 2004.

The pro forma results and pro forma balance sheet for the Existing Properties have been compiled based on the Audited Financial Statements. The pro forma information on the Acquisitions have been prepared based on income and expense forecasts which assume that all of the Acquisitions were completed on 1 April 2003 and the Properties were held and operated for the financial year ended 31 March 2004. The pro forma information has been prepared on the basis of the accounting policies normally adopted by A-REIT as disclosed in the annual report for the financial year ended 31 March 2004.

The purpose of the pro forma financial information of A-REIT is to show the financial results and financial position of A-REIT had it completed the Acquisitions at an earlier date. However, the pro forma financial information of A-REIT is not necessarily indicative of the results of the operations or the related effects on the financial position of A-REIT that would have been attained had the Acquisitions been made earlier.

### Pro Forma Results

The pro forma financial effects of the Acquisitions on the DPU for the financial year ended 31 March 2004, as if A-REIT had completed the Acquisitions on 1 April 2003, and held and operated the Properties through to 31 March 2004, are as follows:

	As at 31 March 2004	
	Before the Acquisitions <sup>(1)</sup>	After the Acquisitions <sup>(2)</sup>
Net investment income (S\$'000)	58,204	87,212
Net investment income available for distribution (S\$'000)	63,860	92,869
Issued Units ('000)	796,640	1,063,307
Distribution per Unit (cents)	8.02	8.73

#### Notes:

- (1) Based on the assumption that A-REIT's existing property portfolio, including Nan Wah Building, Progen Building and C & P Logistics Hub (including C & P Phase II), were held and operated for the financial year ended 31 March 2004.
- (2) Based on the assumption of an average interest rate of 2.9% per annum on the additional estimated borrowings of S\$8.4 million to partially finance the Acquisitions.

### Pro Forma Balance Sheet

The pro forma balance sheet has been prepared after incorporating the following:

- (i) the Properties to be acquired have been included at their respective purchase prices plus acquisition costs;
- (ii) it is assumed that S\$8.4 million is drawn down from available debt facilities to partially finance the Acquisitions;
- (iii) 266,666,667 new Units are issued under the Equity Fund Raising at an issue price of S\$1.50 per Unit to raise up to S\$400.0 million in gross proceeds to partially finance the Acquisitions;
- (iv) distribution of 100% of A-REIT's distributable income for the period from 1 October 2003 to 3 March 2004 has been made to Unitholders on or before 31 March 2004; and
- (v) the balance sheet as at 31 March 2004 has been adjusted to include the acquisitions of Nan Wah Building, Progen Building and C & P Logistics Hub (including C & P Phase II), funded using cash reserves, available debt capacity and the proceeds from the Earlier Placement.

The table below summarises the key elements of the pro forma balance sheet:

	<b>As at 31 March 2004</b>	
	<b>Before the Acquisitions<sup>(1)</sup></b>	<b>After the Acquisitions<sup>(2)</sup></b>
NAV (S\$'000)	789,094	1,183,194
Issued Units ('000)	796,640	1,063,307
NAV per Unit (S\$)	0.99	1.11

**Notes:**

- (1) After distribution of 100% of A-REIT's distributable income for the period from 1 October 2003 to 3 March 2004 to Unitholders on or before 31 March 2004.
- (2) The pro forma financial effects are based on the assumptions that (a) A-REIT's Gearing is reduced to approximately 26%, (b) 266,666,667 new Units are issued to partially finance the Acquisitions at an issue price of S\$1.50 per Unit and (c) the aggregate appraised value of the Properties is S\$422.1 million.

## Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of A-REIT as at 31 March 2004, as adjusted to reflect the issue of 266,666,667 new Units and additional estimated borrowings of S\$8.4 million to partially finance the Acquisitions.

	As at 31 March 2004	
	Before the Acquisitions <sup>(1)</sup> (S\$'000)	After the Acquisitions (S\$'000)
Short term debt:		
Secured debt	—	—
Unsecured debt	—	—
Total short term debt	—	—
Long term debt:		
Secured debt	—	—
Unsecured debt	451,051	459,498
Total long term debt	<b>451,051</b>	<b>459,498</b>
Total debt	<b>451,051</b>	<b>459,498</b>
Unitholders' funds	<b>789,094</b>	<b>1,183,194<sup>(2)</sup></b>
<b>Total capitalisation</b>	<b>1,240,145</b>	<b>1,642,692</b>

### Notes:

- (1) Based on the Audited Financial Statements and adjusting for the distribution of A-REIT's distributable income for the period from 1 October 2003 to 31 March 2004 to Unitholders on or before 31 March 2004, and for the acquisitions of Nan Wah Building, Progen Building and C & P Logistics Hub (including C & P Phase II).
- (2) Based on an issue price of S\$1.50 per new Unit for the issue of 266,666,667 new Units pursuant to the Equity Fund Raising to fund the Acquisitions (including the Infineon Acquisition and the Techpoint Acquisition). Unitholders' funds are estimated to be reduced by S\$5.9 million due to the fees and expenses to be borne by A-REIT in connection with the Equity Fund Raising.

## IFA LETTER

14 October 2004

The Independent Directors  
Ascendas-MGM Funds Management Limited  
(the Manager of A-REIT)  
75 Science Park Drive  
#01-03 CINTECH II  
Singapore Science Park I  
Singapore 118255

Dear Sirs

**THE PROPOSED INFINEON ACQUISITION AND TECHPOINT ACQUISITION**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 14 October 2004 to the unitholders of Ascendas Real Estate Investment Trust (the “Circular”).*

**1. INTRODUCTION**

On 22 September 2003, the Manager announced A-REIT's proposed acquisition of a property being developed by Ascendas for Infineon Technologies Asia Pacific Pte Ltd, and the Trustee (as trustee of A-REIT) had entered into the Infineon Option Agreement with Ascendas in respect thereof.

On 31 August 2004, the Manager announced A-REIT's proposed acquisition of Techpoint, which is owned by Ascendas, and the Trustee (as trustee of A-REIT) had entered into the Techpoint Option Agreement with Ascendas in respect thereof.

Chapter 9 of the Listing Manual states that, where A-REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions (each of a value equal to or greater than S\$100,000) with the same interested person during the same financial year) is equal to or exceeds 5.0% of A-REIT's latest audited NTA, Unitholders' approval is required in respect of that transaction.

Based on the audited financial statements of A-REIT for the financial year ended 31 March 2004 (the “**Audited Financial Statements**”), the NTA of A-REIT was S\$691.6 million as at 31 March 2004. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by A-REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$34.6 million, such a transaction would be subject to Unitholders' approval.

Given that the purchase prices of Infineon Building and Techpoint are S\$50.9 million and S\$75.0 million respectively, the value of both the Infineon Acquisition and the Techpoint Acquisition exceed the said threshold.

Ascendas, the vendor of Infineon Building and Techpoint, is a related corporation of the Manager as both of them are subsidiaries of Ascendas Pte Ltd. As at the Latest Practicable Date, Ascendas holds 138,897,702 Units (comprising approximately 17.5% of the Existing Units) and is therefore regarded as a controlling Unitholder of A-REIT.

As a controlling Unitholder as well as a related corporation of the Manager, Ascendas is treated as an interested person of A-REIT for the purposes of Chapter 9 of the Listing Manual.

Accordingly, both the Infineon Acquisition and the Techpoint Acquisition are subject to Unitholders' approval under Chapter 9 of the Listing Manual.

Paragraph 6 of the Property Funds Guidelines also imposes a requirement for Unitholders' approval for an interested party transaction by A-REIT whose value exceeds 5.0% of A-REIT's latest audited NAV.

Based on the Audited Financial Statements, the NAV of A-REIT was S\$691.6 million as at 31 March 2004. Accordingly, if the value of a transaction which is proposed to be entered into by A-REIT with an interested party is equal to or greater than S\$34.6 million, such a transaction would be subject to Unitholders' approval. The purchase prices of Infineon Building and Techpoint both exceed this threshold.

As a controlling Unitholder as well as a related corporation of the Manager, Ascendas is considered to be an interested party of A-REIT for the purposes of paragraph 6 of the Property Funds Guidelines. As such, both the Infineon Acquisition as well as the Techpoint Acquisition are subject to Unitholders' approval under paragraph 6 of the Property Funds Guidelines.

As both the Infineon Acquisition and the Techpoint Acquisition are classified as interested person transactions and interested party transactions under the Listing Manual and the Property Funds Guidelines respectively, the Manager is required to seek specific approval of Unitholders for the Infineon Acquisition and the Techpoint Acquisition.

PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") has been appointed as the independent financial adviser to advise the Independent Directors on the Infineon Acquisition and the Techpoint Acquisition.

This letter of opinion has been prepared to form part of the Circular to be issued by the Manager to Unitholders dated 14 October 2004.

## **2. TERMS OF REFERENCE**

PwCCF has been appointed to advise the Independent Directors on whether both the Infineon Acquisition and the Techpoint Acquisition are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders. We do not, by this letter, make any representation or warranty in relation to the merits of both the Infineon Acquisition and the Techpoint Acquisition.

In line with the above stated objective, we have limited our evaluation to the financial terms of the Infineon Acquisition and the Techpoint Acquisition and have not taken into account the commercial risks or commercial merits of the Infineon Acquisition and the Techpoint Acquisition. Our terms of reference do not require us to evaluate or comment on the strategic or long-term commercial merits of the Infineon Acquisition and the Techpoint Acquisition or the future financial performance or prospects of A-REIT. However, we may draw upon the views of the Directors and management of the Manager in arriving at our view. We also did not address the relative merits of the Infineon Acquisition and the Techpoint Acquisition as compared to any alternative transaction previously considered by the Manager or that otherwise may become available to A-REIT in the future. Such evaluations or comments remain the responsibility of the Directors and management of the Manager.

We have held discussions with the management of the Manager and have examined information provided by the management of the Manager and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the reliability of the information.

We have not made an independent evaluation of Infineon Building and Techpoint. We have, however, been furnished with certain valuation reports for these properties. With respect to such valuation reports, we are not experts and do not hold ourselves to be experts in the evaluation of properties and have relied solely upon the valuation reports prepared by the independent valuer, CB Richard Ellis (Pte) Ltd (“**CB Richard Ellis**”). The valuation summary reports by CB Richard Ellis are set out in **Appendix 2** of the Circular.

We have relied upon the assurances of the Directors that the Circular has been approved by the Directors who have made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in the Circular are fair and accurate in all material respects as at the date of the Circular and that there are no material facts the omission of which would make any statement in the Circular misleading in any material respect. Accordingly, the Directors collectively and individually accept responsibility for the accuracy of the information given in the Circular as set out in the “Directors’ Responsibility Statements”. In addition, the management of the Manager has similarly provided us with a responsibility statement in a letter dated 14 October 2004, which we have relied upon.

Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us as described above.

Furthermore, our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of A-REIT. We have, therefore, not expressed any opinion herein as to the future financial or other performance of A-REIT.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable), and the information made available to us as of the Latest Practicable Date. We assume no responsibility to update, revise, reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Unitholders should take note of any announcements relevant to their consideration of the Infineon Acquisition and the Techpoint Acquisition which may be released by the Manager after the Latest Practicable Date.

**Our opinion is for the use and benefit of the Independent Directors in their deliberation of the Infineon Acquisition and the Techpoint Acquisition, and the recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.**

**Our opinion in relation to the Infineon Acquisition and the Techpoint Acquisition should be considered in the context of the entirety of this letter and the Circular.**

### **3. PRINCIPAL TERMS OF THE INFINEON OPTION AGREEMENT AND THE TECHPOINT OPTION AGREEMENT**

The principal terms of the Infineon Option Agreement and the Techpoint Option Agreement are set out on page 98 of the Circular. The principal terms of the Infineon Option Agreement and the Techpoint Option Agreement are reproduced herein for convenience.

#### **(A) Infineon Building**

Under the Infineon Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option and Ascendas' right to exercise its put option, in both cases to require the other party to enter into the Infineon Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the Infineon Acquisition and for the issue of new Units to fund (whether in whole or in part) the acquisition of Infineon Building;
- (ii) the grant of a temporary occupation permit for Infineon Building by the Building and Construction Authority; and
- (iii) the signing of a lease agreement for Infineon Building for a term of 12 years between Ascendas and Infineon Technologies Asia Pacific Pte Ltd.

#### **(B) Techpoint**

Under the Techpoint Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Ascendas to exercise its put option, in both cases to require the other party to enter into the Techpoint Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the Techpoint Acquisition and for the issue of new Units to fund (whether in whole or in part) the acquisition of Techpoint; and
- (ii) A-REIT securing sufficient financing to undertake the Techpoint Acquisition and the agreements for such financing have not been terminated and being unconditional in all respects.

### **4. PRINCIPAL TERMS OF THE INFINEON PURCHASE AGREEMENT AND THE TECHPOINT PURCHASE AGREEMENT**

The principal terms of the Infineon Purchase Agreement and the Techpoint Purchase Agreement are set out on pages 102 and 103 of the Circular. The principal terms of the Infineon Purchase Agreement and the Techpoint Purchase Agreement are reproduced herein for convenience.

#### **(A) Infineon Building**

- (i) **Subject matter of purchase:** If either the call option or put option under the Infineon Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the Infineon Purchase Agreement with Ascendas, the Trustee will be required to purchase Infineon Building.
- (ii) **Consideration:** The purchase price of Infineon Building is S\$50.9 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of CB Richard Ellis (Pte) Ltd dated 3 September 2004.

A refundable deposit of S\$509,000 has already been paid by A-REIT. Upon completion of the Infineon Acquisition and provided that Unitholders' approval for the Issue Price Supplement is obtained by the time of exercise of either the call option or the put option under the Infineon Option Agreement, 94.0% of the Infineon Purchase Price will be satisfied by the issue and allotment of the Infineon Consideration Units pursuant to the Infineon Option Agreement, with the balance (if any) to be satisfied in cash. If Unitholders' approval for the Issue Price Supplement is not obtained by the time of exercise of either the call option or the put option under the Infineon Option Agreement, 94.0% of the Infineon Purchase Price will be satisfied by cash upon completion of the Infineon Acquisition. The remaining 5.0% of the Infineon Purchase Price will be paid in cash upon the issue of the certificate of statutory completion for Infineon Building.

Under the development agreement entered into between Ascendas and Infineon Technologies Asia Pacific Pte Ltd, in the course of construction of the development of Infineon Building, Infineon Technologies Asia Pacific Pte Ltd is entitled to request for additional building works and services in relation to the said development (in addition to pre-agreed specifications) by issuing a variation request.

If a variation request is made by Infineon Technologies Asia Pacific Pte Ltd and it elects to proceed with its variation request upon receiving Ascendas' quotation for such additional building works and services, Infineon Technologies Asia Pacific Pte Ltd shall issue a variation order to Ascendas confirming Infineon Technologies Asia Pacific Pte Ltd's acceptance of the quoted cost of the variation ("**Agreed Variation Cost**"). The said development agreement provides for adjustment of rents payable by Infineon Technologies Asia Pacific Pte Ltd under the lease agreement entered into between Infineon Technologies Asia Pacific Pte Ltd and Ascendas due to such variation orders.

The Infineon Purchase Agreement provides that the Infineon Purchase Price will be increased based on the Agreed Variation Cost in accordance with the following formulae:

- (a) in respect of the first S\$2,000,000 of the Agreed Variation Cost, the Infineon Purchase Price shall be increased by an amount equivalent to such Agreed Variation Cost;
- (b) in respect of the Agreed Variation Cost, if any, above the first S\$2,000,000 (the "**Excess Amount**"), the Infineon Purchase Price shall be further increased by additional amounts of S\$16,800 for every S\$16,000 or part thereof of the Excess Amount; and
- (c) in respect of the Agreed Variation Cost, if any, above the first S\$4,000,000 (the "**Additional Excess Amount**"), Ascendas and the Trustee shall in good faith negotiate and agree on the further increase in the Infineon Purchase Price (over and above the increase determined in accordance with paragraphs (a) and (b) above). If the Trustee and Ascendas fail to agree on such increase in the Infineon Purchase Price, then the Infineon Purchase Price shall be increased as follows: for every 1 cent increase in the rent payable under the lease agreement entered into between Infineon Technologies Asia Pacific Pte Ltd and Ascendas (arising from the Additional Excess Amount), the Infineon Purchase Price shall be further increased by a sum equal to the Additional Excess Amount multiplied by a factor of 1.05.

## **(B) Techpoint**

- (i) **Subject matter of purchase:** If either the call option or put option under the Techpoint Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the Techpoint Purchase Agreement with Ascendas, the Trustee will be required to purchase Techpoint.
- (ii) **Consideration:** The purchase price of Techpoint is S\$75.0 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of CB Richard Ellis (Pte) Ltd dated 31 August 2004.

A refundable deposit of S\$750,000 (together with goods and services tax thereon) has already been paid by A-REIT. Subject to Unitholders' approval for the Issue Price Supplement being obtained by the time of exercise of either the call option or the put option under the Techpoint Option Agreement, the remaining S\$74.25 million of the Techpoint Purchase Price will be satisfied by the issue and allotment of the Techpoint Consideration Units upon completion of the Techpoint Acquisition, with the balance (if any) to be satisfied in cash. If Unitholders' approval for the Issue Price Supplement is not obtained by the time of exercise of either the call option or the put option under the Techpoint Option Agreement, the remaining S\$74.25 million of the Techpoint Purchase Price will be satisfied by cash upon completion of the Techpoint Acquisition.



## 5. INFORMATION ON INFINEON BUILDING AND TECHPOINT

### (A) Description

**Infineon Building:** Infineon Building will be leased to Infineon Technologies Asia Pacific Pte Ltd for use as its headquarters in the Asia-Pacific region upon completion.

Developed by Ascendas, the building consists of two 10-storey towers, which incorporates warehouse space, fully air-conditioned research and development facilities as well as corporate offices. There are approximately 269 parking spaces for cars. The property is strategically located on a plot of land fronting the Pan Island Expressway in the Kallang area of Singapore.

The total gross floor area of Infineon Building is 26,925 sqm on a land area of 10,946 sqm, resulting in a plot ratio of 2.46 (subject to survey).

**Techpoint:** Techpoint is located in the Ang Mo Kio industrial estate and is set within the neighbourhood of high-tech companies like Motorola, NCS Hub and Apple Computer.

The property comprises a 6-storey building, with a total gross floor area of 56,196 sqm and has a parking capacity of approximately 445 lots.

The property is multi-tenanted and existing tenants include Motorola Electronics Pte Ltd, MediaCorp Publishing Pte Ltd and Schneider Electric South East Asia (HQ) Pte Ltd.

### (B) Method of Financing

Assuming Unitholder's approvals for the issue of the Consideration Units to Ascendas are obtained, the aggregate purchase price of the Properties (excluding the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount) and all acquisition costs relating to the Acquisitions will be financed from the net proceeds of the Equity Fund Raising and additional borrowings by A-REIT.

The actual number of new Units that will be issued under the Equity Fund Raising and the actual number of Consideration Units to be issued to Ascendas will depend on the Issue Price as determined by the Manager and the Joint Lead Managers and Underwriters closer to the date of commencement of the Equity Fund Raising. Assuming that the Issue Price is determined to be S\$1.50 and that Unitholders' approvals are obtained for the issue of the Consideration Units, 185,269,334 new Units will be issued for the purpose of the Equity Fund Raising and 81,397,333 Consideration Units will be issued to Ascendas. In the event that Unitholders' approvals for the issue of the Consideration Units are not obtained, an additional 81,397,333 new Units (based on an Issue Price of S\$1.50) will have to be issued under the Equity Fund Raising to finance the Infineon Acquisition and the Techpoint Acquisition.

Additional information on Infineon Building and Techpoint, including projected net property income, property yield, rental escalation and weighted average lease term to expiry, is set out in paragraph 3 of the Letter to Unitholders.

## 6. RATIONALE FOR THE INFINEON ACQUISITION AND THE TECHPOINT ACQUISITION

The following benefits to Unitholders have been extracted from pages 12 to 15 of the Circular unless otherwise stated:

### “Benefits to Unitholders

Apart from enhancing A-REIT's reputation as a provider of premium industrial space, the Manager believes that the Acquisitions offer the following benefits:

- Increased earnings and distributions;
- Enhanced stability of earnings and distributions;
- Competitive strengths of the Properties;
- Improved income diversification;
- Enhanced tenant base;
- Capital management;
- Growth;
- Increased market capitalisation; and
- Economies of scale.”

The full text of the Manager's rationale for the Acquisitions, which includes the Infineon Acquisition and the Techpoint Acquisition, is set out in paragraph 2 of the Letter to Unitholders. It is important for Unitholders to understand the rationale of the Acquisitions, therefore **Unitholders are advised to read paragraph 2 of the Letter to Unitholders carefully.**

## 7. EVALUATION OF THE INFINEON ACQUISITION AND THE TECHPOINT ACQUISITION

In our evaluation of whether the terms of the Infineon Acquisition and the Techpoint Acquisition are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders, we have given due consideration to the following key factors:–

- (a) the valuations of Infineon Building and Techpoint carried out by CB Richard Ellis;
- (b) property yields from Infineon Building and Techpoint compared with property yields from completed transactions carried out by A-REIT with third parties and Acquisitions by A-REIT (excluding the Infineon Acquisition and the Techpoint Acquisition) in this Circular with third parties;
- (c) property yields from Infineon Building and Techpoint compared with property yields from recent market transactions in Singapore made by comparable companies listed and traded on the SGX-ST;
- (d) the occupancy levels to be achieved by Infineon Building and Techpoint;
- (e) rental guarantees for Techpoint;
- (f) financial effects of the Infineon Acquisition and the Techpoint Acquisition; and
- (g) issue of Consideration Units at the Issue Price.

These factors are discussed in greater details in the ensuing paragraphs.

### **(a) Valuations of Infineon Building and Techpoint carried out by CB Richard Ellis**

The Manager commissioned CB Richard Ellis to assess the open market value of Infineon Building and Techpoint. Infineon Building and Techpoint were valued at S\$50.9 million and S\$75.0 million respectively by CB Richard Ellis in its reports dated 3 September 2004 and 31 August 2004 respectively.

According to the valuation reports, “open market value” means the best price at which the sale of an interest in property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, assuming: (a) a willing seller; (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale; (c) that the state of the market, level of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation; (d) that no account is taken of any additional bid by a purchaser with a special interest; and (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

Paragraph 6.1(c) of the Property Funds Guidelines requires that an independent valuation of the real estate asset based on both discounted cash flow analysis and comparable property analysis be conducted. Where the valuer uses only one of the methods, explanation of why the other method was not used is required. In arriving at the open market value of Infineon Building and Techpoint, CB Richard Ellis has relied on the Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Method.

We note that the purchase considerations of Infineon Building and Techpoint are supported by the open market valuation as determined by CB Richard Ellis.

The open market value determined by CB Richard Ellis was based on the assumption that the sale is “completed unconditionally for cash consideration”. It was agreed in the Infineon Option Agreement and the Techpoint Option Agreement that A-REIT would, subject to the relevant approvals being obtained, pay the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount in Consideration Units. With the issue of Consideration Units to Ascendas, this could result in dilution to the minority Unitholders. However, we noted that based on the profit forecast and profit projection as mentioned below in paragraph 7(f) of our letter, the financial effects on the earnings per Unit and DPU of both the Infineon Acquisition and the Techpoint Acquisition are accretive.

**(b) Property yields from Infineon Building and Techpoint compared with property yields from completed transactions carried out by A-REIT with third parties and Acquisitions by A-REIT (excluding the Infineon Acquisition and the Techpoint Acquisition) in this Circular with third parties**

Based on Infineon Building’s valuation of S\$50.9 million and projected net property income of S\$4.2 million for FY2006, the property yield of Infineon Building is estimated to be 8.2%. Based on Techpoint’s valuation of S\$75.0 million and projected net property income of S\$6.4 million for FY2006, the property yield of Techpoint is estimated to be 8.5%.

We have made reference to recent completed market transactions (from 1 October 2003 to 30 June 2004 (the “**Selected Period**”)) carried out by A-REIT with third parties and Acquisitions by A-REIT (excluding the Infineon Acquisition and the Techpoint Acquisition) in this Circular with third parties (collectively known as “**A-REIT Transactions**”), to give a general indication of the current market expectations with regards to property yield for industrial properties.

We have however recognised that there is no other property which we may consider to be identical to Infineon Building and Techpoint in terms of lettable space, location, composition of tenant(s), track record, future prospects and other relevant criteria. We have not used any general market property yield statistics as they are generally not readily available from any reliable source. Furthermore, such market property yields will fluctuate over time depending on the demand and supply for industrial properties in Singapore.

**Accordingly, the Independent Directors should note that any comparisons made with respect to the recent market transactions to the Infineon Acquisition and the Techpoint Acquisition serve as an illustrative guide only.**

We set out below the purchase price and property yields generated from the A-REIT Transactions.

Date of announcement	Name of property	Purchase Price (S\$ million)	Property Yield (%) <sup>(1)</sup>
20-Nov-03	IDS Logistics Corporate Headquarters	50.0	8.2
21-Nov-03	TT International Tradepark	92.0	7.9
05-Dec-03	Trivec Building	32.0	8.4
23-Dec-03	Changi Logistics Centre	45.6	8.6
09-Jan-04	Siemens Center	65.8	8.3
13-May-04	Nan Wah Building	23.3	8.4
20-May-04	Progen Building	24.8	8.4
15-Jun-04	C & P Logistics Hub	225.0	7.8
24-Aug-04	Exklusiv Centre <sup>(2) (8)</sup>	44.8	7.9
24-Sep-04	Wisma Gulab <sup>(3) (8)</sup>	55.7	8.0
4-Oct-04	Autron Building <sup>(8)</sup>	14.0	8.3
4-Oct-04	SB Building <sup>(4) (8)</sup>	17.8	8.7
4-Oct-04	Steel Industries Building <sup>(8)</sup>	15.3	7.9
4-Oct-04	Volex Building <sup>(8)</sup>	9.4	8.0
14-Oct-04	CG Aerospace Building <sup>(5) (8)</sup>	31.1	10.7
14-Oct-04	Fedex Building <sup>(8)</sup>	33.5	7.8
14-Oct-04	Freight Links (Changi) Building <sup>(6) (8)</sup>	32.0	9.3
14-Oct-04	Freight Links (Toh Guan) Building <sup>(7) (8)</sup>	36.4	9.0
14-Oct-04	MacDermid Building <sup>(8)</sup>	5.5	11.0

High	11.0
Low	7.8
Average (excluding MacDermid Building) <sup>(9)</sup>	8.4

Infineon Building	8.2
Techpoint	8.5

Source: SGX website

**Notes:**

- (1) For IDS Logistics Corporate Headquarters, TT International Tradepark, Trivec Building, Changi Logistics Centre, Siemens Center, Nan Wah Building, Progen Building and C & P Logistics Hub, the property yields are calculated based on the net property income to be received during the first year of operation over the purchase prices (less acquisition costs). For the Properties, the property yields are based on the projected financial figures for FY2006.
- (2) The property yield for Exklusiv Centre is based on a property value of S\$43.9 million, being its acquisition price of S\$44.8 million less the deferred settlement component of S\$0.9 million (see **Appendix 7** of the Circular for more details regarding the deferred settlement component).
- (3) The property yield for Wisma Gulab is based on a property value of S\$43.5 million, being its acquisition price of S\$55.7 million less the deferred settlement component of S\$12.2 million (see **Appendix 7** of the Circular for more details regarding the deferred settlement component).
- (4) The property yield for SB Building is based on a property value of S\$14.0 million, being its acquisition price of S\$17.8 million less the deferred settlement component of S\$3.8 million (see **Appendix 7** of the Circular for more details regarding the deferred settlement component).

- (5) The property yield for CG Aerospace Building is based on a property value of S\$23.0 million, being its acquisition price of S\$31.1 million less the deferred settlement component of S\$8.1 million (see **Appendix 7** of the Circular for more details regarding the deferred settlement component).
- (6) The property yield for Freight Links (Changi) Building is based on a property value of S\$25.6 million, being its acquisition price of S\$32.0 million less the deferred settlement component of S\$6.4 million (see **Appendix 7** of the Circular for more details regarding the deferred settlement component).
- (7) The property yield for Freight Links (Toh Guan) Building is based on a property value of S\$29.1 million, being its acquisition price of S\$36.4 million less the deferred settlement component of S\$7.3 million (see **Appendix 7** of the Circular for more details regarding the deferred settlement component).
- (8) These are the Acquisitions mentioned in the Circular.
- (9) Excluding MacDermid Building's property yield of 11.0% in the computation of average property yield for the A-REIT Transactions as its property yield is significantly higher than the property yields of the individual A-REIT Transactions.

We noted that all the A-REIT Transactions have property yields of between 7.8% and 11.0% and average property yields (excluding MacDermid Building) of 8.4%. The property yields of 8.2% and 8.5% from Infineon Building and Techpoint respectively are within the range of property yields of the A-REIT Transactions. The property yields from both properties are not significantly different from the average property yields (excluding MacDermid Building) from the A-REIT Transactions. Hence based on the above comparison with A-REIT Transactions, the property yields from Infineon Building and Techpoint do not appear to be unreasonable.

**(c) Property yields from Infineon Building and Techpoint compared with property yields from recent market transactions in Singapore made by comparable companies listed and traded on the SGX-ST**

For illustration purposes only, we have made comparisons between the property yields from Infineon Building and Techpoint and property yields from recent market transactions in Singapore made by comparable companies listed and traded on the SGX-ST pursuant to their initial listing and during the Selected Period. As at the date of this Circular, there are a total of four real estate investment trusts ("**REIT**") listed and traded on the SGX-ST: A-REIT, Fortune Real Estate Investment Trust ("**Fortune REIT**"), CapitaMall Trust ("**CapitaMall**") and CapitaCommercial Trust ("**CCT**").

During the Selected Period, CapitaMall has acquired two retail properties. The average property yield of CapitaMall's two properties is 7.1%<sup>1</sup>, which is lower than the property yields of Infineon Building and Techpoint. CCT and Fortune REIT did not enter into any acquisitions pursuant to their initial listing and during the Selected Period, therefore there are no comparison to be made with acquisitions made by these two REITs. We also noted that Mapletree Investments Pte Ltd, which has plans to launch a logistics REIT, will be acquiring TIC Tech Centre and expects this acquisition to give a property yield exceeding 8.0%<sup>2</sup>, which is in line with the property yields of Infineon Building and Techpoint.

It should be noted that CapitaMall's portfolio comprises retail properties, whereas A-REIT's portfolio comprises industrial properties which may generate different property yields. Hence, the type of properties held by each REIT is a significant factor that will materially affect their comparabilities. Furthermore, the properties held by the other REITs are not identical to Infineon Building and Techpoint in terms of lettable space, location, composition of tenant(s), track record, future prospects and other relevant criteria.

**(d) Occupancy levels to be achieved by Infineon Building and Techpoint**

Infineon Building will be leased to Infineon Technologies Asia Pacific Pte Ltd and the occupancy rate will be 100% during the lease term of 12 years. Based on the valuation report prepared by CB Richard Ellis, Techpoint has an occupancy rate of 87.6% as at 31 August 2004.

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1 Based on the projected net property income of Plaza Singapura and IMM Building in the circulars dated 21 June 2004 and 13 May 2003 respectively.

2 Based on the announcement made on 3 May 2004.

According to Urban Development Authority (“**URA**”) Statistics, the island wide occupancy rate (2nd Quarter 2004) for factory space<sup>3</sup> was 87.8%. For single-user factory space and multiple-user factory space, the occupancy rates were 91.0% and 81.6% respectively.

Infineon Building will be a single-user property (i.e. a single tenant). Its occupancy rate of 100% exceeds the URA's island wide occupancy rate for single-user factory space of 91.0%.

Techpoint is a multiple-user property (i.e. multiple tenants). Its occupancy rate of 87.6% as at 31 August 2004 exceeds the URA's island wide occupancy rate for multiple-user factory space of 81.6%.

**(e) Rental Guarantees for Techpoint**

We noted from Techpoint's full valuation report dated 31 August 2004 that rental guarantees have been provided for (i) units currently occupied by five existing tenants and (ii) some existing vacant space.

In the event that A-REIT is able to lease the guarantee units at rental prices higher than the guaranteed rent, it will be able to increase its net property income. We noted that the guaranteed rent has been factored into Techpoint's valuation of S\$75.0 million.

**(f) Financial effects of the Infineon Acquisition and the Techpoint Acquisition**

The following table summarises the effect of the Infineon Acquisition and the Techpoint Acquisition on A-REIT's forecast and projected net investment income and distributable income for the financial years ending 31 March 2005 and 31 March 2006.

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<sup>3</sup> According to URA, factory space is defined as space used or intended to be used for industrial purposes, comprising buildings or part of the buildings used for the manufacturing, altering, repairing, ornamenting, finishing, cleaning, washing, packing, canning, breaking-up or demolition of any article or its parts and the processing and treatment of minerals.

## Forecast and Projected Statement of Net Investment Income and Distributable Income

	Forecast for the Financial Year Ending 31 March 2005						Projection for the Financial Year Ending 31 March 2006					
	Existing Properties (S\$'000)	Infineon (S\$'000)	Techpoint (S\$'000)	After Infineon and Techpoint (S\$'000)	Other Properties <sup>(1)</sup> (S\$'000)	After the Acquisitions (S\$'000)	Existing Properties (S\$'000)	Infineon (S\$'000)	Techpoint (S\$'000)	After Infineon and Techpoint (S\$'000)	Other Properties <sup>(1)</sup> (S\$'000)	After the Acquisitions (S\$'000)
Gross revenue	116,602	1,594	3,034	121,230	8,459	129,689	125,422	5,519	10,272	141,213	29,540	170,753
Property operating expenses	(33,848)	(388)	(1,088)	(35,324)	(2,161)	(37,485)	(36,237)	(1,331)	(3,902)	(41,470)	(7,499)	(48,969)
Net property income	82,754	1,206	1,946	85,906	6,298	92,204	89,185	4,188	6,370	99,743	22,041	121,784
Non-property expenses	(18,298)	(202)	(314)	(18,814)	(1,178)	(19,992)	(22,234)	(406)	(630)	(23,270)	(2,363)	(25,633)
Net investment income	64,456	1,004	1,632	67,092	5,120	72,212	66,951	3,782	5,740	76,473	19,678	96,151
Non-tax deductible expenses	6,842	155	240	7,237	900	8,137	6,929	253	392	7,574	1,473	9,047
Net investment income available for distribution	71,298	1,159	1,872	74,329	6,020	80,349	73,880	4,035	6,132	84,047	21,151	105,198
Weighted average number of Units in issue ('000) <sup>(2)</sup>	778,329	10,615	16,473	805,417	61,850	867,267						
Units in issue ('000) <sup>(2)(3)</sup>	794,425	31,897	49,500	875,822	185,858	1,061,680	798,424	31,897	49,500	879,822	187,059	1,066,881
Earnings per Unit (cents) <sup>(2)(3)</sup>	8.28			8.33		8.33	8.39			8.69		9.01
DPU (cents) <sup>(2)(3)</sup>	9.16			9.23		9.26	9.25			9.55		9.86

### Notes:

- (1) Other Properties refer to Exklusiv Centre, CG Aerospace Building, Autron Building, SB Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building, Wisma Gulab, Steel Industries Building and Volex Building.
- (2) The weighted average number of Units is used for the calculation of earnings per Unit and DPU for the financial year ending 31 March 2005 as the new Units to be issued under the Equity Fund Raising and the Consideration Units are only entitled to A-REIT's distributable income from the date of issue of such Units (which is assumed to be 1 December 2004). The total number of Units in issue is used to calculate earnings per Unit and DPU for the financial year ending 31 March 2006. The forecast and projection are based on the assumption that Gearing is reduced to approximately 26% immediately following the completion of the Acquisitions.
- (3) Assuming that 266.7 million new Units (including the Consideration Units) are issued at an issue price of S\$1.50 per Unit to fund the Acquisitions and that A-REIT's Gearing is reduced to approximately 26% upon completion of the Acquisitions and as at 31 March 2006. The figures include Units issued to the Manager in part payment of its Base Fee and Performance Fee in respect of the Existing Properties and the Properties under the current mode of payment of such fees.

The pro forma financial information of A-REIT (set out in section C of **Appendix 5** of the Circular) assumes that all of the Acquisitions (including the Infineon Acquisition and the Techpoint Acquisition) were completed on 1 April 2003 and the Properties were held and operated for the financial year ended 31 March 2004. Hence, financial effects based on such pro forma financial information will be purely for illustration purposes as the purchases of the Properties will only be made after the EGM.

Therefore, we have shown the financial effects of the Acquisitions (including the Infineon Acquisition and the Techpoint Acquisition) based on the profit forecast and profit projection as shown in the table above, which will be more relevant to the Unitholders. The forecast and projection have been reviewed by the Independent Accountants and should be read together with their report contained in **Appendix 4** of the Circular as well as the assumptions and sensitivity analysis which accompany the forecast and projected statement of net investment income and distributable income in **Appendix 3** of the Circular. The profit forecast and profit projection for the Infineon Acquisition and the Techpoint Acquisition have been provided by the Manager and we have not independently verified these financial information.

Based on the profit forecast and profit projection, the financial effects on the earnings per Unit and DPU of both the Infineon Acquisition and the Techpoint Acquisition are accretive.

**(g) Issue of Consideration Units at the Issue Price**

We noted that the issue of Consideration Units will not only be subjected to the Unitholders' approval, it is also contingent upon the Unitholders' approval for the Issue Price Supplement. With the Issue Price Supplement and pursuant to the terms of the Infineon Option Agreement and the Techpoint Option Agreement, Ascendas will be receiving the Consideration Units at the same price as the new Units issued under the Equity Fund Raising. As the Issue Price will only be determined by the Manager and the Joint Lead Managers and Underwriters closer to the date of commencement of the Equity Fund Raising, our evaluation process could not include any analysis of the Issue Price and thus we will not be able to make any specific comments on the eventual Issue Price, except that the new Units issued under the Equity Fund Raising will be issued to, *inter alia*, the public, and hence Ascendas will be receiving the new Units at the same price as the new Units that are issued to the public. As such, our opinion excludes any future impact of the Issue Price, yet to be determined.

**8. OTHER CONSIDERATIONS**

**(a) Due Diligence Process**

Both the Property Funds Guidelines and the Listing Manual requirements would have to be complied with in respect of a proposed transaction which is governed by both sets of rules. Where matters concerning A-REIT relate to transactions entered or to be entered into by the Trustee for and on behalf of A-REIT with a related party of the Manager, the Trustee is required to ensure that such transactions are conducted at arm's length in accordance with applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question.

In general, the Manager has established internal control procedures to ensure that all future transactions involving the Trustee, as the trustee of A-REIT, and a related party of the Manager ("**Related Party Transactions**") are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties. In respect of such transactions, the Manager would have to demonstrate to the Audit Committee that the transactions would be undertaken on normal commercial terms, which may including obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining a valuation from an independent valuer (in accordance with the Property Funds Guidelines). In addition, the following procedures will be undertaken:



- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding S\$100,000 in value but below 3.0% of A-REIT's net tangible assets will be subject to review by the Audit Committee at regular intervals;
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 3.0% but below 5.0% of A-REIT's net tangible assets will be subject to the review and approval of the Audit Committee. Such approval shall only be given if the transactions are on arm's length commercial terms and consistent with similar types of transactions made by the Trustee, as trustee of A-REIT, with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same interested party during the same financial year) equal to or exceeding 5.0% of A-REIT's net tangible assets will be reviewed and approved by the Audit Committee which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers. Further, under the Listing Manual and Property Funds Guidelines, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning A-REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of A-REIT with a related party of the Manager, the Trustee is required to ensure that such transactions are conducted at arm's length in accordance with all applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question. Further, the Trustee, as trustee of A-REIT, has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager. If the Trustees is to sign any contract with a related party of the Trustee or the Manager, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Guidelines (as may be amended from time to time) and the provisions of the Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and SGX-ST to apply to real estate investments funds.

All Related Party Transactions will be subject to regular periodic reviews by the Audit Committee.

The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted at arm's length and on normal commercial terms and are not prejudicial to Unitholders. The Manager will maintain a register to record all Related Party Transactions (and the basis, including, where practicable, the quotations obtained to support such basis, on which they are entered into) which are entered into by A-REIT. The Manager will incorporate into its internal audit plan a review of all Related Party Transactions entered into by A-REIT. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also review such audit reports to ascertain that the Property Funds Guidelines have been complied with.

The Audit Committee will periodically review Related Party Transactions to ensure compliance with the internal audit procedures and with the relevant provisions of the Listing Manual and the Property Funds Guidelines. The review will include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

The Manager has confirmed that the review procedures described above have been adhered to in relation to the Infineon Acquisition and the Techpoint Acquisition.

**(b) Rationale for Agreeing to Issue Consideration Units**

We wish to highlight the following Manager's rationale for agreeing to issue Consideration Units which has been extracted from page 22 of the Circular.

"As the Manager had determined that Infineon Building and Techpoint would be attractive acquisitions for A-REIT in terms of DPU accretion, it was agreed that A-REIT would, subject to the relevant approvals being obtained, pay the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount in Units rather than cash to ensure greater certainty of funding. Unlike an equity fund raising exercise, the issue of Consideration Units by A-REIT is not subject to market conditions.

Ascendas is one of Singapore's leading developers, managers and marketers of business park and industrial properties and has significant local market expertise, experience and knowledge of the local property market. The Manager believes that upon receipt of the Consideration Units, Ascendas' interests will become further aligned with those of the Unitholders and A-REIT as a whole and, accordingly, A-REIT will increase its competitive advantage in the acquisition of properties in the Singapore businesses park and light industrial sectors.

The issue of the Consideration Units to Ascendas in payment of the Relevant Infineon Purchase Price Amount and the Relevant Techpoint Purchase Price Amount will also reduce the underwriting fee payable to the Joint Lead Managers and Underwriters as no such fee will be payable by A-REIT in respect of the Consideration Units. In the event that Unitholders' approvals for the issue of the Consideration Units are not obtained, the number of new Units to be issued under the Equity Fund Raising will have to include such new Units that would otherwise have been issued directly to Ascendas as the Consideration Units, and A-REIT would have to incur an additional estimated S\$2.1 million in underwriting fees."

**(c) The lease agreement for Infineon Building contain certain provisions that may have an adverse effect on the financial condition and results of operations of A-REIT**

We wish to highlight the following provisions in the lease agreement for Infineon Building which have been extracted from page 107 of the Circular.

"The Infineon Building will be held by the Trustee, on behalf of A-REIT, pursuant to an agreement for lease ("**JTC Lease**") with JTC. The JTC Lease contains certain restrictions on resale, including the restriction that JTC's consent is required before Infineon Building can be sold. The JTC Lease also contains a first right of refusal during the term of lease in favour of JTC to purchase the property at the prevailing market rate based only on the building and excluding the value of the leasehold land. The tenant, Infineon Technologies Asia Pacific Pte Ltd, has an option to purchase not earlier than 15 months but no later than 12 months prior to expiry of term of lease at a price to be mutually agreed. These restrictions and terms could impair A-REIT's ability to resell the property and consequently could adversely affect its financial condition and results of operations."

#### **(d) Capital Expenditure Works**

As stipulated in the Techpoint Purchase Agreement, Ascendas will carry out at its own cost and expense certain capital expenditure works, such as minor upgrading works to Techpoint, over the period of nine months following the sale completion date. This could reduce the future capital expenditure expenses, if any, to be incurred by A-REIT.

### **9. OPINION**

In arriving at our opinion, we have taken into account a range of considerations, including but not limited to, the rationale for the Acquisitions, the valuations of Infineon Building and Techpoint carried out by CB Richard Ellis, the property yields, the occupancy levels to be achieved and the financial effects of the Infineon Acquisition and the Techpoint Acquisition.

We have carefully considered as many factors as we deemed essential and balanced them before reaching our opinion. Accordingly, it is important that our letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information available as at the date of this report. The principal factors that we have taken into account in forming our opinion are summarised below:

- the rationale for the Acquisitions, which will also be applicable for the Infineon Acquisition and the Techpoint Acquisition;
- the purchase considerations of Infineon Building and Techpoint are supported by the open market valuation determined by CB Richard Ellis;
- the property yields of 8.2% and 8.5% generated by Infineon Building and Techpoint respectively are between the range of property yields of 7.8% and 11.0% generated by A-REIT Transactions and not significantly different from the average property yield (excluding MacDermid Building) of 8.4%;
- Infineon Building will be used as a single-user property and its occupancy rate of 100% exceeds the URA's island wide occupancy rate for single-user factory space of 91.0%. Techpoint is a multiple-user property and its occupancy rate of 87.6% as at 31 August 2004 exceeds the URA's island wide occupancy rate for multiple-user factory space of 81.6%;
- rental guarantees provided for Techpoint will ensure an income during the guarantee period even if the guarantee units in Techpoint are not rented out. Further if A-REIT is able to lease the guarantee units in Techpoint at rental prices higher than the guaranteed rent, it will be able to increase its net property income;
- based on the profit forecast and profit projection provided by the Manager, the financial effects on the earnings per Unit and DPU of both the Infineon Acquisition and the Techpoint Acquisition are accretive;
- subject to the Unitholders' approval for the issue of Consideration Units and the Issue Price Supplement, and pursuant to the terms of the Infineon Option Agreement and the Techpoint Option Agreement, Ascendas will be receiving the Consideration Units at the same price as the new Units issued under the Equity Fund Raising. As the Issue Price will only be determined by the Manager and the Joint Lead Managers and Underwriters closer to the date of commencement of the Equity Fund Raising, our evaluation process could not include any analysis of the Issue Price and thus we will not be able to make any specific comments on the eventual Issue Price, except that the new Units issued under the Equity Fund Raising will be issued to, *inter alia*, the public, and hence Ascendas will be receiving the new Units at the same price as the new Units that are issued to the public. As such, our opinion below excludes any future impact of the Issue Price, yet to be determined; and
- the due diligence process undertaken by the Manager.

Having considered the factors and made the assumptions set out above, and subject to the qualifications set out herein as at the date of this letter, we are of the view that the Infineon Acquisition and the Techpoint Acquisition are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders. Accordingly, we advise the Independent Directors to recommend that Unitholders vote in favour of both the Infineon Acquisition and the Techpoint Acquisition. However, we wish to highlight that each Unitholder may have different investment objectives and considerations and hence should seek their own professional advice.

This letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Infineon Acquisition and the Techpoint Acquisition, and the recommendation made by them to the Unitholders shall remain the responsibility of the Independent Directors. Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PwCCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. Nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore and any re-enactment thereof shall not apply.

Yours truly  
for and on behalf of  
**PricewaterhouseCoopers Corporate Finance Pte Ltd**

Kan Yut Keong  
Managing Director

## PRINCIPAL TERMS OF THE OPTION AGREEMENTS AND THE PURCHASE AGREEMENTS AND CERTAIN OTHER INFORMATION ON INFINEON BUILDING

### (1) Principal Terms of the Option Agreements

#### (A) Infineon Building

Under the Infineon Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option and Ascendas' right to exercise its put option, in both cases to require the other party to enter into the Infineon Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the Infineon Acquisition and for the issue of new Units to fund (whether in whole or in part) the acquisition of Infineon Building;
- (ii) the grant of a temporary occupation permit for Infineon Building by the Building and Construction Authority; and
- (iii) the signing of a lease agreement for Infineon Building for a term of 12 years between Ascendas and Infineon Technologies Asia Pacific Pte Ltd.

#### (B) Techpoint

Under the Techpoint Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Ascendas to exercise its put option, in both cases to require the other party to enter into the Techpoint Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the Techpoint Acquisition and for the issue of new Units to fund (whether in whole or in part) the acquisition of Techpoint; and
- (ii) A-REIT securing sufficient financing to undertake the Techpoint Acquisition and the agreements for such financing have not been terminated and being unconditional in all respects.

#### (C) Exklusiv Centre

Under the put and call option agreement relating to the sale and purchase of Exklusiv Centre, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Group Exklusiv Pte Ltd, the vendor of Exklusiv Centre, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of Exklusiv Centre, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the issue of an agreement for lease by Housing and Development Board of the second land plot on which Exklusiv Centre is located (the "**Second Land Plot**");
- (ii) the approval of Housing and Development Board for, *inter alia*, the transfer of Exklusiv Centre and the Second Land Plot to A-REIT; and
- (iii) A-REIT securing sufficient financing to undertake the acquisition of Exklusiv Centre and the agreements for such financing have not been terminated and being unconditional in all respects.

**(D) CG Aerospace Building**

Under the put and call option agreement relating to the sale and purchase of CG Aerospace Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of CG Aerospace Warehouse (S) Pte Ltd, the vendor of CG Aerospace Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of CG Aerospace Building, are conditional upon, *inter alia*, A-REIT securing sufficient financing to undertake the acquisition of CG Aerospace Building and the agreements for such financing have not been terminated and being unconditional in all respects (unless having been waived by the Trustee in writing).

**(E) Autron Building**

Under the put and call option agreement relating to the sale and purchase of Autron Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of IC Equipment Pte Ltd, the vendor of Autron Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of Autron Building, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of Autron Building;
- (ii) the approval of the shareholders of Autron Corporation Limited, the holding company of IC Equipment Pte Ltd, for the sale of Autron Building (if required); and
- (iii) A-REIT securing sufficient financing to undertake the acquisition of Autron Building and the agreements for such financing have not been terminated and being unconditional in all respects.

**(F) SB Building**

Under the put and call option agreement relating to the sale and purchase of SB Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of SB Façade Pte Ltd, the vendor of SB Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of SB Building, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of SB Building; and
- (ii) A-REIT securing sufficient financing to undertake the acquisition of SB Building and the agreements for such financing have not been terminated and being unconditional in all respects.

**(G) Fedex Building**

Under the put and call option agreement relating to the sale and purchase of Fedex Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Cargo Distribution Pte Ltd, the vendor of Fedex Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of Fedex Building, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of, *inter alia*, Fedex Building; and
- (ii) A-REIT securing sufficient financing to undertake the acquisition of, *inter alia*, Fedex Building and the agreements for such financing have not been terminated and being unconditional in all respects.

Under the lease agreement to be entered into between Cargo Distribution Pte Ltd and the Trustee (as trustee of A-REIT) upon completion of the sale and purchase of Fedex Building (the form of which is attached to the put and call option agreement), Cargo Distribution Pte Ltd will have a right of first refusal to acquire Fedex Building in the event that A-REIT decides to sell the property.

#### **(H) Freight Links (Changi) Building**

Under the put and call option agreement relating to the sale and purchase of Freight Links (Changi) Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Freight Links Express Districentre Pte Ltd, the vendor of Freight Links (Changi) Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of Freight Links (Changi) Building, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of, *inter alia*, Freight Links (Changi) Building;
- (ii) the approval of the shareholders of Freight Links Express Holdings Limited, the holding company of Freight Links Express Districentre Pte Ltd, for the sale of, *inter alia*, Freight Links (Changi) Building;
- (iii) A-REIT securing sufficient financing to undertake the acquisition of, *inter alia*, Freight Links (Changi) Building and the agreements for such financing have not been terminated and being unconditional in all respects; and
- (iv) the approval of the financiers of Freight Links Express Holdings Limited or Freight Links Express Districentre Pte Ltd (as applicable) for the sale and discharge of mortgage of, *inter alia*, Freight Links (Changi) Building.

Under the lease agreement to be entered into between Freight Links Express Districentre Pte Ltd and the Trustee (as trustee of A-REIT) upon completion of the sale and purchase of Freight Links (Changi) Building (the form of which is attached to the put and call option agreement), Freight Links Express Districentre Pte Ltd will have a right of first refusal to acquire Freight Links (Changi) Building in the event that A-REIT decides to sell the property.

#### **(I) Freight Links (Toh Guan) Building**

Under the put and call option agreement relating to the sale and purchase of Freight Links (Toh Guan) Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Freight Links Express Distripark Pte Ltd, the vendor of Freight Links (Toh Guan) Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of Freight Links (Toh Guan) Building, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of, *inter alia*, Freight Links (Toh Guan) Building;
- (ii) the approval of the shareholders of Freight Links Express Holdings Limited, the holding company of Freight Links Express Distripark Pte Ltd, for the sale of, *inter alia*, Freight Links (Toh Guan) Building;
- (iii) A-REIT securing sufficient financing to undertake the acquisition of, *inter alia*, Freight Links (Toh Guan) Building and the agreements for such financing have not been terminated and being unconditional in all respects; and
- (iv) the approval of the financiers of Freight Links Express Holdings Limited or Freight Links Express Distripark Pte Ltd (as applicable) for the sale and discharge of mortgage of, *inter alia*, Freight Links (Toh Guan) Building.

Under the lease agreement to be entered into between Freight Links Express Distripark Pte Ltd and the Trustee (as trustee of A-REIT) upon completion of the sale and purchase of Freight Links (Toh Guan) Building (the form of which is attached to the put and call option agreement), Freight Links Express Distripark Pte Ltd will have a right of first refusal to acquire Freight Links (Toh Guan) Building in the event that A-REIT decides to sell the property.

**(J) MacDermid Building**

Under the put and call option agreement relating to the sale and purchase of MacDermid Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Cargo Distribution Pte Ltd, the vendor of MacDermid Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of MacDermid Building, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of, *inter alia*, MacDermid Building; and
- (ii) A-REIT securing sufficient financing to undertake the acquisition of, *inter alia*, MacDermid Building and the agreements for such financing have not been terminated and being unconditional in all respects.

**(K) Wisma Gulab**

Under the put and call option agreement relating to the sale and purchase of Wisma Gulab, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of RSH Holdings Pte Ltd, the vendor of Wisma Gulab, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of Wisma Gulab, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of Wisma Gulab;
- (ii) the approval of the shareholders of RSH Limited, the holding company of RSH Holdings Pte Ltd, given at an extraordinary general meeting for the sale of Wisma Gulab and the mechanical and electrical equipment relating thereto at the purchase price stated in the put and call option agreement relating thereto (if required); and
- (iii) A-REIT securing sufficient financing to undertake the acquisition of Wisma Gulab and the agreements for such financing have not been terminated and being unconditional in all respects.

**(L) Steel Industries Building**

Under the put and call option agreement relating to the sale and purchase of Steel Industries Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Steel Industries Pte Ltd, the vendor of Steel Industries Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of Steel Industries Building, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of Steel Industries Building; and
- (ii) A-REIT securing sufficient financing to undertake the acquisition of Steel Industries Building and the agreements for such financing have not been terminated and being unconditional in all respects.



## (M) Volex Building

Under the put and call option agreement relating to the sale and purchase of Volex Building, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of Volex (Asia) Pte Ltd, the vendor of Volex Building, to exercise its put option, in both cases to require the other party to enter into the sale and purchase agreement relating to the sale and purchase of Volex Building, are conditional upon the fulfilment of, *inter alia*, the following conditions (unless having been waived by the Trustee in writing):

- (i) the approval of Unitholders given at an extraordinary general meeting for the issue of new Units to fund (whether in whole or in part) the acquisition of Volex Building; and
- (ii) A-REIT securing sufficient financing to undertake the acquisition of Volex Building and the agreements for such financing have not been terminated and being unconditional in all respects.

## (2) Principal Terms of the Purchase Agreements

### (A) Infineon Building

- (i) **Subject matter of purchase:** If either the call option or put option under the Infineon Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the Infineon Purchase Agreement with Ascendas, the Trustee will be required to purchase Infineon Building.
- (ii) **Consideration:** The purchase price of Infineon Building is S\$50.9 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of CB Richard Ellis (Pte) Ltd dated 3 September 2004.

A refundable deposit of S\$509,000 has already been paid by A-REIT. Upon completion of the Infineon Acquisition and provided that Unitholders' approval for the Issue Price Supplement is obtained by the time of exercise of either the call option or the put option under the Infineon Option Agreement, 94.0% of the Infineon Purchase Price will be satisfied by the issue and allotment of the Infineon Consideration Units pursuant to the Infineon Option Agreement, with the balance (if any) to be satisfied in cash. If Unitholders' approval for the Issue Price Supplement is not obtained by the time of exercise of either the call option or the put option under the Infineon Option Agreement, 94.0% of the Infineon Purchase Price will be satisfied by cash upon completion of the Infineon Acquisition. The remaining 5.0% of the Infineon Purchase Price will be paid in cash upon the issue of the certificate of statutory completion for Infineon Building.

Under the development agreement entered into between Ascendas and Infineon Technologies Asia Pacific Pte Ltd, in the course of construction of the development of Infineon Building, Infineon Technologies Asia Pacific Pte Ltd is entitled to request for additional building works and services in relation to the said development (in addition to pre-agreed specifications) by issuing a variation request.

If a variation request is made by Infineon Technologies Asia Pacific Pte Ltd and it elects to proceed with its variation request upon receiving Ascendas' quotation for such additional building works and services, Infineon Technologies Asia Pacific Pte Ltd shall issue a variation order to Ascendas confirming Infineon Technologies Asia Pacific Pte Ltd's acceptance of the quoted cost of the variation ("**Agreed Variation Cost**"). The said development agreement provides for adjustment of rents payable by Infineon Technologies Asia Pacific Pte Ltd under the lease agreement entered into between Infineon Technologies Asia Pacific Pte Ltd and Ascendas due to such variation orders.

The Infineon Purchase Agreement provides that the Infineon Purchase Price will be increased based on the Agreed Variation Cost in accordance with the following formulae:

- (a) in respect of the first S\$2,000,000 of the Agreed Variation Cost, the Infineon Purchase Price shall be increased by an amount equivalent to such Agreed Variation Cost;
- (b) in respect of the Agreed Variation Cost, if any, above the first S\$2,000,000 (the “**Excess Amount**”), the Infineon Purchase Price shall be further increased by additional amounts of S\$16,800 for every S\$16,000 or part thereof of the Excess Amount; and
- (c) in respect of the Agreed Variation Cost, if any, above the first S\$4,000,000 (the “**Additional Excess Amount**”), Ascendas and the Trustee shall in good faith negotiate and agree on the further increase in the Infineon Purchase Price (over and above the increase determined in accordance with paragraphs (a) and (b) above). If the Trustee and Ascendas fail to agree on such increase in the Infineon Purchase Price, then the Infineon Purchase Price shall be increased as follows: for every 1 cent increase in the rent payable under the lease agreement entered into between Infineon Technologies Asia Pacific Pte Ltd and Ascendas (arising from the Additional Excess Amount), the Infineon Purchase Price shall be further increased by a sum equal to the Additional Excess Amount multiplied by a factor of 1.05.

## **(B) Techpoint**

- (i) **Subject matter of purchase:** If either the call option or put option under the Techpoint Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the Techpoint Purchase Agreement with Ascendas, the Trustee will be required to purchase Techpoint.
- (ii) **Consideration:** The purchase price of Techpoint is S\$75.0 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of CB Richard Ellis (Pte) Ltd dated 31 August 2004.

A refundable deposit of S\$750,000 (together with goods and services tax thereon) has already been paid by A-REIT. Subject to Unitholders’ approval for the Issue Price Supplement being obtained by the time of exercise of either the call option or the put option under the Techpoint Option Agreement, the remaining S\$74.25 million of the Techpoint Purchase Price will be satisfied by the issue and allotment of the Techpoint Consideration Units upon completion of the Techpoint Acquisition, with the balance (if any) to be satisfied in cash. If Unitholders’ approval for the Issue Price Supplement is not obtained by the time of exercise of either the call option or the put option under the Techpoint Option Agreement, the remaining S\$74.25 million of the Techpoint Purchase Price will be satisfied by cash upon completion of the Techpoint Acquisition.

## **(C) Exklusiv Centre**

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of Exklusiv Centre is exercised and the Trustee (trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Exklusiv Centre with Group Exklusiv Pte Ltd, the vendor of Exklusiv Centre, the Trustee will be required to purchase Exklusiv Centre.
- (ii) **Consideration:** The purchase price of Exklusiv Centre is S\$44.8164 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of Colliers International (Singapore) Pte Ltd dated 2 August 2004.

A refundable deposit of S\$448,164 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay an initial amount of S\$43.9164 million (including the refundable deposit) and the remaining S\$0.9 million of the purchase price of Exklusiv Centre will be paid at the end of the third year from completion.

#### (D) CG Aerospace Building

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of CG Aerospace Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of CG Aerospace Building with CG Aerospace Warehouse (S) Pte Ltd, the vendor of CG Aerospace Building, the Trustee will be required to purchase CG Aerospace Building.
- (ii) **Consideration:** The aggregate purchase price of CG Aerospace Building and the mechanical and electrical equipment relating thereto is S\$31.1 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of Colliers International Consultancy and Valuation (Singapore) Pte Ltd dated 15 September 2004.

A refundable deposit of S\$311,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$22.689 million. The balance of the purchase price (being S\$8.1 million) will be paid as follows: (a) the entire sum of S\$8.1 million will be paid when the National Library Board lease is renewed, subject to certain criteria, before 1 December 2006 but such payment shall not be made earlier than 5 December 2005, or (b) in pro-rated instalments when after completion of the acquisition, National Library Board or any other tenant signs up a legally binding tenancy agreement for any part (but not the whole) of the premises occupied by National Library Board under its lease existing as at completion of the acquisition, provided that not more than a total of S\$8.1 million will be paid and the entire sum of S\$8.1 million will be paid not later than 1 December 2006.

#### (E) Autron Building

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of Autron Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Autron Building with IC Equipment Pte Ltd, the vendor of Autron Building, the Trustee will be required to purchase Autron Building.
- (ii) **Consideration:** The aggregate purchase price of Autron Building and the mechanical and electrical equipment relating thereto is S\$14.0 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of Colliers International Consultancy and Valuation (Singapore) Pte Ltd dated 15 September 2004.

A refundable deposit of S\$140,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$13.86 million, being the balance of the purchase price of S\$14.0 million.

#### (F) SB Building

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of SB Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase price of SB Building with SB Façade Pte Ltd, the vendor of SB Building, the Trustee will be required to purchase SB Building.
- (ii) **Consideration:** The aggregate purchase price of SB Building and the mechanical and electrical equipment relating thereto is S\$17.8 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of Jones Lang LaSalle Property Consultants Pte Ltd dated 15 September 2004.

A refundable deposit of S\$178,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$13.822 million in cash with the balance of the purchase price of S\$17.8 million (being S\$3.8 million) to be paid at the end of the fifth year upon completion.

### (G) Fedex Building

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of Fedex Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Fedex Building with Cargo Distribution Pte Ltd, the vendor of Fedex Building, the Trustee will be required to purchase Fedex Building.
- (ii) **Consideration:** The aggregate purchase price of Fedex Building and the mechanical and electrical equipment relating thereto is S\$33.5 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of CB Richard Ellis (Pte) Ltd dated 15 September 2004.

A refundable deposit of S\$335,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$33,165,000, being the balance of the purchase price of S\$33.5 million.

### (H) Freight Links (Changi) Building

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of Freight Links (Changi) Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Freight Links (Changi) Building with Freight Links Express Districentre Pte Ltd, the vendor of Freight Links (Changi) Building, the Trustee will be required to purchase Freight Links (Changi) Building.
- (ii) **Consideration:** The aggregate purchase price of Freight Links (Changi) Building and the mechanical and electrical equipment relating thereto is S\$32.0 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of CB Richard Ellis (Pte) Ltd dated 15 September 2004.

A refundable deposit of S\$320,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$25.28 million. The balance of the purchase price (being S\$6.4 million) will be paid in two equal instalments, each instalment to be paid at the end of the third and sixth year upon completion, respectively.

### (I) Freight Links (Toh Guan) Building

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of Freight Links (Toh Guan) Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Freight Links (Toh Guan) Building with Freight Links Express Distripark Pte Ltd, the vendor of Freight Links (Toh Guan) Building, the Trustee will be required to purchase Freight Links (Toh Guan) Building.
- (ii) **Consideration:** The aggregate purchase price of Freight Links (Toh Guan) Building and the mechanical and electrical equipment relating thereto is S\$36.4 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of CB Richard Ellis (Pte) Ltd dated 15 September 2004.

A refundable deposit of S\$364,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$28.756 million in cash, with the balance of the purchase price of S\$36.4 million (being S\$7.28 million) to be paid in two equal instalments, each instalment to be paid at the end of the third and sixth year upon completion, respectively.

#### **(J) MacDermid Building**

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of MacDermid Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of MacDermid Building with Cargo Distribution Pte Ltd, the vendor of MacDermid Building, the Trustee will be required to purchase MacDermid Building.
- (ii) **Consideration:** The aggregate purchase price of MacDermid Building and the mechanical and electrical equipment relating thereto is S\$5.5 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of CB Richard Ellis (Pte) Ltd dated 15 September 2004.

A refundable deposit of S\$55,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$5.445 million, being the balance of the purchase price of S\$5.5 million.

#### **(K) Wisma Gulab**

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of Wisma Gulab is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Wisma Gulab with RSH Holdings Pte Ltd, the vendor of Wisma Gulab, the Trustee will be required to purchase Wisma Gulab.
- (ii) **Consideration:** The aggregate purchase price of Wisma Gulab and the mechanical and electrical equipment relating thereto is S\$55.7 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of Colliers International Consultancy and Valuation (Singapore) Pte Ltd dated 15 September 2004.

A refundable deposit of S\$557,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$42.943 million. The balance of the purchase price (being S\$12.2 million) will be paid in two deferred instalments. The first deferred instalment of S\$5.0 million will be paid on the fifth anniversary of the day of actual completion and the second deferred instalment of S\$7.2 million will be paid on the seventh anniversary of the day of actual completion, subject to the condition that the leaseback of Wisma Gulab to RSH Limited for a term of 15 years has not been terminated and is in force as at the fifth anniversary of the day of actual completion or, as the case may be, the seventh anniversary of the day of actual completion.

#### **(L) Steel Industries Building**

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of Steel Industries Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Steel Industries Building with Steel Industries Pte Ltd, the vendor of Steel Industries Building, the Trustee will be required to purchase Steel Industries Building.
- (ii) **Consideration:** The aggregate purchase price of Steel Industries Building and the mechanical and electrical equipment relating thereto is S\$15.25 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of Jones Lang LaSalle Property Consultants Pte Ltd dated 15 September 2004.

A refundable deposit of S\$152,500 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$15.0975 million, being the balance of the purchase price of S\$15.25 million.

### **(M) Volex Building**

- (i) **Subject matter of purchase:** If either the call option or put option under the put and call option agreement relating to the sale and purchase of Volex Building is exercised and the Trustee (as trustee of A-REIT) enters into the sale and purchase agreement for the purchase of Volex Building with Volex (Asia) Pte Ltd, the vendor of Volex Building, the Trustee will be required to purchase Volex Building.
- (ii) **Consideration:** The aggregate purchase price of Volex Building and the mechanical and electrical equipment relating thereto is S\$9.4 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the full valuation report of Colliers International Consultancy and Valuation (Singapore) Pte Ltd dated 15 September 2004.

A refundable deposit of S\$94,000 has already been paid by A-REIT. Upon completion of the acquisition, the Trustee will have to pay S\$9.306 million, being the balance of the purchase price of S\$9.4 million.

### **(3) Certain Other Information On Infineon Building**

The Infineon Building will be held by the Trustee, on behalf of A-REIT, pursuant to an agreement for lease ("**JTC Lease**") with JTC. The JTC Lease contains certain restrictions on resale, including the restriction that JTC's consent is required before Infineon Building can be sold. The JTC Lease also contains a first right of refusal during the term of lease in favour of JTC to purchase the property at the prevailing market rate based only on the building and excluding the value of the leasehold land. The tenant, Infineon Technologies Asia Pacific Pte Ltd, has an option to purchase not earlier than 15 months but no later than 12 months prior to expiry of term of lease at a price to be mutually agreed. These restrictions and terms could impair A-REIT's ability to resell the property and consequently could adversely affect its financial condition and results of operations.

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an EXTRAORDINARY GENERAL MEETING of Ascendas Real Estate Investment Trust (“**A-REIT**”) will be held at 2.30 p.m. on Tuesday, 2 November 2004 at Collyer Room, Level 4, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

### ORDINARY RESOLUTION

#### 1. ACQUISITION OF INFINEON BUILDING

That:

- (a) subject to and contingent upon the passing of Resolution 5, approval be and is hereby given for the acquisition of the whole of Pte Lot A20639 together with the property erected thereon as well as the plant and equipment relating thereto (“**Infineon Building**”) by A-REIT from Ascendas Land (Singapore) Pte Ltd (“**Ascendas**”) for an aggregate consideration of S\$50.9 million (the “**Infineon Acquisition**”), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 22 September 2003 (as amended by a supplemental agreement dated 14 October 2004) made between HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited) (as trustee of A-REIT) (the “**Trustee**”) and Ascendas, and for payment of all fees and expenses relating to the Infineon Acquisition (as described in the circular dated 14 October 2004 (the “**Circular**”) issued by Ascendas-MGM Funds Management Limited (as manager of A-REIT) (the “**Manager**”) to unitholders of A-REIT); and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Infineon Acquisition.

### EXTRAORDINARY RESOLUTION

#### 2. THE ISSUE OF INFINEON CONSIDERATION UNITS

That:

- (a) subject to and contingent upon the passing of Resolutions 1 and 7, approval be and is hereby given for the purposes of Clause 5.2.6 of the trust deed constituting A-REIT (the “**Trust Deed**”) for A-REIT to offer and issue, in the manner described in the Circular, such number of Infineon Consideration Units (as defined in the Circular) to Ascendas at the Issue Price (as defined in the Circular) as would be required to satisfy the Relevant Infineon Purchase Price Amount (as defined in the Circular); and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the issue of the Infineon Consideration Units.

## ORDINARY RESOLUTION

### 3. ACQUISITION OF TECHPOINT

That:

- (a) subject to and contingent upon the passing of Resolution 5, approval be and is hereby given for the acquisition of the whole of Lot 13100W Mukim 18 together with the property erected thereon as well as the plant and equipment relating thereto (“**Techpoint**”) by A-REIT from Ascendas for an aggregate consideration of S\$75.0 million (the “**Techpoint Acquisition**”), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 31 August 2004 (as amended by a supplemental agreement dated 14 October 2004) made between the Trustee (as trustee of A-REIT) and Ascendas, and for payment of all fees and expenses relating to the Techpoint Acquisition (as described in the Circular); and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Techpoint Acquisition.

## EXTRAORDINARY RESOLUTION

### 4. THE ISSUE OF TECHPOINT CONSIDERATION UNITS

That:

- (a) subject to and contingent upon the passing of Resolutions 3 and 7, approval be and is hereby given for the purposes of Clause 5.2.6 of the Trust Deed for A-REIT to offer and issue, in the manner described in the Circular, such number of Techpoint Consideration Units (as defined in the Circular) to Ascendas at the Issue Price as would be required to satisfy the Relevant Techpoint Purchase Price Amount (as defined in the Circular); and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the issue of the Techpoint Consideration Units.

## EXTRAORDINARY RESOLUTION

### 5. THE ISSUE OF NEW UNITS IN A-REIT

That:

- (a) approval be and is hereby given for the purposes of Clause 5.2.6 of the Trust Deed for A-REIT to offer and issue, in the manner described in the Circular, such number of new units in A-REIT (“**Units**”) as would be required to raise up to S\$400.0 million in gross proceeds (the “**Equity Fund Raising**”); and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Equity Fund Raising.



## **ORDINARY RESOLUTION**

### **6. PLACEMENT OF NEW UNITS TO MGM SINGAPORE PTE. LTD.**

That:

- (a) subject to and contingent upon the passing of Resolution 5, approval be and is hereby given for the placement at the Issue Price of up to such number of new Units under the private placement tranche of the Equity Fund Raising to MGM Singapore Pte. Ltd. as would be required to maintain its unitholdings at its pre-placement level (in percentage terms) as at the Latest Practicable Date (as defined in the Circular); and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to such placement of new Units to MGM Singapore Pte. Ltd.

## **EXTRAORDINARY RESOLUTION**

### **7. SUPPLEMENTING THE TRUST DEED WITH THE ISSUE PRICE SUPPLEMENT**

That:

- (a) approval be and is hereby given to amend Clause 5.2.5 of the Trust Deed with the Issue Price Supplement (as defined in the Circular) in the manner set out in Appendix 1 of the Circular; and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Issue Price Supplement.

## **EXTRAORDINARY RESOLUTION**

### **8. SUPPLEMENTING THE TRUST DEED WITH THE MANAGEMENT FEE SUPPLEMENT**

That:

- (a) approval be and is hereby given to amend Clauses 1.1, 15.1.1 and 15.1.2 of the Trust Deed with the Management Fee Supplement (as defined in the Circular) in the manner set out in Appendix 1 of the Circular; and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Management Fee Supplement.

## **EXTRAORDINARY RESOLUTION**

### **9. RATIFICATION OF THE EARLIER PLACEMENT AND REFRESHMENT OF THE GENERAL MANDATE**

That:

- (a) the Earlier Placement (as defined in the Circular) be ratified and the General Mandate (as defined in the Circular) be refreshed so that A-REIT may issue, at any time before the end of the current financial year (31 March 2005), such number of new Units which, together with any Units issued to the Manager in payment of its Base Fee and/or Performance Fee (both as defined in the Circular) but excluding the Units issued under the Earlier Placement, the new Units to be issued under the Equity Fund Raising and the Consideration Units (as

defined in the Circular), would not in value exceed 10.0% of the value of A-REIT's Deposited Property (as defined in the Circular) at the relevant time or 20.0% of the outstanding Units at the relevant time, whichever threshold is lower; and

- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Ratification (as defined in the Circular) and the refreshment of the General Mandate.

BY ORDER OF THE BOARD  
Ascendas-MGM Funds Management Limited  
(as manager of Ascendas Real Estate Investment Trust)

Tay Hsiu Chieh  
Company Secretary  
Singapore  
14 October 2004

**Notes:**

- (1) A unitholder of A-REIT ("**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a Unitholder.
- (2) The instrument appointing a proxy must be lodged at the Unit Registrar's office at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, not less than 48 hours before the time appointed for the Extraordinary General Meeting.

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**ASCENDAS REAL ESTATE INVESTMENT TRUST**

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

**PROXY FORM  
EXTRAORDINARY GENERAL MEETING****IMPORTANT**

1. For investors who have used their CPF moneys to buy units in Ascendas Real Estate Investment Trust, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name)

of \_\_\_\_\_ (Address)

being a unitholder/unitholders of Ascendas Real Estate Investment Trust ("A-REIT"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Extraordinary General Meeting of A-REIT to be held at 2.30 p.m. on Tuesday, 2 November 2004 at Collyer Room, Level 4, Raffles City Convention Centre, 2 Stamford Road, Singapore 178882 and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Extraordinary General Meeting.

No.	Resolutions	To be used on a show of hands		To be used in the event of a poll	
		For*	Against*	No. of Votes For**	No. of Votes Against**
1.	To approve the Infineon Acquisition (Ordinary Resolution)				
2.	To approve the issue of the Infineon Consideration Units (Extraordinary Resolution)				
3.	To approve the Techpoint Acquisition (Ordinary Resolution)				
4.	To approve the issue of the Techpoint Consideration Units (Extraordinary Resolution)				
5.	To approve the offer and issue of such number of new Units as would be required to raise up to S\$400.0 million in gross proceeds for the purpose of the Equity Fund Raising (Extraordinary Resolution)				
6.	To approve the MGM Singapore Placement (Ordinary Resolution)				
7.	To approve the Issue Price Supplement (Extraordinary Resolution)				
8.	To approve the Management Fee Supplement (Extraordinary Resolution)				
9.	To approve the Ratification and the refreshment of the General Mandate (Extraordinary Resolution)				

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004

<b>Total number of Units held</b>

\_\_\_\_\_  
Signature(s) of Unitholder(s)/Common Seal

**IMPORTANT: PLEASE READ THE NOTES TO THE PROXY FORM ON THE REVERSE SIDE.**



### Notes To Proxy Form

1. A unitholder of A-REIT (“**Unitholder**”) entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A proxy need not be a Unitholder.
4. A Unitholder should insert the total number of units in A-REIT (“**Units**”) held. If the Unitholder has Units entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited (“**CDP**”), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of A-REIT, he should insert that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The instrument appointing a proxy or proxies must be deposited at the Unit Registrar’s office at 10 Collyer Quay, #19-08 Ocean Building, Singapore 049315, not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

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Affix  
Postage  
Stamp

**LIM ASSOCIATES (PTE) LTD**  
10 Collyer Quay  
#19-08 Ocean Building  
Singapore 049315

*2nd fold here*

8. Ascendas-MGM Funds Management Limited (as manager of A-REIT) (the “**Manager**”) shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.
9. All Unitholders will be bound by the outcome of the Extraordinary General Meeting regardless of whether they have attended or voted at the Extraordinary General Meeting.
10. At any meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or by five or more Unitholders present in person or by proxy, or holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a show of hands, every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.



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Singapore Science Park I, Singapore 118255

[www.a-reit.com](http://www.a-reit.com)

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