

CIRCULAR DATED 25 AUGUST 2005

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 of up to 133,333,333 new units in Ascendas Real Estate Investment Trust ("A-REIT") to be issued pursuant to the Equity Fund Raising (as defined herein) and the issue of the Techview Consideration Units (as defined herein) on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of A-REIT, its Units (as defined herein) or the Equity Fund Raising.

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 138 DEPOT ROAD;
- (2) THE PROPOSED ACQUISITION OF HAMILTON SUNDSTRAND BUILDING;
- (3) THE PROPOSED ACQUISITION OF HOYA BUILDING;
- (4) THE PROPOSED ACQUISITION OF LOGISHUB@CLEMENTI;
- (5) THE PROPOSED ACQUISITION OF TECHQUEST;
- (6) THE PROPOSED ACQUISITION OF TECHVIEW;
- (7) THE PROPOSED ACQUISITION OF THALES BUILDING;
- (8) THE PROPOSED ISSUE OF THE TECHVIEW CONSIDERATION UNITS;
- (9) THE PROPOSED ISSUE OF NEW UNITS UNDER THE EQUITY FUND RAISING; AND
- (10) A PROPOSED PLACEMENT OF NEW UNITS TO MGM SINGAPORE PTE. LTD., A SUBSTANTIAL UNITHOLDER (AS DEFINED HEREIN).

**LEAD MANAGER AND UNDERWRITER
FOR THE EQUITY FUND RAISING**



**INDEPENDENT FINANCIAL ADVISER
TO THE NON-INTERESTED DIRECTORS AND THE TRUSTEE**

PricewaterhouseCoopers Corporate Finance Pte Ltd

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	: 11 September 2005 at 2:30 p.m.
Date and time of Extraordinary General Meeting	: 13 September 2005 at 2:30 p.m.
Place of Extraordinary General Meeting	: Pan Pacific Singapore Pacific 3, Level One 7 Raffles Boulevard, Marina Square Singapore 039595

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 33 to 42 of this Circular.

OVERVIEW

THE ACQUISITIONS

A-REIT proposes to acquire 14 properties in furtherance of its strategy of seeking to capitalise on investment opportunities in the Singapore business space and industrial property sectors.

The aggregate appraised value of the Properties as determined by the Independent Valuers is S\$342.5 million. The total acquisition costs of the Properties and the acquisition fee 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\$348.4 million. The acquisitions of the Properties (with the exception of 138 Depot Road and Thales Building) (hereinafter referred as the “EFR Acquisitions”) are expected to be completed in October 2005.

THE EQUITY FUND RAISING

The Manager proposes to finance the EFR Acquisitions partly with the proceeds of such number of New Units for placement by the Lead Manager and Underwriter to existing Unitholders of A-REIT and new investors at a price to be determined between the Manager and the Lead Manager and Underwriter to raise up to an aggregate of S\$240.0 million⁽¹⁾ in gross proceeds (which includes the issue of Techview Consideration Units to Ascendas (KB View) Pte Ltd or its nominee at the Issue Price). Please refer to Section 5 of the Letter to Unitholders for more details of the Equity Fund Raising.

THE PROPOSED ISSUE OF THE TECHVIEW CONSIDERATION UNITS

The Option Agreement for the proposed acquisition of Techview from Ascendas (KB View) Pte Ltd provides that a portion of the consideration for the Techview Acquisition will be paid in the form of Units, subject to the relevant approvals.

1-FOR-20 PREFERENTIAL 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 New Units at the Issue Price on a non-renounceable basis of one New Unit for every 20 Units held as at the Books Closure Date.

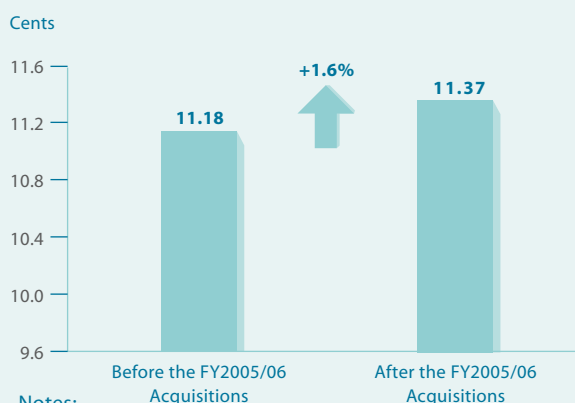
BENEFITS TO UNITHOLDERS

Apart from consolidating A-REIT’s leadership position as a provider of premium business space in Singapore, the Manager believes that the Acquisitions will provide Unitholders the benefits listed below.

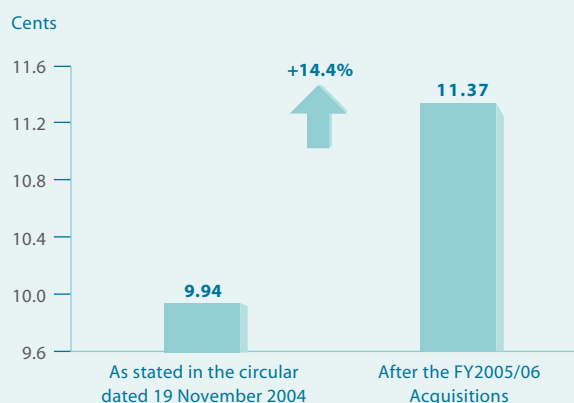
1. INCREASED EARNINGS AND DISTRIBUTIONS IN RESPECT OF THE FY2005/06 ACQUISITIONS

The Manager believes that Unitholders will enjoy higher earnings and distributions as a result of the FY2005/06 Acquisitions.

FY 2005/06 FORECAST DPU⁽²⁾



FY 2005/06 FORECAST DPU⁽²⁾



(1) This figure is based on the assumption that the Techview Approval is not obtained, and that the amount of gross proceeds that is required to be raised to fund the EFR Acquisitions includes such amount required to fund the Techview Acquisition entirely in cash. If such approval is obtained, the gross proceeds of the Equity Fund Raising will be reduced by the Required Portion to approximately S\$216.6 million (assuming an issue price of S\$2.10 per Unit).

(2) Assuming that the EFR Acquisitions are completed on 15 October 2005, that New Units under the Equity Fund Raising and the Techview Consideration Units are issued at an issue price of S\$2.10 per Unit, and that the Thales Acquisition is completed on 1 January 2006. Please also see the assumptions in Appendix 2.

2. **POTENTIAL GROWTH THROUGH POSITIVE RENTAL REVERSIONS ON MULTI-TENANTED BUILDINGS**

The Weighted Average Lease Term to Expiry is expected to decrease marginally from 7.1 years to 7.0 years after the Acquisitions. This is due to a number of the Acquisitions being acquisitions of multi-tenanted properties with typical lease terms of three years on average. There is potential for positive rental reversions when the leases in these multi-tenanted properties become due for renewal. Given that industrial property rental rates in Singapore appear to have bottomed out and are expected to improve going forward, these rental reversions and potential further improvement in occupancy rates may provide future growth in earnings and distributions for Unitholders.

3. **COMPETITIVE STRENGTHS OF THE PROPERTIES**

The Manager believes the Properties will 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 Profiles:** More than 56.0% of the Properties (in terms of net property income) have tenants on long-term leases of five years or more.

4. **ENHANCED TENANT BASE**

The Acquisitions will strengthen A-REIT's tenant base and further enhance its income diversification through the addition of more than 90 tenants, increasing A-REIT's tenant base to more than 620 tenants. The addition of these tenants will also further enhance the quality of its tenant base.

In addition, A-REIT's tenancy profile after the Acquisitions is made up of tenants that are exposed to a considerable range of industries, and whose countries of origin are widespread globally. This provides further diversification benefits.

5. **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 7.7% of A-REIT's total net property income based on the Enlarged Portfolio (as compared to 9.0% based on the properties in A-REIT's current portfolio). A-REIT's portfolio is well diversified between the following asset classes: Business Park, Hi-Tech Industrial, Light Industrial, and Logistics and Distribution Centres. The Manager believes that such asset class diversification mitigates the risk of adverse impact from economic cycles as each of these asset classes may react in different ways to fluctuations in the economy and may be at different stages of economic performance. For more benefits to Unitholders, please see pages 12 to 17 of this Circular.

Following completion of the Acquisitions, A-REIT's top 10 tenants (based on pro forma gross rental income) account for 36.3% of its total property portfolio income as compared to 42.1% before the Acquisitions.

TENANT	PERCENTAGE OF TOTAL PRO FORMA GROSS RENTAL INCOME
Singapore Telecommunications Limited	9.5%
C & P Holdings Pte Ltd	8.5%
Siemens Pte Ltd	3.3%
TT International Limited	2.9%
Infineon Technologies Asia Pacific Pte Ltd	2.3%
Freight Links Express Holdings Ltd	2.2%
Institute of High Performance Computing	2.0%
Honeywell Pte Ltd	2.0%
Hewlett-Packard Singapore (Private) Limited	1.8%
IDS Logistics Services Pte. Ltd.	1.8%
TOTAL	36.3%

INDICATIVE TIMETABLE

EVENT

Last date and time for lodgement of Proxy Forms

Date and time of EGM

DATE AND TIME

: 11 September 2005 at 2.30 p.m.

: 13 September 2005 at 2.30 p.m.

If the approvals sought at the EGM are obtained:

Last day of trading on a "cum" basis in respect of the Preferential Offering

Commencement of trading on an "ex" basis in respect of the Preferential Offering

: 14 September 2005 at 5.00 p.m.

: 15 September 2005 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

: 19 September 2005 at 5.00 p.m.

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.

LOCATION OF THE PROPERTIES



INFORMATION ON THE PROPERTIES

The following table sets out a summary of selected information for the Properties:

	Appraised Value	Purchase Price	Forecast Net Property Income ⁽¹⁾	Property Yield Before Costs ⁽¹⁾	Net Lettable Area ⁽²⁾	Land Lease Expiry	
	(\$ million)	(\$ million)	(\$ million)	(%)	(sqm)		
ASCENDAS PROPERTIES							
1	138 Depot Road	42.3	42.3 ⁽³⁾	3.5	8.2 ⁽⁴⁾	26,008	30-Nov-2064
2	Hamilton Sundstrand Building	31.0	31.0	1.9	7.7 ⁽⁵⁾	16,837	28-Feb-2065
3	Hoya Building	5.3	5.3	0.6	11.2	5,092	15-May-2033
4	LogisHub@Clementi	18.1	18.1	1.4	8.0	22,419	15-May-2053
5	Techquest	7.5	7.5	0.6	7.4	6,266	15-Jun-2055
6	Techview	76.0	76.0	5.5	7.2	36,912	08-Jul-2056
7	Thales Building	5.7	5.7	0.5	8.1	6,049	30-Jun-2047
OTHER PROPERTIES							
8	1 Jalan Kilang	18.7	18.7 ⁽⁶⁾	1.3	8.0	6,075	31-Dec-2062
9	11 Tampines Street 92	16.8	16.8 ⁽⁷⁾	1.0	7.7	14,545	30-Nov-2049
10	Changi Property ⁽⁸⁾	34.8	34.8	2.6	7.6	23,146	31-Aug-2058
11	Cityneon Design Centre	10.0	10.0	0.8	8.4	9,773	30-Nov-2039
12	NESS Building	22.0	22.0	2.2	10.0	9,593	31-Dec-2063
13	NNB Industrial Building	12.0	12.0	1.0	8.3	9,794	15-Jan-2056
14	SENKEE Logistics Hub ⁽⁹⁾	42.3	42.3	3.0	7.2	28,421	31-Jan-2049 ⁽¹⁰⁾
TOTAL/AVERAGE		342.5	342.5	25.9	7.8		

Notes:

- (1) In the first year of acquisition and taking into account rental guarantees where appropriate. The property yield has been calculated based on the purchase price excluding any deferred settlement amount and the specialised air-conditioning M&E equipment of Hamilton Sundstrand Building.
- (2) 138 Depot Road, Hamilton Sundstrand Building and Thales Building are currently under construction.
- (3) The purchase price of the 138 Depot Road Acquisition is on the basis that the tenant exercises option 2 of the 138 Depot Road Option Agreement between 2 November 2005 and the Lease Commencement Date (as defined therein) to take two additional floors in the building which would bring the occupancy rate up to 100% and the rental guarantee would no longer be applicable.
- (4) The property yield for 138 Depot Road is calculated based on the assumption that the tenant exercises the option that results in the lowest property yield.
- (5) The specialised air-conditioning M&E equipment of Hamilton Sundstrand Building (\$5.95 million) has not been included in this computation as it will be recorded in the balance sheet as a fixed asset and depreciated in line with tax depreciation rates, which will offset the rental income received.
- (6) S\$1.9 million will be paid two years after the date of completion when all the outstanding obligations of Dynasty (as Vendor) have been fulfilled.
- (7) S\$4.2 million will be paid after completion of the asset enhancement works. Please refer to Appendix 6 for further details.
- (8) The vendor of this property has on 25 August 2005 entered into a memorandum of understanding with the Manager for the sale of this property to A-REIT. The parties are in an advanced stage of negotiation and the Manager expects that the put and call option agreement for the sale and purchase of this property will be executed by the Trustee and the vendor within a week from the date of this Circular. A-REIT will make an announcement on SGXNET promptly after the put and call option agreement has been executed.
- (9) Excludes stage 2 asset enhancement as it has not been constructed yet.
- (10) Conditional upon JTC granting a 15-year option.

EFFECTS OF THE ACQUISITIONS 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	The Enlarged Portfolio
Net Lettable Area (sqm)	902,084	220,930	1,123,014
Committed Occupancy Rate ⁽¹⁾ (%)	94.6	88.4 ⁽²⁾	93.4
Number of Tenants	530	90	620
Weighted Average Lease Term to Expiry (Years)	7.1	6.0	7.0

Note:

(1) As at 30 June 2005.

(2) This committed occupancy rate does not include the benefit of rental guarantees on certain properties.

ASCENDAS PROPERTIES



1. 138 DEPOT ROAD

Vendor: Ascendas (Tuas) Pte Ltd
Property: A seven-storey building with two basement car parks under construction, expected to be completed in April 2006
Asset class: Hi-Tech Industrial
Land area: 10,000 sqm (subject to survey)
Tenant(s): Hewlett-Packard Singapore (Private) Limited



2. HAMILTON SUNDSTRAND BUILDING

Address: Changi North Rise
Vendor: Ascendas (Tuas) Pte Ltd
Property: A single-storey factory with mezzanine and a single-storey ancillary office under construction, expected to be completed in October 2005
Asset class: Light Industrial
Land area: 30,965 sqm (subject to survey)
Tenant(s): Hamilton Sundstrand Pacific Aerospace Pte Ltd



3. HOYA BUILDING

Address: 455A Jalan Ahmad Ibrahim
Vendor: Ascendas Land (Singapore) Pte Ltd
Property: A two-storey light industrial building
Asset class: Light Industrial
Land area: 6,451 sqm (subject to survey)
Tenant(s): Hoya Medical Singapore Pte. Ltd.



4. LOGISHUB@CLEMENTI

Address: 2 Clementi Loop
Vendor: Ascendas (Tuas) Pte Ltd
Property: A four-storey multi-tenanted warehouse
Asset class: Logistics and Distribution
Land area: 23,529 sqm (subject to survey)
Major Tenant(s): John Wiley & Sons (Asia) Pte Ltd, Arrow Electronics Asia (S) Pte. Ltd., Hub Distributors Services Pte Ltd



5. TECHQUEST

Address: 7 International Business Park
Vendor: Ascendas Land (Singapore) Pte Ltd
Property: A five-storey multi-tenanted business park building
Asset class: Business Park
Land area: 6,506 sqm (subject to survey)
Major Tenant(s): Scandent Group Pte. Ltd., Sonic Singapore Pte Ltd, Blueprint Impex Pte Ltd, YKK AP Singapore Pte Ltd



6. TECHVIEW

Address: 1 Kaki Bukit View
Vendor: Ascendas (KB View) Pte Ltd
Property: A five-storey hi-tech industrial building, with a parking capacity of approximately 500 parking lots
Asset class: Hi-Tech Industrial
Land area: 22,516 sqm (subject to survey).
Major Tenant(s): IBM Singapore Pte Ltd, Amkor Technology Singapore Pte. Ltd., Rohde & Schwarz Systems & Communications Asia Pte Ltd



7. THALES BUILDING

Address: Changi North Rise
Vendor: Ascendas (Tuas) Pte Ltd
Property: A three-storey light industrial building under construction, expected to be completed by January 2006
Asset class: Light Industrial
Land area: 10,159 sqm (subject to survey)
Tenant(s): Thales Avionics Asia Pte Ltd



8. 1 JALAN KILANG

Vendor: Dynasty House Investment Pte Ltd
Property: A six-storey multi-tenanted hi-tech industrial building, 30 parking lots for cars, two loading bays and two cargo lifts with a capacity of 3,000 kg each
Asset class: Hi-Tech Industrial
Land area: 2,863 sqm (subject to survey)
Major Tenant(s): Transtel Engineering Pte Ltd, Quintiles East Asia Pte Ltd, Ushio Singapore Pte Ltd



9. 11 TAMPINES STREET 92

Vendor: Trivec Singapore Pte Ltd
Property: A four-storey light industrial building, 125 parking lots for cars and four loading bays
Asset class: Light Industrial
Land area: 15,006 sqm (subject to survey)
Major Tenant(s): George Fischer Pte Ltd, Capitol Gravure Industries Pte. Ltd.

10. CHANGI PROPERTY *

Property: A three-storey warehouse building

Asset class: Logistics and Distribution Centres

Land area: 16,005 sqm (subject to survey)

* The vendor of this property has on 25 August 2005 entered into a memorandum of understanding with the Manager for the sale of this property to A-REIT. The parties are in an advanced stage of negotiation and the Manager expects that the put and call option agreement for the sale and purchase of this property will be executed by the Trustee and the vendor within a week from the date of this Circular. A-REIT will make an announcement on SGXNET promptly after the put and call option agreement has been executed.



11. CITYNEON DESIGN CENTRE

Address: 84 Genting Lane

Vendor: Cityneon Displays (S) Pte Ltd

Property: A seven-storey (including one level covered carparks) light industrial building

Asset class: Light Industrial

Land area: 4,776 sqm (subject to survey)

Major Tenant(s): Cityneon Displays (S) Pte Ltd, Peak Resources Pte Ltd,

Pigeon Singapore Pte. Ltd.



12. NESS BUILDING

Address: 30 Tampines Industrial Avenue 3

Vendor: Freight Links Fabpark Pte Ltd

Property: A two-storey hi-tech building

Asset class: Business Park

Land area: 15,201 sqm (subject to survey)

Tenant(s): Ness Display Singapore Pte. Ltd.



13. NNB INDUSTRIAL BUILDING

Address: 10 Woodlands Link

Vendor: Ng Nam Bee Marketing Pte Ltd

Property: A three-storey warehouse within a designated food zone

Asset class: Light Industrial

Land area: 8,282 sqm (subject to survey)

Tenant(s): Ng Nam Bee Marketing Pte Ltd



14. SENKEE LOGISTICS HUB

Address: 21 Pandan Avenue

Vendor: SenKee Logistics Pte Ltd

Property: Stage 1 comprises a five-storey ramp up logistics facility with direct loading and unloading facilities at the doorstep

Asset class: Logistics and Distribution Centres

Land area: 30,874 sqm (subject to survey)

Tenant(s): SenKee Logistics Pte Ltd



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CORPORATE INFORMATION

Directors of Ascendas-MGM Funds Management Limited (the manager of Ascendas Real Estate Investment Trust)	: Mr Lew Syn Pau (<i>Chairman</i>) Mr Gregory Goodman (<i>Deputy Chairman</i>) Ms Chong Siak Ching Mr James Hodgkinson 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>)
Registered Office of Ascendas-MGM Funds Management Limited	: 75 Science Park Drive #01-03 CINTech II Singapore Science Park I Singapore 118255
Trustee of Ascendas Real Estate Investment Trust	: HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #10-01 HSBC Building Singapore 049320
Lead Manager and Underwriter for the Equity Fund Raising	: Citigroup Global Markets Singapore Pte. Ltd. 1 Temasek Avenue 12th Floor Centennial Tower Singapore 039190
Legal Adviser for the Equity Fund Raising and to the Manager	: Allen & Gledhill One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Lead Manager and Underwriter for the Equity Fund Raising	: Wong Partnership 80 Raffles Place #58-01 UOB Plaza 1 Singapore 048624
Legal Adviser to the Trustee	: Shook Lin & Bok 1 Robinson Road #18-00 AIA Tower Singapore 048542
Unit Registrar and Unit Transfer Office	: Lim Associates (Pte) Ltd 10 Collyer Quay #19-08 Ocean Building Singapore 049315
Independent Financial Adviser to the Non-Interested Directors and the Trustee	: 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

- : DTZ Debenham Tie Leung (SEA) Pte Ltd
100 Beach Road
#35-00 Shaw Tower
Singapore 189702

- : 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 33 to 42 of this Circular.

Any discrepancies in the tables, charts and diagrams 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 investment opportunities in the Singapore business space and industrial property sectors, A-REIT proposes to acquire the following 14 properties (the “**Acquisitions**”)¹:

- 138 Depot Road, Hamilton Sundstrand Building, Hoya Building, LogisHub@Clementi, Techquest, Techview and Thales Building (collectively, the “**Ascendas Properties**” and each, an “**Ascendas Property**”); and
- 1 Jalan Kilang, 11 Tampines Street 92, the Changi Property², Cityneon Design Centre, NESS Building, NNB Industrial Building and SENKEE Logistics Hub³ (together with Ascendas Properties, the “**Properties**” and each a “**Property**”).

The acquisitions of the Properties with the exception of the 138 Depot Road Acquisition (as defined herein) (collectively, the “**FY2005/06 Acquisitions**”), will be completed before 31 March 2006. As the 138 Depot Road Acquisition is only expected to be completed in April 2006, it will not form part of the funding requirement of the Equity Fund Raising. It is expected that this acquisition will be wholly funded from available bank debt facilities. The financial impact of this acquisition is not included in the Forecast (as defined herein). (See paragraph 3.3 for further details.)

The Thales Acquisition is expected to be completed in January 2006 immediately following the completion of its construction. As such, it also will not form part of the funding requirement of the Equity Fund Raising. However, as the Thales Acquisition is expected to be completed in the financial year ending 31 March 2006, the financial impact of the Thales Acquisition has been included in the Forecast from its expected completion date (on the basis that it is wholly funded from available bank debt facilities). (See paragraph 3.3 for further details.)

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 (the “**Option Agreements**”). The aggregate appraised value of the Properties, as determined by CB Richard Ellis (Pte) Ltd, Colliers International Consultancy and Valuation (Singapore) Pte Ltd, DTZ Debenham Tie Leung (SEA) Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd (together, the “**Independent Valuers**” and each, an “**Independent Valuer**”), is S\$342.5 million.

¹ A-REIT had earlier obtained a confirmation from the SGX-ST that acquisitions made in the ordinary course of business do not fall within the ambit of Rule 1013 of the Listing Manual of the SGX-ST (“**Listing Manual**”). As such, the Acquisitions, being acquisitions that are made in the ordinary course of business, do not require Unitholders’ approval under Rule 1013. However, the Ascendas Acquisitions would still require Unitholders’ approval under Chapter 9 of the Listing Manual and paragraph 6 of the Property Funds Guidelines (as defined herein). See paragraphs 1.1 and 2.4 of the Letter to Unitholders for the requirements for Unitholders’ approval.

² The vendor of this property has on 25 August 2005 entered into a memorandum of understanding with Ascendas-MGM Funds Management Limited, as manager of A-REIT (the “**Manager**”), for the sale of this property to A-REIT. The parties are in an advanced stage of negotiation and the Manager expects that the put and call option agreement for the sale and purchase of this property will be executed by the Trustee and the vendor within a week from the date of this Circular. A-REIT will make an announcement on SGXNET promptly after the put and call option agreement has been executed.

³ A-REIT is acquiring the Properties other than the Ascendas Properties from third party vendors as follows: 1 Jalan Kilang from Dynasty House Investment Pte Ltd, 11 Tampines Street 92 from Trivec Singapore Pte Ltd, Cityneon Design Centre from Cityneon Displays (S) Pte Ltd, NESS Building from Freight Links Fabpark Pte. Ltd., NNB Industrial Building from Ng Nam Bee Marketing Pte Ltd and SENKEE Logistics Hub from SenKee Logistics Pte Ltd.

The total acquisition costs of the Properties and the acquisition fee payable to the Manager pursuant to the Trust Deed (as defined herein) 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\$348.4 million. (See “Method of Financing” in this Overview and paragraph 3.6 of the Letter to Unitholders for further details.)

Acquisition of the Ascendas Properties

Under the Option Agreements relating to the sale and purchase of the Ascendas Properties (the “**Ascendas Option Agreements**” and each, an “**Ascendas Option Agreement**”) between the Trustee and the respective owners of the Ascendas Properties (collectively the “**Ascendas Vendors**” and each, an “**Ascendas Vendor**”), the aggregate purchase price of the Ascendas Properties (the “**Ascendas Purchase Price**”) has been agreed at S\$185.9 million³.

The Ascendas Option Agreement for the proposed acquisition of Techview (the “**Techview Acquisition**”) from Ascendas (KB View) Pte Ltd (“**Ascendas KBV**”) provides that a portion (the “**Required Portion**”) of the aggregate consideration for the Techview Acquisition (the “**Techview Purchase Price**”) will be paid in the form of Units (the “**Techview Consideration Units**”) where the Required Portion shall be calculated in accordance with the provisions of the Techview Option Agreement. If Unitholders’ approval for the allotment and issue of the Techview Consideration Units (“**Techview Approval**”) is not obtained by completion of the Techview Acquisition, the Required Portion will be satisfied by cash upon completion of the Techview Acquisition. (See paragraph 1.2 of the Letter to Unitholders for further details on the Required Portion.)

Method of Financing

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

- (i) FY2005/06 Acquisitions (with the exception of the Thales Acquisition) (the “**EFR Acquisitions**”)
 - partly with the proceeds of an issue of such number of New Units for placement by Citigroup Global Markets Singapore Pte. Ltd. (“**Citigroup**” or the “**Lead Manager and Underwriter**”) to existing unitholders of A-REIT (“**Unitholders**”) and new investors at a price to be determined between the Manager and the Lead Manager and Underwriter (the “**Issue Price**”) as to raise up to an aggregate of S\$240.0 million⁴ in gross proceeds (the “**Equity Fund Raising**”). For more details on the Equity Fund Raising, please refer to paragraph 5 of the Letter to Unitholders;
 - by issuing the Techview Consideration Units⁵ to Ascendas KBV or its nominee at the Issue Price; and
 - partly with borrowings of up to S\$57.4 million drawn down from available bank debt facilities. The actual amount to be borrowed is the difference between (a) the total acquisition costs of the EFR Acquisitions and (b) the net proceeds from the Equity Fund Raising and the Techview Consideration Units,
- (ii) the Thales Acquisition will be wholly funded from available bank debt facilities, and
- (iii) the 138 Depot Road Acquisition will be wholly funded from available bank debt facilities.

³ See table on summary of selected information for the Properties at pages 75 and 76 for the respective purchase prices of the Ascendas Properties.

⁴ This figure is based on the assumptions that (i) Unitholders’ approval for the issue of the Techview Consideration Units is not obtained; and (ii) the amount of gross proceeds that is required to be raised to fund the EFR Acquisitions includes such amount required to fund the Techview Acquisition entirely in cash. If such approval is obtained, the gross proceeds of the Equity Fund Raising will be reduced by the Required Portion to approximately S\$216.6 million (assuming an issue price of S\$2.10 per Unit).

⁵ See paragraph 1.2 of the Letter to Unitholders for further details about the number of the Techview Consideration Units that may be issued.

Subject to the relevant laws and regulations, the proceeds of the Equity Fund Raising may be used, at the Manager's absolute discretion, to partly finance the EFR Acquisitions and/or to acquire any other suitable property or properties for A-REIT. While the Manager currently intends to apply the proceeds towards partially funding the EFR Acquisitions, the Equity Fund Raising is not subject to or conditional upon completion of all or any of the EFR Acquisitions.

Unitholders should also note that, in line with A-REIT's acquisition growth strategy, the Manager is constantly sourcing for suitable acquisitions and A-REIT may at any time and from time to time acquire more properties (in addition to the Properties). Such acquisitions may be funded entirely by equity, by debt or a combination of both.

A-REIT's policy is to distribute its distributable income (if any) on a quarterly basis to Unitholders. The next distribution originally scheduled to take place was to be in respect of A-REIT's distributable income for the period from 1 July 2005 to 30 September 2005 (the "**Scheduled Distribution**"). However, in conjunction with the proposed Equity Fund Raising, the Manager intends to declare, in lieu of the Scheduled Distribution, a distribution of A-REIT's distributable income for the period from 1 July 2005 to the day immediately prior to the date on which the New Units are issued under the Equity Fund Raising⁶ (the "**Cumulative Distribution**"). The next distribution thereafter will comprise A-REIT's distributable income for the period from the day that New Units are issued pursuant to the Equity Fund Raising to 31 December 2005. Quarterly distributions will resume after that.

The Cumulative Distribution is being proposed as a means to ensure fairness to holders of the then existing Units and, at the same time, to avoid the additional costs and confusion associated with maintaining two counters. By implementing the Cumulative Distribution, distributable income accrued by A-REIT up to the day immediately preceding the issue of New Units pursuant to the Equity Fund Raising and the issue of the Techview Consideration Units (which, at that point, will be entirely attributable to the investment represented by the then existing Units) will only be distributed, in a single distribution, in respect of the then existing Units.

(See paragraph 5.8 of the Letter to Unitholders for further details about the consequential adjustment to the distribution period.)

BENEFITS TO UNITHOLDERS

Apart from consolidating A-REIT's leadership position as a provider of premium business space in Singapore, the Manager believes that the Acquisitions will provide 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 to 5 of the Letter to Unitholders for further details about the Acquisitions and the Equity Fund Raising.)

Increased Earnings and Distributions in respect of the FY2005/06 Acquisitions

The Manager believes that Unitholders will enjoy higher earnings and distributions as a result of the FY2005/06 Acquisitions. Assuming that the EFR Acquisitions are completed by 15 October 2005, that the Thales Acquisition is completed on 1 January 2006, that New Units under the Equity Fund Raising and the Techview Consideration Units are issued at an issue price of S\$2.10 per Unit, and that the Gearing is reduced from the expected base case level of approximately 31.5% to approximately 30.2% following the completion of the Equity Fund Raising and the FY2005/06 Acquisitions, A-REIT's forecast distribution per Unit ("**DPU**") for the financial year ending 31 March 2006 is 11.37 cents, an increase of 1.6% on the expected DPU from the Existing Properties. It is expected that the FY2005/06 Acquisitions will increase the base case DPU by 3.3% for the period from the date of issue of the New Units to 31 March 2006. If the Gearing had been maintained at 31.5%, the DPU accretion would be 4.0% for the period from the date of issue of the New Units to 31 March 2006.

⁶ The date on which the New Units will be issued pursuant to the Equity Fund Raising has yet to be determined but is currently expected to be no later than mid-October 2005.

The increase in forecast DPU results from the proposed EFR Acquisitions being acquired at an attractive price relative to the cashflows that they generate. Based on the Manager's forecast, the Properties will generate a weighted average property yield (before acquisition costs) of approximately 7.8% for the first year of ownership following the completion of the Acquisitions.

DPU Accretion in respect of the 138 Depot Road Acquisition

In addition to the DPU accretion expected from the FY2005/06 Acquisitions, the 138 Depot Road Acquisition will also be DPU accretive as it is being purchased at an attractive price relative to the cashflows that it generates. Assuming that it is acquired with available bank debt facilities, the expected annualised DPU accretion will be 0.19 cents. It is expected that the Gearing would increase to approximately 31.2% after completion of the 138 Depot Road Acquisition.

Potential Growth through Positive Rental Reversions on Multi-tenanted Buildings

The Weighted Average Lease Term to Expiry is expected to decrease marginally from 7.1 years to 7.0 years after the Acquisitions. This is due to a number of the Acquisitions being acquisitions of multi-tenanted properties with typical lease terms of three years on average. There is potential for positive rental reversions when the leases in these multi-tenanted properties become due for renewal. Given that industrial property rental rates in Singapore appear to have bottomed out and are expected to improve going forward, these rental reversions and potential further improvement in occupancy rates may provide future growth in earnings and distributions for Unitholders.

Competitive Strengths of the Properties

The Manager believes the Properties will 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 Profiles:* More than 56.0% of the Properties (in terms of net property income) have tenants on long-term leases of five years or more.

Enhanced Tenant Base

The Acquisitions will strengthen A-REIT's tenant base and further enhance its income diversification through the addition of more than 90 tenants, increasing A-REIT's tenant base to more than 620 tenants. The addition of these tenants will also further enhance the quality of its tenant base.

In addition, A-REIT's tenancy profile after the Acquisitions is made up of tenants that are exposed to a considerable range of industries, and whose countries of origin are widespread globally. This provides further diversification benefits.

Following completion of the Acquisitions, A-REIT's top 10 tenants in terms of gross rental income will make up 36.3% of its total property portfolio income compared with 42.1% before the Acquisitions.

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 7.7% of A-REIT's total net property income based on the Enlarged Portfolio (as compared to 9.0% based on the properties in A-REIT's current portfolio (the "**Existing Properties**")).

A-REIT's portfolio is well diversified between the following asset classes: Business Park, Hi-Tech Industrial, Light Industrial, and Logistics and Distribution Centres. The Manager believes that such asset class diversification mitigates the risk of adverse impact from economic cycles as each of these asset classes may react in different ways to fluctuations in the economy and may be at different stages of economic performance.

Optimised Capital Structure

The FY2005/06 Acquisitions are proposed to be funded through a mix of debt and equity financing that will reduce the Gearing from the expected base case level of approximately 31.5% to approximately 30.2% following the completion of the Equity Fund Raising and the FY2005/06 Acquisitions. 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 35.0% 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\$193.0 million after the FY2005/06 Acquisitions, which if invested at a net property yield of 7.0% and an average borrowing cost of 2.8%, would result in annualised DPU accretion of 0.57 cents.

Increased Market Capitalisation

Assuming that the New Units under the Equity Fund Raising and the Techview Consideration Units are issued at S\$2.10 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\$2.7 billion (based on a market price of S\$2.10 per Unit), given the 1,277,932,889 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

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 for A-REIT.

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 Tuesday, 13 September 2005 at Pan Pacific Singapore, Pacific 3, Level One, 7 Raffles Boulevard, Marina Square, Singapore 039595 (the "**EGM**") (see paragraphs 1 and 10 of the Letter to Unitholders for further details):

- the proposed acquisitions of each of the Ascendas Properties (the "**Ascendas Acquisitions**"), each being an "interested person transaction" (as defined in the Listing Manual) as well as an "interested party transaction" (as defined in the Property Funds Guidelines);
- the proposed issue of the Techview Consideration Units;
- the proposed issue of such number of New Units as to raise up to S\$240.0⁷ million in gross proceeds under the Equity Fund Raising; and
- the proposed placement of New Units to MGM Singapore Pte. Ltd. ("**MGM Singapore**") as part of the Equity Fund Raising (the "**MGM Singapore Placement**").

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

⁷ This figure is based on the assumption that the Techview Approval is not obtained and that the maximum amount of gross proceeds that is required to be raised to fund the EFR Acquisitions include such amount required to fund the Techview Acquisition entirely in cash. If such approval is obtained, the gross proceeds of the Equity Fund Raising will be reduced by the Required Portion to approximately S\$216.6 million (assuming an issue price of S\$2.10 per Unit).

Unitholdings

The table below sets out the unitholdings in A-REIT (“**Unitholdings**”) of Ascendas Pte Ltd (together with its wholly owned subsidiaries), MGM Singapore and The Capital Group Companies, Inc. in the scenarios described. Based on information available to the Manager, each of Ascendas Land (Singapore) Pte Ltd (“**Ascendas Land**”), MGM Singapore and The Capital Group Companies, Inc. is a Unitholder with an interest in 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 (i) New Units under the Equity Fund Raising and the Techview Consideration Units proposed to be issued are issued at an issue price of S\$2.10 per Unit, (ii) each of the three Substantial Unitholders as aforementioned subscribes for its provisional allocation of New Units under the preferential offering tranche of the Equity Fund Raising, and (iii) each of MGM Singapore and The Capital Group Companies, Inc., 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 5.2, 5.3 and 6 in the Letter to Unitholders for details on the preferential offering tranche and the private placement tranche of the Equity Fund Raising.)

	Unitholdings as at the Latest Practicable Date or such other indicated date		Unitholdings after subscriptions under the Preferential Offering ^{(a)(c)}		Unitholdings after subscriptions under both the Preferential Offering and the Private Placement ^{(b)(c)}		Unitholdings after subscriptions under the Preferential Offering and the Private Placement and after the Techview Consideration Units are issued ^(c)	
	Percentage	Number of Units	Percentage	Number of Units	Percentage	Number of Units	Percentage	Number of Units
Ascendas Pte Ltd ^(d)	19.90% ^(e)	231,559,613	19.03%	243,138,000	19.03%	243,138,000	19.90%	254,302,256
MGM Singapore	6.52% ^(e)	75,895,696	6.24%	79,691,000	6.52%	83,346,783	6.52%	83,346,783
The Capital Group Companies, Inc	7.71% ^(f)	89,718,000	7.37%	94,204,000	7.71%	98,528,626	7.71%	98,528,626

Notes:

- ^(a) Assuming that Ascendas Land, MGM Singapore and The Capital Group Companies, Inc. subscribe for their respective provisional allocation of New Units under the Preferential Offering.
- ^(b) Assuming that Ascendas Land, MGM Singapore and The Capital Group Companies, Inc. subscribe for their respective provisional allocation of New Units under the Preferential Offering and that each of MGM Singapore and The Capital Group Companies, Inc. 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. Save for MGM Singapore, 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 Land nor the Manager will be permitted to subscribe for New Units under the private placement tranche of the Equity Fund Raising.
- ^(c) Based on the total number of units on issue upon the completion of the Equity Fund Raising and the issue of the Techview Consideration Units.
- ^(d) Aggregate direct Unitholdings of Ascendas Pte Ltd and its wholly owned subsidiaries (including without limitation Ascendas Land). As such, the Unitholdings of the Manager, a 60% subsidiary of Ascendas Pte Ltd, are excluded.
- ^(e) As at the Latest Practicable Date.
- ^(f) As at 1 July 2005, based on information made available by The Capital Group Companies, Inc. to the Manager.

INDICATIVE TIMETABLE

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: 11 September 2005 at 2.30 p.m.
Date and time of EGM	: 13 September 2005 at 2.30 p.m.
<i>If the approvals sought at the EGM are obtained:</i>	
Last day of trading on a “cum” basis in respect of the Preferential Offering	: 14 September 2005 at 5.00 p.m.
Commencement of trading on an “ex” basis in respect of the Preferential Offering	: 15 September 2005 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	: 19 September 2005 at 5.00 p.m.
Commencement of the Equity Fund Raising	: To be determined (but is expected to be no later than late September 2005)
Close of the Equity Fund Raising	: To be determined (but is expected to be no later than end September 2005)
Date on which the Transfer Books and Register of Unitholders will be closed to determine the Unitholders entitled to the Cumulative Distribution (as defined herein)	: To be determined (but is expected to be no later than mid-October 2005)
Issue and commencement of trading of the New Units issued under the Equity Fund Raising and, if applicable, the Techview Consideration Units on the SGX-ST	: To be determined (but is expected to be no later than mid-October 2005)
Completion of the EFR Acquisitions	: To be determined (but is expected to be no later than late October 2005)
Date of payment of the Cumulative Distribution	: To be determined (but is expected to be no later than 60 days from 30 September 2005)
Completion of the Thales Acquisition	: To be determined (but is expected to be no later than 31 January 2006)
Completion of the 138 Depot Road Acquisition	: To be determined (but is expected to be no later than 30 April 2006)

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.

ASCENDAS REAL ESTATE INVESTMENT TRUST

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

Directors of the Manager

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

Registered Office

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

25 August 2005

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 each of the Ascendas Acquisitions 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 two resolutions (see paragraphs 4 and 5 below). Unless otherwise described in this Letter, all capitalised terms referred to in this Letter shall have the meaning ascribed to them in this Circular.

1.1 The Proposed Acquisitions of the Ascendas Properties

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:

- 138 Depot Road;
- Hamilton Sundstrand Building;
- Hoya Building;
- LogisHub@Clementi;
- Techquest;
- Techview; and
- Thales Building.

As at the Latest Practicable Date, Ascendas Pte Ltd holds an aggregate indirect interest in 240,264,211 Units (by virtue of 231,559,613 Units (representing approximately 19.90% of the total number of Units on issue) held directly by Ascendas Land and 8,704,598 Units (representing approximately 0.75% of the total number of Units on issue) held directly by the Manager, both Ascendas Land and the Manager being subsidiaries of Ascendas Pte Ltd), comprising approximately 20.65% of the total number of Units on issue, and is therefore regarded as a “controlling unitholder” of A-REIT under the Listing Manual as well as the Property Funds Guidelines.

A-REIT is acquiring Hoya Building and Techquest from Ascendas Land. Ascendas Land is a wholly-owned subsidiary of Ascendas Pte Ltd and is a related corporation of the Manager. Both Ascendas Land and the Manager are subsidiaries of Ascendas Pte Ltd. Ascendas Land is also a “controlling unitholder” of A-REIT by virtue of the 231,559,613 Units, comprising approximately 19.90% of the total number of Units on issue, that it holds as at the Latest Practicable Date. As such, Ascendas Land 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.

A-REIT is acquiring 138 Depot Road, Hamilton Sundstrand Building, LogisHub@Clementi and Thales Building from Ascendas (Tuas) Pte Ltd (“**Ascendas Tuas**”). Ascendas Tuas is a wholly-owned subsidiary of Ascendas Land (being a related corporation of the Manager and a “controlling unitholder” of A-REIT). As such, Ascendas Tuas 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.

A-REIT is acquiring Techview from Ascendas KBV. Ascendas KBV is a wholly-owned subsidiary of Ascendas Land (being a related corporation of the Manager, a “controlling unitholder” of A-REIT). As such, Ascendas KBV 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.

The aggregate purchase consideration for the Ascendas Acquisitions of S\$185.9 million exceeds both the aforementioned thresholds in Chapter 9 of the Listing Manual and paragraph 6 of the Property Funds Guidelines. If the Trustee enters into the Purchase Agreements, the Ascendas Acquisitions will constitute interested person transactions as well as interested party transactions.

Accordingly, the Manager is seeking the approval of Unitholders by an Ordinary Resolution for each of the Ascendas Acquisitions.

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

1.2 The Proposed Issue of the Techview Consideration Units

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

The issue of the Techview Consideration Units to Ascendas KBV or its nominee (which shall be a company which is directly or indirectly wholly-owned by Ascendas Pte Ltd) (the “**Nominated Ascendas Entity**”) will also constitute a placement to a Substantial Unitholder as Ascendas Pte Ltd currently indirectly holds approximately 20.65% of the total number of Units on issue. Unitholders’ approval for such placement 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 KBV or the Nominated Ascendas Entity (each being a related corporation of the Manager) must be approved by way of an Extraordinary Resolution of Unitholders.

Moreover, given that each of Ascendas Land and Ascendas Pte Ltd is also a “controlling unitholder” of A-REIT, the issue of the Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity, as the case may be, will constitute an interested person transaction under the Listing Manual and an interested party transaction under the Property Funds Guidelines. There is a possibility that the value of the Techview Consideration Units will, in itself, 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 Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity.

Accordingly, the Manager is seeking the approval of Unitholders by an Extraordinary Resolution for the issue of the Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity in payment of the Required Portion.

Based on the assumptions that the Techview Approval is obtained and that the Issue Price is S\$2.10, 11,164,256 Techview Consideration Units (having a value of S\$23.4 million) will then be issued to Ascendas KBV or the Nominated Ascendas Entity, being such number of the Techview Consideration Units⁸ necessary for the Ascendas Companies to maintain their aggregate direct Unitholdings at its pre-placement level of approximately 19.90%⁹ as at 26 July 2005 (the “Existing Ascendas Percentage”).

1.3 The Proposed Issue of New Units under the Equity Fund Raising¹⁰

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 Property¹¹ 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 may 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 so as to raise up to S\$240.0 million¹² in gross proceeds to partly finance the EFR Acquisitions.

Based on the assumptions that the Issue Price is determined to be S\$2.10, that Unitholders’ approvals are obtained for the issue of the Techview Consideration Units and that 11,164,256 Techview Consideration Units will be issued, 103,121,458 New Units¹³ will be issued for the purpose of the Equity Fund Raising. In the event that Unitholders’ approvals for the issue of the Techview Consideration Units are not obtained, an additional 11,164,256 New Units (based on an Issue Price of S\$2.10) will have to be issued under the Equity Fund Raising to partly finance the EFR Acquisitions.

⁸ This takes into account the aggregate number of Units directly held by the Ascendas Companies as at 26 July 2005 and the number of Units which Ascendas Land subscribes for and is allotted under the Preferential Offering.

⁹ The 11,164,256 Techview Consideration Units are calculated pursuant to the Techview Option Agreement based on the actual Existing Ascendas Percentage of 19.8995% instead of 19.90% which has been rounded up.

¹⁰ See paragraph 5 of the Letter to Unitholders for the components of the Equity Fund Raising.

¹¹ The value of the Deposited Property is S\$2.22 billion as at 30 June 2005.

¹² This figure is based on the assumption that the Techview Approval is not obtained, and that the maximum amount of gross proceeds that is required to be raised to fund the EFR Acquisitions include such amount required to fund the Techview Acquisition entirely in cash. If such approval is obtained, the gross proceeds of the Equity Fund Raising will be reduced by the Required Portion to approximately S\$216.6 million (assuming an issue price of S\$2.10 per Unit).

¹³ This represents 8.1% of the enlarged Unitholding base of A-REIT after the issue of New Units under the Equity Fund Raising and the issue of the 11,164,256 Techview Consideration Units.

	Number of New Units to be issued⁽¹⁾	As a percentage of the total number of Units on issue before the Equity Fund Raising
New Units under Preferential Offering ⁽²⁾⁽⁴⁾ (A)	58,182,358	5.0%
New Units under Private Placement ⁽³⁾⁽⁴⁾ (B)	44,939,100	3.8%
Total New Units under the Equity Fund Raising (A) + (B)	103,121,458	8.8%
Add: The Techview Consideration Units	11,164,256	1.0%
Total New Units to be Issued	114,285,714	9.8%

Notes:

- (1) Based on the assumption that the Issue Price is determined to be S\$2.10. The final number of New Units under the respective tranches is subject to change upon finalisation of the Issue Price.
- (2) This figure does not take into account the additional New 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.
- (3) This figure is based on the assumptions that the Techview Consideration Units are issued and the provisional allocations of New Units under the Preferential Offering are fully taken up by Unitholders. In the event that the Techview Approval is not obtained, and to the extent that the New Units offered under the Preferential Offering are not taken up and are reallocated to the Private Placement, the number of New Units under the Private Placement will be adjusted accordingly.
- (4) To the extent that additional Units are required due to the rounding up to integral multiples of 1,000 Units under the Preferential Offering, the number of Units under the Private Placement will be reduced accordingly.

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 133,333,333 New Units to be issued pursuant to the Equity Fund Raising and the issue of the Techview Consideration Units. The SGX-ST's in-principle approval is not an indication of the merits of A-REIT, its Units or the Equity Fund Raising.

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

1.4 Placement to MGM Singapore

The Manager is also seeking Unitholders' approval 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.

Unitholders' approval for such a placement to MGM Singapore is required as Rule 812(1) of the Listing Manual prohibits a placement of New Units to Substantial Unitholders. 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.)

2. RATIONALE FOR THE ACQUISITIONS

2.1 Benefits to Unitholders

Apart from consolidating A-REIT's leadership position as a provider of premium business space in Singapore, the Manager believes that the Acquisitions offer the following benefits:

2.1.1 Increased Earnings and Distributions in respect of the FY2005/06 Acquisitions

The Manager believes that Unitholders will enjoy higher earnings and distributions as a result of the FY2005/06 Acquisitions. Assuming that the EFR Acquisitions are completed by 15 October 2005, that the Thales Acquisition is completed on 1 January 2006, that New Units under the Equity Fund Raising and the Techview Consideration Units are issued at an issue price of S\$2.10 per Unit and that the Gearing is reduced from the expected base case level of approximately 31.5% to approximately 30.2%, A-REIT's forecast DPU for the financial year ending 31 March 2006 is 11.37 cents, an increase of 1.6% on the expected DPU from the Existing Properties. It is expected that the FY2005/06 Acquisitions will increase the base case DPU by 3.3% for the period from the date of issue of the New Units to 31 March 2006. If the Gearing had been maintained at 31.5%, the DPU accretion would be 4.0% for the period from the date of issue of the New Units to 31 March 2006.

The increase in forecast DPU results from the proposed FY2005/06 Acquisitions being acquired at an attractive price relative to the cashflows that they generate. Based on the Manager's forecast, the Properties will generate a weighted average property yield of approximately 7.8% (excluding acquisition costs) or 7.6% (including acquisition costs) for the first year of ownership following the completion of the Acquisitions.

With an illustrative issue price range of S\$1.80 to S\$2.40 per Unit for the New Units proposed to be issued under the Equity Fund Raising, the tables on pages 13 and 14 show A-REIT's forecast DPU and distribution yield for the financial year ending 31 March 2006 in relation to the Existing Properties and A-REIT's enlarged portfolio of properties upon completion of the FY2005/06 Acquisitions in the following circumstances:

- (i) where the quantum of additional borrowings incurred and equity raised by A-REIT for the FY2005/06 Acquisitions reduces A-REIT's Gearing from the expected base case level of approximately 31.5% to approximately 30.2% upon completion of the Equity Fund Raising and the FY2005/06 Acquisitions (the "**Forecast**"), 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 FY2005/06 Acquisitions maintains A-REIT's Gearing at its expected base case level of approximately 31.5% immediately upon completion of the Equity Fund Raising and the FY2005/06 Acquisitions (the "**Simulation Scenario**").

The Manager intends to reduce A-REIT's Gearing to approximately 30.2% following the completion of the Equity Fund Raising and the FY2005/06 Acquisitions as per the Forecast. The Simulation Scenario has been set out only for the purpose of illustration.

The tables on pages 13 and 14 should be read together with the Forecast Statement of Net Investment Income and Distributable Income as well as the accompanying assumptions and sensitivity analysis in **Appendix 2** of this Circular, and the report of KPMG (the "**Independent Accountants**") in **Appendix 3** of this Circular.

Forecast DPU and Distribution Yield after the FY2005/06 Acquisitions and the Equity Fund Raising (assuming Gearing is reduced to approximately 30.2%)

Issue Price (\$)	Maximum number of New Units ('000) ⁽¹⁾	Forecast DPU for the year ending 31 March 2006		DPU improvement over Existing Properties for the year ending 31 March 2006	DPU improvement over Existing Properties for the six months ending 31 March 2006	Forecast Distribution Yield for the year ending 31 March 2006	
		Existing Properties (cents)	After the FY2005/06 Acquisitions ⁽²⁾⁽³⁾ (cents)			Existing Properties	After the FY2005/06 Acquisitions
1.80	133,333	11.18	11.28	0.88%	1.78%	6.21%	6.27%
1.85	129,730	11.18	11.30	1.02%	2.07%	6.04%	6.11%
1.90	126,316	11.18	11.31	1.15%	2.34%	5.89%	5.95%
1.95	123,077	11.18	11.33	1.28%	2.61%	5.73%	5.81%
2.00	120,000	11.18	11.34	1.40%	2.86%	5.59%	5.67%
2.05	117,073	11.18	11.35	1.52%	3.09%	5.46%	5.54%
2.10	114,286	11.18	11.37	1.63%	3.32%	5.33%	5.41%
2.15	111,628	11.18	11.38	1.74%	3.54%	5.20%	5.29%
2.20	109,091	11.18	11.39	1.84%	3.75%	5.08%	5.18%
2.25	106,667	11.18	11.40	1.94%	3.95%	4.97%	5.07%
2.30	104,348	11.18	11.41	2.04%	4.15%	4.86%	4.96%
2.35	102,128	11.18	11.42	2.13%	4.33%	4.76%	4.86%
2.40	100,000	11.18	11.43	2.22%	4.51%	4.66%	4.76%

Notes:

- ⁽¹⁾ The number of New Units issued is based on a Gearing of approximately 30.2% under the Forecast.
- ⁽²⁾ Assuming that the EFR Acquisitions are completed on 15 October 2005, that the Thales Acquisition is completed on 1 January 2006, and that there is no change to the current mode of payment of the Management Fee *i.e.* the Base Fee in the form of Units and cash in equal proportions for the first 19 of the Existing Properties and in the form of cash for all the subsequent acquisitions, and the Performance Fee in the form of Units in respect of the Enlarged Portfolio.
- ⁽³⁾ The DPU in the Forecast will vary to the extent that the New Units issued under the Equity Fund Raising and the Techview Consideration Units are issued on a date other than 1 October 2005. Such Units will only be entitled to A-REIT's distributable income from the date of their issue.

Simulation Scenario DPU and Distribution Yield after the FY2005/06 Acquisitions and the Equity Fund Raising (assuming Gearing is maintained at approximately 31.5%)

Issue Price (\$)	Maximum number of New Units ('000) ⁽¹⁾	Forecast DPU for the year ending 31 March 2006		DPU improvement over Existing Properties for the year ending 31 March 2006	DPU improvement over Existing Properties for the six months ending 31 March 2006	Forecast Distribution Yield for the year ending 31 March 2006	
		Existing Properties (cents)	After the FY2005/06 Acquisitions ⁽²⁾⁽³⁾ (cents)			Existing Properties	After the FY2005/06 Acquisitions
1.80	113,889	11.18	11.33	1.29%	2.63%	6.21%	6.29%
1.85	110,811	11.18	11.34	1.42%	2.88%	6.04%	6.13%
1.90	107,895	11.18	11.35	1.53%	3.12%	5.89%	5.98%
1.95	105,128	11.18	11.37	1.65%	3.35%	5.73%	5.83%
2.00	102,500	11.18	11.38	1.75%	3.57%	5.59%	5.69%
2.05	100,000	11.18	11.39	1.86%	3.78%	5.46%	5.56%
2.10	97,619	11.18	11.40	1.95%	3.98%	5.33%	5.43%
2.15	95,349	11.18	11.41	2.05%	4.17%	5.20%	5.31%
2.20	93,182	11.18	11.42	2.14%	4.35%	5.08%	5.19%
2.25	91,111	11.18	11.43	2.23%	4.52%	4.97%	5.08%
2.30	89,130	11.18	11.44	2.31%	4.69%	4.86%	4.97%
2.35	87,234	11.18	11.45	2.39%	4.86%	4.76%	4.87%
2.40	85,417	11.18	11.46	2.46%	5.01%	4.66%	4.77%

Notes:

- (1) The number of New Units issued is based on a simulation that the Gearing is maintained at approximately 31.5% after completion of the Equity Fund Raising and the FY2005/06 Acquisitions.
- (2) Assuming that the EFR Acquisitions are completed on 15 October 2005, that the Thales Acquisition is completed on 1 January 2006, and that there is no change to the current mode of payment of the Management Fee *i.e.* the Base Fee in the form of Units and cash in equal proportions for the first 19 of the Existing Properties and in the form of cash for all the subsequent acquisitions, and the Performance Fee in the form of Units in respect of the Enlarged Portfolio.
- (3) The DPU in the Simulation Scenario will vary to the extent that the New Units issued under the Equity Fund Raising and the Techview Consideration Units are issued on a date other than 1 October 2005. Such Units will only be entitled to A-REIT's distributable income from the date of their issue.

2.1.2 DPU Accretion in respect of the 138 Depot Road Acquisition

In addition to the DPU accretion expected from the FY2005/06 Acquisitions, the 138 Depot Road Acquisition will also be DPU accretive as it is being purchased at an attractive price relative to the cashflows that it generates. Assuming that it is acquired with available bank debt facilities, the expected annualised DPU accretion will be 0.19 cents. It is expected that the Gearing would increase to approximately 31.2% after completion of the 138 Depot Road Acquisition.

2.1.3 Potential Growth through Positive Rental Reversions on Multi-tenanted Buildings

The Weighted Average Lease Term to Expiry is expected to decrease marginally from 7.1 years to 7.0 years after the Acquisitions. This is due to a number of the Acquisitions being acquisitions of multi-tenanted properties with typical lease terms of three years on average. There is potential for positive rental reversions when the leases in these multi-tenanted properties become due for renewal. Given that industrial property rental rates in Singapore appear to have bottomed out and are expected to improve going forward, these rental reversions and potential further improvement in occupancy rates may provide future growth in earnings and distributions for Unitholders.

2.1.4 Competitive Strengths of the Properties

The Manager believes that the Properties will 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 Profiles:** More than 56.0% of the Properties (in terms of net property income) have tenants on long-term leases of five years or more. The lease terms for each major tenant in each of the Properties are set out in **Appendix 4** of this Circular.

2.1.5 Enhanced Tenant Base

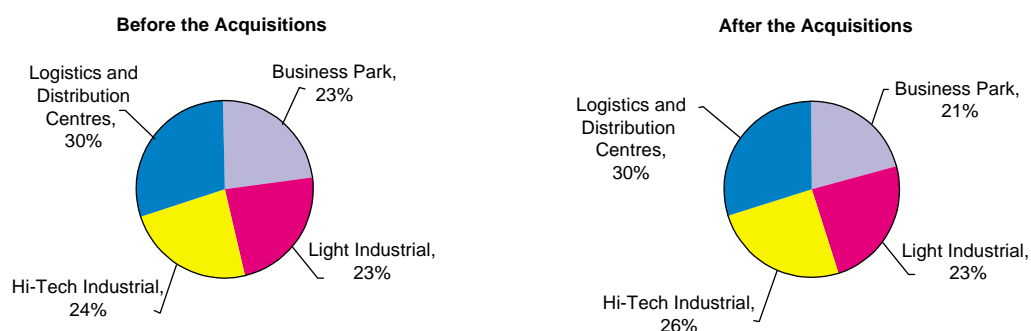
The Acquisitions will strengthen A-REIT's tenant base and further enhance its income diversification through the addition of more than 90 tenants, increasing A-REIT's tenant base to more than 620 tenants. The addition of these tenants will also further enhance the quality of its tenant base.

In addition, A-REIT's tenancy profile after the Acquisitions is made up of tenants that are exposed to a considerable range of industries, and whose countries of origin are widespread globally. This provides further diversification benefits.

2.1.6 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 7.7% of A-REIT's total net property income based on the Enlarged Portfolio (as compared to 9.0% based on the Existing Properties).

A-REIT's portfolio is well diversified between the following asset classes: Business Park, Hi-Tech Industrial, Light Industrial, and Logistics and Distribution Centres as shown in the pie charts below. The Manager believes that such asset class diversification mitigates the risk of adverse impact from economic cycles as each of these assets classes may react in different ways to fluctuations in the economy and may be at different stages of economic performance.



Top 10 Tenants of the Enlarged Portfolio

The top 10 tenants in the Enlarged Portfolio (based on pro forma gross rental income for the Existing Properties and the Properties) account for 36.3% of the total pro forma gross rental income of the Enlarged Portfolio as compared to 42.1% of the total gross rental income accounted for by the top 10 tenants in the Existing Properties.

The following table sets out the top 10 tenants of A-REIT after the Acquisitions and their respective contributions to the total pro forma gross rental income of the Enlarged Portfolio.

Tenant	Percentage of total pro forma gross rental income
Singapore Telecommunications Limited	9.5%
C & P Holdings Pte Ltd	8.5%
Siemens Pte Ltd	3.3%
TT International Limited	2.9%
Infineon Technologies Asia Pacific Pte Ltd	2.3%
Freight Links Express Holdings Ltd	2.2%
Institute of High Performance Computing	2.0%
Honeywell Pte Ltd	2.0%
Hewlett-Packard Singapore (Private) Limited	1.8%
IDS Logistics Services Pte. Ltd.	1.8%
Total	36.3%

2.1.7 Optimised Capital Structure

The FY2005/06 Acquisitions are proposed to be funded through a mix of debt and equity financing that will reduce A-REIT's Gearing from the expected base case level of approximately 31.5% to approximately 30.2% following the completion of the Equity Fund Raising and the FY2005/06 Acquisitions. 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 35.0% under the Property Funds Guidelines, A-REIT will have an additional debt capacity of up to S\$193.0 million after the FY2005/06 Acquisitions, which if invested at a net property yield of 7.0% and an average borrowing cost of 2.8%, would result in an annualised DPU accretion of 0.57 cents.

2.1.8 Increased Market Capitalisation

Assuming that the New Units under the Equity Fund Raising and the Techview Consideration Units are issued at S\$2.10 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\$2.7 billion (based on a market price of S\$2.10 per Unit) and given the 1,277,932,889 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 to generate cost synergies for A-REIT.

See **Appendix 4** of this Circular for more information on the Properties.

2.2 Profit Forecast

The following table summarises the effect of the FY2005/06 Acquisitions on A-REIT's forecast statement of net investment income and distributable income for the financial year ending 31 March 2006.

The forecast has been reviewed by the Independent Accountants and should be read together with their report contained in **Appendix 3** of this Circular as well as the assumptions and sensitivity analysis which accompany the Forecast Statement of Net Investment Income and Distributable Income in **Appendix 2** of this Circular.

FORECAST STATEMENT OF NET INVESTMENT INCOME AND DISTRIBUTABLE INCOME FOR THE FINANCIAL YEAR ENDING 31 MARCH 2006

	Existing Properties (S\$'000)	The FY2005/06 Acquisitions (S\$'000) ⁽¹⁾	After the FY2005/06 Acquisitions (S\$'000) ⁽²⁾
Gross revenue	203,772	15,954	219,726
Property operating expenses	(45,967)	(5,722)	(51,689)
Net property income	157,805	10,232	168,037
Non-property expenses	(38,072)	(2,262)	(40,334)
Net investment income	119,733	7,970	127,703
Non-tax deductible expenses	10,474	661	11,135
Net investment income available for distribution	130,207	8,631	138,838
Weighted average Units on issue ('000)	1,163,793		1,220,961
Units on issue ('000)	1,166,457		1,281,035
Earnings per Unit (cents)	10.28		10.47
DPU (cents)	11.18		11.37

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 2006 as the New Units are only entitled to distribution income from the date they are issued.
- (2) Assuming that the EFR Acquisitions are completed on 15 October 2005, that the Thales Acquisition is completed on 1 January 2006, and that there is no change to the current mode of payment of the Management Fee *i.e.* the Base Fee in the form of Units and cash in equal proportions for the first 19 of the Existing Properties and in the form of cash for all the subsequent acquisitions, and the Performance Fee in the form of Units in respect of the Enlarged Portfolio.

2.3 Pro Forma Financial Effects of the FY2005/06 Acquisitions

The pro forma financial effects of the FY2005/06 Acquisitions on the DPU and NAV per Unit are set out in **Appendix 4** of this Circular.

2.4 Requirement for Unitholders' Approval of the Ascendas Acquisitions

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 2005 (the "**Audited Financial Statements**"), the NTA of A-REIT was S\$1,425.5 million as at 31 March 2005. 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\$71.3 million, such a transaction would be subject to Unitholders' approval.

Given that the aggregate purchase price of the Ascendas Properties is S\$185.9 million, the value of the Ascendas Acquisitions exceeds the said threshold.

A-REIT is acquiring Hoya Building and Techquest from Ascendas Land. Ascendas Land is a related corporation of the Manager (both being subsidiaries of Ascendas Pte Ltd) and is a “controlling unitholder” of A-REIT by virtue of the 231,559,613 Units, comprising approximately 19.90% of the total number of Units on issue, that it holds as at the Latest Practicable Date. As such, Ascendas Land 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.

A-REIT is acquiring, from Ascendas Tuas, 138 Depot Road, Hamilton Sundstrand Building, LogisHub@Clementi and Thales Building. Ascendas Tuas is a wholly owned subsidiary of Ascendas Land (being a related corporation of the Manager and a “controlling unitholder” of A-REIT). As such, Ascendas Tuas 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.

A-REIT is acquiring Techview from Ascendas KBV. Ascendas KBV is a wholly owned subsidiary of Ascendas Land (being a related corporation of the Manager and also a “controlling unitholder” of A-REIT). As such, Ascendas KBV 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, the Ascendas Acquisitions 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\$1,425.5 million as at 31 March 2005. 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\$71.3 million, such a transaction would be subject to Unitholders’ approval.

As mentioned above in paragraph 2.4.1, each of Ascendas Land, Ascendas Tuas and Ascendas KBV is considered to be an interested party of A-REIT for the purposes of paragraph 6 of the Property Funds Guidelines. As such, the Ascendas Acquisitions are also subject to Unitholders’ approval under paragraph 6 of the Property Funds Guidelines.

The Manager is hereby seeking specific Unitholders’ approval for the Ascendas Acquisitions.

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 directors of the Manager other than those interested in the Ascendas Acquisitions and the issue of the Techview Consideration Units (such non-interested Directors being Mr Gregory Goodman, Mr James Hodgkinson, Mr David Wong Cheong Fook, Mr Benedict Kwek Gim Song and Mr Thai Chee Ken)(the “**Non-Interested Directors**”) and the Trustee on the Ascendas Acquisitions and the issue of the Techview Consideration Units. A copy of the letter from the IFA to the Non-Interested Directors and the Trustee (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix 5** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors set out in the IFA Letter, and subject to the assumptions and qualifications set out therein, the IFA is of the opinion that the Ascendas Acquisitions and the issue of the Techview Consideration Units 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 Non-Interested Directors to recommend that Unitholders vote in favour of the Ascendas Acquisitions and the issue of the Techview Consideration Units.

2.6 Audit Committee

Further to the announcement made by the Manager on 27 July 2005, and having obtained and considered the opinion of the IFA on the Ascendas Acquisitions and the issue of the Techview Consideration Units, the audit committee of the Manager (comprising Mr Gregory Goodman, Mr David Wong Cheong Fook, Mr Benedict Kwek Gim Song and Mr Thai Chee Ken) is of the view that the Ascendas Acquisitions and the issue of the Techview Consideration Units are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

2.7 Interests of Directors and Substantial Unitholders

Certain directors of Ascendas Land and its direct holding company, Ascendas Pte Ltd, and the Manager, collectively hold an aggregate direct and indirect interest in 912,000 Units. The Manager is a 60.0% indirect subsidiary of Ascendas Pte Ltd.

Mr Lew Syn Pau, chairman of the board of directors 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 Land, is also a director of the Manager. Mr Swee Kee Siong, who was senior adviser of Ascendas Pte Ltd until his retirement from this position on 31 July 2005, is also a director of the Manager. Ascendas Pte Ltd holds an aggregate direct and indirect interest in 240,264,211 Units, comprising approximately 20.65% of the total number of Units on issue.

Mr Thai Chee Ken is a director of Dynasty Corporation (S) Pte Ltd (a related corporation of Dynasty (as defined herein), the Vendor of 1 Jalan Kilang).

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

2.8 Director's Service Contracts

No person is proposed to be appointed as a Director 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

In line with A-REIT's acquisition growth strategy, the Manager is constantly seeking properties that provide attractive cashflows and yields for A-REIT to acquire in fulfilment of its stated strategy of seeking to capitalise on investment opportunities in the Singapore business space and industrial property sectors. While the Manager has identified the Properties as being suitable for acquisition by A-REIT, other properties suitable for acquisition may be acquired by A-REIT at any time and from time to time.

Option Agreements

Following negotiations between the Manager and the vendors of each of the Properties, the Trustee, upon the Manager's recommendations, entered into the Option Agreements.

Subject to the fulfilment of certain specified conditions precedent and/or obtaining certain specified approvals from the relevant authorities by the respective Target Dates, 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.

(See **Appendix 6** of this Circular for details of the Option Agreements and the Purchase Agreements.)

3.2 Information about the Properties

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

	Purchase Price⁽¹⁾ (S\$ million)	Appraised Value⁽¹⁾ (S\$ million)	Committed Occupancy Rate as at 30 June 2005 (%)	Weighted Average Lease Term to Expiry⁽²⁾ (Years)
Ascendas Properties				
138 Depot Road ⁽³⁾	42.3	42.3	71.4 ⁽⁴⁾	10.0
Hamilton Sundstrand Building	31.0	31.0	100.0	12.0
Hoya Building	5.3	5.3	100.0	8.8
LogisHub@Clementi	18.1	18.1	52.7 ⁽⁴⁾⁽⁵⁾	1.6
Techquest	7.5	7.5	71.6 ⁽⁴⁾	1.6
Techview	76.0	76.0	87.0 ⁽⁴⁾	2.8
Thales Building	5.7	5.7	100.0	10.0
Subtotal	185.9	185.9		
Other Properties				
1 Jalan Kilang	18.7	18.7	100.0 ⁽⁶⁾	1.7
11 Tampines Street 92	16.8	16.8	100.0	2.4
Changi Property ⁽⁷⁾	34.8	34.8	100.0	4.2
Cityneon Design Centre	10.0	10.0	97.8	3.7
NESS Building	22.0 ⁽⁸⁾	22.0	100.0	14.2
NNB Industrial Building	12.0	12.0	100.0	10.0
SENKEE Logistics Hub	42.3	42.3	100.0	10.0
Total for all the Properties	342.5	342.5	88.4	6.0

Notes:

- (1) The respective purchase prices and appraised values of the Properties have been rounded to the nearest one decimal place. For the exact values of the foregoing, see **Appendix 6** of this Circular.
- (2) Calculated from the expected dates of completion for the respective Acquisitions.
- (3) The purchase price of 138 Depot Road is on the basis that the tenant exercises option 2 of the 138 Depot Road Option Agreement between 2 November 2005 and the Lease Commencement Date (as defined therein) to take two additional floors in the building which would bring the occupancy rate to 100% and the rental guarantee would no longer be applicable. The occupancy rate shown in the table assumes that the tenant does not exercise any option under this option agreement.
- (4) The effective occupancy rate for these properties is 100% as there are rental guarantees from the respective Vendors for the vacant space. See **Appendix 6** of this Circular for details on the rental guarantees.
- (5) Ascendas Tuas has informed A-REIT that a prospective tenant has accepted its offer on 25 July 2005 to take up some of the vacant space and possession is expected to take place in September 2005. This will bring LogisHub@Clementi's occupancy rate to approximately 71.0%. As a result, the rental guarantee in relation to LogisHub@Clementi will reduce accordingly.
- (6) The occupancy rate for 1 Jalan Kilang is expected to decline to approximately 65.4% as certain leases due to expire are not expected to renew. This has been factored into the purchase consideration. As a result, the average occupancy rate for the Properties is expected to be approximately 87.4% following the expiry of these leases.
- (7) The vendor of this property has on 25 August 2005 entered into a memorandum of understanding with the Manager for the sale of this property to A-REIT. The parties are in an advanced stage of negotiation and the Manager expects that the put and call option agreement for the sale and purchase of this property will be executed by the Trustee and the vendor within a week from the date of this Circular. A-REIT will make an announcement on SGXNET promptly after the put and call option agreement has been executed.
- (8) Subject to adjustment in accordance with clause 2B of the NESS Option Agreement but not exceeding S\$22.0 million.

3.3 Properties under Development

Three of the Properties, 138 Depot Road, Hamilton Sundstrand Building and Thales Building are currently under construction (the “**Development Properties**”) and are expected to be completed sometime between October 2005 and April 2006. The Option Agreements in respect of the Development Properties provide that A-REIT’s obligation to purchase these properties will only arise when, among other things, temporary occupation permits (“**TOPs**”) for the Development Properties have been obtained by the relevant Ascendas Vendors.

Under paragraph 6.4(b)(ii) of the Property Funds Guidelines, the time-line for completion of the acquisitions of properties is six months from the date of approval of unitholders. Accordingly, given that the EGM is to be held on 13 September 2005, the acquisitions of the Development Properties are required to be completed by 13 March 2006 (assuming Unitholders’ approvals for the acquisitions are obtained). However, MAS has extended the time-line beyond the normal six-month period for completion of the acquisition of the Development Properties to 30 April 2006.

The Hamilton Sundstrand Building is included as part of the funding requirements of the Equity Fund Raising. It is expected that the Thales Acquisition and the 138 Depot Road Acquisition will be completed in January and April 2006 respectively. Accordingly they do not form part of the funding requirement of the Equity Fund Raising. However, as the Thales Acquisition is expected to be completed in the financial year ending 31 March 2006, the financial impact of the Thales Acquisition has been included in the Forecast from its expected completion date (on the basis that it is wholly funded from available bank debt facilities). In contrast, the financial impact of the 138 Depot Road Acquisition is not included in the Forecast as it will be completed after the financial year ending 31 March 2006. It is expected that this acquisition will be wholly funded from available bank debt facilities and upon completion, is expected to increase the Gearing to approximately 31.2%.

The expected annualised pro forma DPU accretion of the Thales Building assuming that it is wholly funded with available bank debt facilities is expected to be 0.02 cents. The 138 Depot Road Acquisition will not have any impact on the Forecast because the acquisition is only expected to complete in April 2006. The annualised pro forma DPU accretion of the 138 Depot Road assuming that it is wholly funded with available bank debt facilities is expected to be 0.19 cents.

More information about the Properties can be found in **Appendix 4** of this Circular.

3.4 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 6** of this Circular.

In respect of Thales Building, the Trustee has agreed with Ascendas Tuas for Ascendas Tuas to carry out, or arrange the carrying out of, certain asset enhancement works pursuant to which the Trustee will make payment in respect of such works upon their completion. As a result of this, the tenant would be required to pay an additional rental that would result in the net income yield of the property exceeding the initial property yield forecast for the first year following completion of the acquisition.

In respect of LogisHub@Clementi, the Trustee has agreed with Ascendas Tuas on a profit sharing arrangement in respect of certain asset enhancement works that may be undertaken at the Trustee’s absolute discretion by Ascendas Tuas at LogisHub@Clementi as specified in the LogisHub Purchase Agreement.

Details of the asset enhancement works and the profit sharing arrangement are set out in **Appendix 6** of this Circular. The Manager is of the view that the aforesaid arrangements entered into by the Trustee are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

3.5 Estimated Acquisition Costs of the EFR Acquisitions

The total acquisition costs of the EFR Acquisitions amount to S\$299.0 million, comprising the aggregate purchase prices of the EFR Acquisitions (S\$294.4 million), the Manager's acquisition fee payable in cash in respect of the EFR Acquisitions (S\$2.9 million) and the professional and other fees and expenses incurred or to be incurred by the Manager in connection with the EFR Acquisitions (S\$1.7 million).

The Singapore Government announced in the 2005 Budget on 18 February 2005 that stamp duty on the instruments of transfer of Singapore properties into real estate investment trusts already listed, or to be listed, on the SGX-ST will be remitted for a five-year period. As such, no stamp duty is payable on the Purchase Agreements.

3.6 Method of Financing

Assuming Unitholders' approval for the issue of the Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity is obtained, the aggregate purchase price of the EFR Acquisitions (less the Required Portion) and all acquisition costs relating to the EFR 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 EFR Acquisitions and (b) the net proceeds of the Equity Fund Raising and the Techview Consideration Units.

The actual number of New Units that will be issued under the Equity Fund Raising and the actual number of the Techview Consideration Units to be issued to Ascendas KBV will depend on the Issue Price as determined by the Manager and the Lead Manager and Underwriter closer to the date of commencement of the Equity Fund Raising. Assuming that the Issue Price is determined to be S\$2.10 and that Unitholders' approvals are obtained for the issue of the Techview Consideration Units, 103,121,458 New Units will be issued for the purpose of the Equity Fund Raising and 11,164,256 Techview Consideration Units will be issued to Ascendas KBV or the Nominated Ascendas Entity (which represents the number of the Techview Consideration Units¹⁴ to be issued in payment of the Required Portion and for the Ascendas Companies to maintain their aggregate direct Unitholdings at the Existing Ascendas Percentage). In the event that Unitholders' approvals for the issue of the Techview Consideration Units are not obtained, an additional 11,164,256 New Units (based on an Issue Price of S\$2.10) will have to be issued under the Equity Fund Raising.

Under all the Purchase Agreements except with regard to the 138 Depot Road Purchase Agreement and the SENKEE Purchase Agreement, the acquisition of the relevant Properties is conditional upon A-REIT securing sufficient financing to undertake the relevant acquisition. It is A-REIT's responsibility to ensure that the required financing is in place in respect of the completion of the 138 Depot Road Acquisition and the SENKEE Acquisition.

A-REIT has S\$700.0 million of facilities available, of which S\$53.0 million has already been drawn down. It is intended that up to S\$57.4 million will be drawn down on some of these facilities to partly finance the EFR Acquisitions. The Thales Acquisition in January 2006 and the 138 Depot Road Acquisition in April 2006 will require additional debt funding of up to S\$5.8 million and S\$43.5 million respectively.

4. THE PROPOSED ISSUE OF THE TECHVIEW CONSIDERATION UNITS

4.1 Requirement for Unitholders' Approval for the Issue of the Techview Consideration Units

It is expected that, together with the New Units to be issued under the Equity Fund Raising, the value of the Techview 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 may exceed 20.0% of the outstanding Units immediately after the issue of such Units.

¹⁴ This takes into account the aggregate number of Units directly held by the Ascendas Companies as at 26 July 2005 and the number of Units which Ascendas Land subscribes for and is allotted under the Preferential Offering.

The issue of the Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity (each being a related corporation of Ascendas Land which is a Substantial Unitholder) will also constitute a placement to a Substantial Unitholder prohibited under Rule 812(1) of the Listing Manual. Rule 812(2) of the Listing Manual provides that the SGX-ST may agree to such placement if specific Unitholders' approval for such a placement is obtained. The Trust Deed also requires that a placement of New Units to Ascendas KBV or the Nominated Ascendas Entity (each being a related corporation of the Manager) must be approved by way of an Extraordinary Resolution of Unitholders.

Moreover, given that each of Ascendas Land and Ascendas Pte Ltd is also a controlling unitholder of A-REIT, the issue of the Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity would constitute an interested person transaction under the Listing Manual and an interested party transaction under the Property Funds Guidelines. There is a possibility that the value of the Techview 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 the Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity.

Accordingly, the Manager is seeking the approval of Unitholders by an Extraordinary Resolution for the issue of the Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity.

4.2 Rationale for Issuing the Techview Consideration Units

The Manager believes that it is appropriate for the Ascendas Companies to be permitted to maintain their aggregate direct proportionate Unitholdings (in percentage terms) as at the Latest Practicable Date prior to the commencement of the Equity Fund Raising. In addition, the Manager has determined that the payment of the Required Portion in Units rather than cash is an appropriate method of giving the Ascendas Companies the opportunity to maintain their aggregate proportionate direct Unitholdings. The number of the Techview Consideration Units to be issued is subject to the restriction that, the number of the Techview Consideration Units, when aggregated with the number of Units which the Ascendas Companies directly own immediately following the completion of the Equity Fund Raising, as a proportion (in percentage terms) of the total number of Units on issue immediately after the completion of the Equity Fund Raising and the issue of such Techview Consideration Units, shall not exceed the Existing Ascendas Percentage.

The Manager believes that in allowing the Ascendas Companies to maintain their aggregate proportionate direct Unitholdings at the pre-placement level, a certain degree of stability will be maintained in A-REIT as an investment vehicle as interests of the Ascendas Companies will remain aligned with those of the Unitholders. In addition, the support shown by A-REIT's largest Unitholder to this transaction will greatly assist the successful completion of the Equity Fund Raising.

The issue of the Techview Consideration Units will also reduce the underwriting fee payable to the Lead Manager and Underwriter as no such fee will be payable by A-REIT in respect of the Techview Consideration Units. In the event that the Techview Approval is 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 as the Techview Consideration Units, and A-REIT would have to incur up to an additional S\$0.4 million in underwriting fees.

4.3 Advice of the Independent Financial Adviser

Having considered the factors set out in the IFA Letter, and subject to the assumptions and qualifications set out therein, the IFA is of the opinion that the issue of the Techview Consideration Units is 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 Non-Interested Directors to recommend that Unitholders vote in favour of the issue of the Techview Consideration Units.

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 one New Unit for every 20 Units held as at 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 placement to retail and institutional investors (the “**Private Placement**”).

Assuming an Issue Price of S\$2.10 and the issue of the Techview Consideration Units is approved by Unitholders, the Preferential Offering under the Equity Fund Raising will comprise 58,182,358¹⁵ New Units (representing 56.4% of the total Units to be issued under the Equity Fund Raising), and the Private Placement under the Equity Fund Raising will comprise 44,939,100¹⁶ New Units (representing 43.6% of the total Units to be issued under the Equity Fund Raising).

The Equity Fund Raising is not subject to or conditional upon completion of all or any of the EFR Acquisitions. While the Manager currently intends to apply the proceeds towards partially funding the EFR Acquisitions, the proceeds of the Equity Fund Raising may be used, at the Manager’s absolute discretion (subject to the relevant laws and regulations), to partly finance the EFR Acquisitions and/or to acquire any other suitable property or properties for A-REIT.

5.2 Additional Information on the Preferential Offering

Singapore Registered Unitholders, including the Restricted Placees (such as the Directors, their immediate family¹⁷ 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 of the Listing Manual.

Subject to obtaining Unitholders’ approval at the EGM, the Lead Manager and Underwriter may also place New Units to MGM Singapore under the Private Placement so as to enable MGM Singapore to maintain its proportionate Unitholdings at its pre-placement level in percentage terms.

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 2,000 Units as at the Books Closure Date will be provisionally allocated with 1,000 New Units under the Preferential Offering (increased from the 100 New Units otherwise allocated under the Preferential Offering based on the ratio of one New Unit for every 20 Units held as at the Books Closure Date) so that should the Unitholder decide to accept his provisional allocation of New Units, he will own a total of 3,000 Units.

¹⁵ 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). To the extent that additional Units are required due to the aforesaid rounding up, the number of Units under the Private Placement will be reduced accordingly.

¹⁶ The figures are calculated based on the assumptions that the Techview Approval is obtained and the Techview Consideration Units are issued.

¹⁷ The spouse, children, adopted children, step-children, siblings and parents of the directors of the Manager (the “**Directors**”).

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 registered with The Central Depository Pte Limited (“CDP”), the Preferential Offering will not be extended to Unitholders whose addresses registered 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 addresses registered 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 Lead Manager and Underwriter, 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.

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 19 September 2005 at 5.00 p.m. Units commence trading ex-entitlements to provisional allocations under the Preferential Offering on 15 September 2005 at 9.00 a.m.

5.3 Additional Information on the Private Placement

The Manager has obtained a general 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 Substantial Unitholders (excluding Ascendas Land and MGM Singapore) 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 at its pre-placement level in percentage terms as at the Latest Practicable Date. Subject to the said restriction and to the requirement that the Manager certifies it is independent of each such placee, the Lead Manager and Underwriter may place New Units to the Substantial Unitholders (excluding Ascendas Land and MGM Singapore) under the Private Placement. In such an event, an announcement thereof will be made by A-REIT.

The general waiver was obtained on the basis that 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 as at the Latest Practicable Date.

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 are not taken up and are reallocated to the Private Placement.

5.4 Estimated Proceeds

Assuming that the resolution relating to the issue of the Techview Consideration Units is approved by Unitholders and 11,164,256 Techview Consideration Units are issued to Ascendas KBV or the Nominated Ascendas Entity and the Issue Price is S\$2.10, 103,121,458 New Units will be issued pursuant to the Equity Fund Raising to fund the Acquisitions. Based on an issue price of S\$2.10 per Unit, the gross proceeds of the Equity Fund Raising is expected to be approximately S\$216.6 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 Lead Manager and Underwriter closer to the date of commencement of the Equity Fund Raising) and whether the Techview Approval is obtained.

5.5 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:

5.5.1 up to S\$2.6 million¹⁸, estimated to be the maximum underwriting and selling commissions and related expenses payable to the Lead Manager and Underwriter in relation to the Equity Fund Raising assuming that the Techview Approval is obtained and the Techview Consideration Units are issued; and

5.5.2 S\$1.5 million¹⁹, estimated to be professional and other fees and expenses incurred by A-REIT in connection with the Equity Fund Raising.

5.6 Underwriting by the Lead Manager and the Underwriter

Save in respect of the New Units undertaken to be subscribed for by Ascendas Land and MGM Singapore 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, it is intended that the Preferential Offering and the Private Placement will be underwritten by the Lead Manager and Underwriter 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 will not be invoked.

5.7 Undertakings by Ascendas Land and MGM Singapore

Ascendas Land and MGM Singapore, who own an aggregate of 307,455,309 Units as at the Latest Practicable Date (comprising approximately 26.42% of the 1,163,647,175 Units on issue as at the Latest Practicable Date), have each given an undertaking to the Lead Manager and Underwriter, the Trustee and the Manager to take up their respective provisional allocations under the Preferential Offering.

5.8 Consequential Adjustment to the Distribution Period

A-REIT’s policy is to distribute its distributable income (if any) on a quarterly basis to Unitholders. In conjunction with the proposed Equity Fund Raising, the Manager intends to declare, in lieu of the Scheduled Distribution, the Cumulative Distribution. The next distribution thereafter will comprise A-REIT’s distributable income for the period from the date that New Units are issued pursuant to the Equity Fund Raising²⁰ to 31 December 2005. Quarterly distributions will resume after that.

¹⁸ This figure comprises the maximum underwriting and selling commissions payable to the Lead Manager and Underwriter assuming that the Techview Approval is obtained and the Techview Consideration Units are issued. No underwriting commission will be payable to the Lead Manager and Underwriter in respect of the Techview Consideration Units taken up by Ascendas KBV or the Nominated Ascendas Entity (if the relevant approval is obtained), the New Units taken up by Ascendas Land and MGM Singapore under the Preferential Offering and (if the relevant approval is obtained at the EGM) by MGM Singapore under the Private Placement. If the Techview Consideration Units are not issued, the Lead Manager and Underwriter will be required to underwrite such additional number of new Units (equivalent to that of the Techview Consideration Units) to be issued under the Equity Fund Raising. Accordingly, this figure is expected to increase by approximately S\$0.4 million.

¹⁹ This figure includes legal fees, fees for the Independent Accountants, Independent Valuers, IFA and other professional fees and related expenses.

²⁰ The date on which the New Units will be issued pursuant to the Equity Fund Raising has yet to be determined but is currently expected to be no later than mid-October 2005.

The Cumulative Distribution is being proposed as a means to ensure fairness to holders of the existing Units and, at the same time, to avoid the additional costs and confusion associated with maintaining two counters.

The date on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the Unitholders entitled to the Cumulative Distribution and further details pertaining to the Cumulative Distribution will be announced in due course.

For the avoidance of doubt, New Units issued pursuant to the Equity Fund Raising and the Techview 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.

5.9 Status of the New Units Issued Pursuant to the Equity Fund Raising

The New Units issued pursuant to the Equity Fund Raising and the Techview Consideration Units will, upon issue, rank *pari passu* in all respects with the then existing Units, including the right to any distributions which may be paid for the period from the date such New Units are issued to 31 December 2005 as well as all distributions thereafter.

6. PLACEMENT TO MGM SINGAPORE PTE. LTD.

6.1 Listing Manual Prohibition on Placement to Substantial Unitholders

As Rule 812(1) of the Listing Manual prohibits a placement of Units to MGM Singapore, a Substantial Unitholder of A-REIT, and the SGX-ST's waiver described in paragraph 5.3 above does not extend to MGM Singapore, the Manager is seeking 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.

Subject to Unitholders' approval being obtained, MGM Singapore has given an undertaking to the Lead Manager and Underwriter, the Trustee and the Manager to apply for and take up such number of New Units as would be required to maintain its proportionate Unitholdings 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 as a Substantial Unitholder, 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 Substantial Unitholders 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 percentage Unitholdings as at the Latest Practicable Date 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. RECOMMENDATIONS

7.1 On the Ascendas Acquisitions

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix 5** of this Circular), the Non-Interested Directors are of the view that each of the Ascendas Acquisitions is based on normal commercial terms and would not be prejudicial to the interests of A-REIT or its minority Unitholders. Accordingly, they recommend that Unitholders vote at the EGM in favour of the resolutions to approve the Ascendas Acquisitions.

7.2 On the Proposed Issue of the Techview Consideration Units

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix 5** of this Circular), the Non-Interested Directors are of the view that the issue of the Techview Consideration Units is

based on normal commercial terms and would not be prejudicial to the interests of A-REIT or its minority Unitholders. Accordingly, they recommend that Unitholders vote at the EGM in favour of the resolution to approve the issue of the Techview Consideration Units.

7.3 On the Proposed Issue of New Units

Given the current conditions of 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 so as to raise up to S\$240.0²¹ million in gross proceeds.

7.4 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 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 minority 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.

8. 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 Ascendas Acquisitions 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 (as defined herein) 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 defined herein), as certified by CDP as at 48 hours before the EGM.

Unitholders should note that the approval of the resolutions relating to the Ascendas Acquisitions 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 being duly passed. The approval of the resolution relating to the issue of the Techview Consideration Units is subject to, and contingent upon, the resolutions relating to the Techview Acquisition being duly passed. The approval of the resolution relating to the issue of New Units for the purpose of the Equity Fund Raising is not subject to, nor contingent upon, the approval of any other resolution proposed to be passed at the EGM.

9. 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 Land is interested in the resolutions relating to the Ascendas Acquisitions and the proposed issue of the Techview Consideration Units, it and its associates (including the Manager) are prohibited from voting on those resolutions.

²¹ This figure is based on the assumption that the Techview Approval is not obtained and that the maximum amount of gross proceeds that is required to be raised to fund the EFR Acquisitions include such amount required to fund the Techview Acquisition entirely in cash. If such approval is obtained, the maximum amount of gross proceeds to be raised from the Equity Fund Raising will accordingly be reduced by the Required Portion.

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 Lead Manager and Underwriter 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.

10. 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 Office at 10 Collyer Quay #19-08 Ocean Building Singapore 049315, not later than 2.30 p.m. on 11 September 2005, 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.

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

12. LEAD MANAGER AND UNDERWRITER'S RESPONSIBILITY STATEMENT

The Lead Manager and Underwriter 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 5.7, 5.9 and 6 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.

13. 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, the Valuation Summaries and the IFA Letter, and all references thereto, in the form and context in which they are included in this Circular.

14. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager²² 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:

- (a) the full valuation reports on the Properties issued by their respective Independent Valuers;
- (b) the Option Agreements;
- (c) the Purchase Agreements (appended to the Option Agreements);
- (d) the Independent Accountants' Report on the Profit Forecast;
- (e) the IFA Letter;
- (f) the Audited Financial Statements; and
- (g) the written consents of the Independent Accountants, the Independent Valuers and the IFA referred to in paragraph 13 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
(Company Registration No. 200201987K)
(as manager of A-REIT)

Lew Syn Pau
Chairman

²² Prior appointment will be appreciated.

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders 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 are based on a specified range of issue prices per Unit and on the Manager's assumptions as explained in **Appendix 2** 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 this Circular. The forecast 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 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:

1 Jalan Kilang	:	The whole of Lot 2608X Mukim 1 (derived from Lot 417V Mukim 1) together with the building erected thereon and known as 1 Jalan Kilang, Singapore 159402
1 Jalan Kilang Acquisition	:	The acquisition of 1 Jalan Kilang
1 Jalan Kilang Option Agreement	:	The put and call option agreement relating to the sale and purchase of 1 Jalan Kilang dated 25 August 2005
1 Jalan Kilang Purchase Agreement	:	The agreement relating to the sale and purchase of 1 Jalan Kilang
10-Day Volume Weighted Average Price	:	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
11 Tampines Street 92	:	The whole of Lot 4770M Mukim 28 together with the building erected thereon and known as 11 Tampines Street 92, Singapore 528872
11 Tampines Street 92 Acquisition	:	The acquisition of 11 Tampines Street 92
11 Tampines Street 92 Option Agreement	:	The put and call option agreement relating to the sale and purchase of 11 Tampines Street 92 dated 25 August 2005
11 Tampines Street 92 Purchase Agreement	:	The agreement relating to the sale and purchase of 11 Tampines Street 92
138 Depot Road	:	The land marked Pte Lot A1897601 comprised in Government Resurvey Lot Nos 2308K part and 2813T part Mukim 1 together with the building, carparks, common areas and other amenities to be erected thereon
138 Depot Road Acquisition	:	The acquisition of 138 Depot Road
138 Depot Road Option Agreement	:	The put and call option agreement relating to the sale and purchase of 138 Depot Road dated 29 July 2004 (as amended and supplemented by a supplemental deed dated 25 August 2005)
138 Depot Road Purchase Agreement	:	The agreement relating to the sale and purchase of 138 Depot Road
138 Depot Road Tenant	:	The tenant of 138 Depot Road
A-REIT	:	Ascendas Real Estate Investment Trust
Acquisitions	:	The proposed acquisitions by A-REIT of the Properties
Agreed Percentage	:	The agreed percentage of the net profit from asset enhancement works at LogisHub@Clementi which the Trustee has to pay Ascendas Tuas (as calculated under the LogisHub Purchase Agreement)

Ascendas Acquisitions	:	The acquisitions of the Ascendas Properties and each, an “Ascendas Acquisition”
Ascendas Companies	:	Ascendas Pte Ltd and its wholly-owned subsidiaries
Ascendas KBV	:	Ascendas (KB View) Pte Ltd
Ascendas Land	:	Ascendas Land (Singapore) Pte Ltd
Ascendas Option Agreements	:	The put and call option agreements entered into between the Trustee and the relevant Ascendas Vendors relating to the sale and purchase of the Ascendas Properties and each an “Ascendas Option Agreement”
Ascendas Properties	:	138 Depot Road, Hamilton Sundstrand Building, Hoya Building, LogisHub@Clementi, Techquest, Techview and Thales Building, and each an “Ascendas Property”
Ascendas Purchase Agreements	:	The agreements to be entered into between the Trustee (as trustee of A-REIT) and the Ascendas Vendors for the sale and purchase of the relevant Ascendas Property (as appended to the relevant Ascendas Option Agreement) and each an “Ascendas Purchase Agreement”
Ascendas Tuas	:	Ascendas (Tuas) Pte Ltd
Ascendas Vendors	:	Ascendas Land, Ascendas KBV and Ascendas Tuas and each, an “Ascendas Vendor”
Audited Financial Statements	:	The audited financial statements of A-REIT for the financial year ended 31 March 2005
AYE	:	Ayer Rajah Expressway
Base Fee	:	The base component of the Management Fee, being 0.5% per annum of the Deposited Property
Books Closure Date	:	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, currently expected to be on 19 September 2005 at 5.00 p.m.
Business Day	:	A day (other than Saturdays, Sundays or gazetted public holidays) on which commercial banks in Singapore are open for business in Singapore and the SGX-ST is open for trading
CDP	:	The Central Depository (Pte) Limited
Changi Property	:	The whole of Pte Lot A18021 forming part of Government Resurvey Lot 8814A Mukim 27 together with the building erected thereon
Changi Property Acquisition	:	The acquisition of the Changi Property
Changi Property Option Agreement	:	The proposed put and call option agreement relating to the sale and purchase of the Changi Property
Changi Property Purchase Agreement	:	The proposed agreement relating to the sale and purchase of the Changi Property

Citigroup or Lead Manager and Underwriter	:	Citigroup Global Markets Singapore Pte. Ltd.
Cityneon	:	Cityneon Displays (S) Pte Ltd
Cityneon Design Centre	:	The whole of Lot 9240V Mukim 24 together with the building erected thereon and known as 84 Genting Lane, Cityneon Design Centre, Singapore 349583
Cityneon Option Agreement	:	The put and call option agreement relating to the sale and purchase of Cityneon Design Centre dated 22 July 2005
Cityneon Purchase Agreement	:	The agreement relating to the sale and purchase of Cityneon Design Centre
CMBS	:	Commercial mortgage backed securities
CSC	:	Certificate of Statutory Completion issued by the Building Authority of Singapore
Cumulative Distribution	:	The proposed distribution of A-REIT's distributable income for the period from 1 July 2005 to the day immediately prior to the date the New Units are issued pursuant to the Equity Fund Raising, in lieu of the Scheduled Distribution
Declared GPR	:	The gross plot ratio as defined in the relevant Option Agreements entered into between the Trustee and the relevant Vendors
Deposited Property	:	The gross assets of A-REIT, including all its authorised investments held or deemed to be held upon the trusts under the Trust Deed
Development Properties	:	138 Depot Road, Hamilton Sundstrand Building and Thales Building and each, a " Development Property "
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit
Dynasty	:	Dynasty House Investment Pte Ltd
EFR Acquisitions	:	The FY2005/06 Acquisitions with the exception of the Thales Acquisition
Enlarged Portfolio	:	The Existing Properties and the Properties
ECP	:	East Coast Parkway
EGM	:	The extraordinary general meeting of Unitholders to be held at 2.30 p.m. on Tuesday, 13 September 2005, at Pan Pacific Singapore, Pacific 3, Level One, 7 Raffles Boulevard, Marina Square, Singapore 039595 to approve the matters set out in the Notice of Extraordinary General Meeting on pages 131 to 134 of this Circular
Equity Fund Raising	:	The proposed offer and issue of such number of New Units to raise up to an aggregate of S\$240.0 million in gross proceeds to partly finance the Acquisitions

Existing Ascendas Percentage	:	19.8995%, representing the aggregate direct Unitholdings of the Ascendas Companies as a proportion, in percentage terms of the total number of Units on issue as at 26 July 2005
Existing Properties	:	The Alpha, The Aries, The Capricorn, The Gemini, Techplace I, Techplace II, Techlink, Honeywell Building, OSIM HQ Building, Ghim Li Building, Ultro Building, Changi International Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building, TT International Tradepark, Nan Wah Building, Progen Building, C & P Logistics Hub, 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, Volex Building, Telepark, Kim Chuan Telecommunications Complex, KA Centre, KA Place, Hyflux Building, AEM-Evertech Building, MSL Building, DA Vinci Building, BBR Building, Weltech Industrial Building and Pacific Tech Centre
Extraordinary Resolution	:	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
Forecast	:	The forecast for the financial year ending 31 March 2006 including the impact of the FY2005/06 Acquisitions. This includes the assumption that Gearing will be reduced to approximately 30.2% on completion of the Equity Fund Raising and the FY2005/06 Acquisitions
Freight Links	:	Freight Links Fabpark Pte. Ltd.
FY	:	Financial year
FY2005/06 Acquisitions	:	All the Acquisitions save for the 138 Depot Road Acquisition
Gearing	:	The ratio of A-REIT's borrowings to the value of its Deposited Property
Hamilton Acquisition	:	The acquisition of Hamilton Sundstrand Building
Hamilton Option Agreement	:	The put and call option agreement relating to the sale and purchase of Hamilton Sundstrand Building dated 26 July 2005
Hamilton Purchase Agreement	:	The agreement relating to the sale and purchase of Hamilton Sundstrand Building
Hamilton Sundstrand Building	:	The land marked Pte Lot A1897603 at Changi North Rise and comprised in Government Resurvey Lot No. 4148W Pt Mukim 31 together with the building, carparks, common areas and other amenities to be erected thereon
HDB	:	The Housing & Development Board
HDB Approvals	:	The relevant approval(s) of HDB as required under the relevant Option Agreement and/or Purchase Agreement
Hoya Acquisition	:	The acquisition of Hoya Building

Hoya Building	:	The whole of Lot 2399C Mukim 7 together with the building erected thereon, and known as 455A Jalan Ahmad Ibrahim, Singapore 639939
Hoya Option Agreement	:	The put and call option agreement relating to the sale and purchase of Hoya Building dated 26 July 2005
Hoya Purchase Agreement	:	The agreement relating to the sale and purchase of Hoya Building
IFA	:	PricewaterhouseCoopers Corporate Finance Pte Ltd
IFA Letter	:	The letter issued by the IFA annexed as Appendix 5 of this Circular
Independent Accountants	:	KPMG
Independent Director	:	An independent Director
Independent Valuers	:	CB Richard Ellis (Pte) Ltd, Colliers International Consultancy and Valuation (Singapore) Pte Ltd, DTZ Debenham Tie Leung (SEA) Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd and each, an “ Independent Valuer ”
Issue Price	:	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 Lead Manager and Underwriter closer to the date of commencement thereof
JTC	:	JTC Corporation also known as Jurong Town Corporation
JTC Agreement for Lease	:	Agreement for lease relating to the relevant Property to be issued by JTC to the relevant Vendor (where applicable)
JTC Approvals	:	The relevant approval(s) of JTC as required under the relevant Option Agreement and/or Purchase Agreement
JTC Lease	:	Instrument of lease relating to the relevant Property to be issued by JTC to the relevant Vendor
Latest Practicable Date	:	17 August 2005, being the latest practicable date prior to the printing of this Circular
Listing Manual	:	The Listing Manual of the SGX-ST
LogisHub@Clementi	:	The whole of Lot 6300A Mukim 5 together with the building erected thereon, and known as LogisHub@Clementi, 2 Clementi Loop, Singapore 129809
LogisHub Acquisition	:	The acquisition of LogisHub@Clementi
LogisHub Option Agreement	:	The put and call option agreement relating to the sale and purchase of LogisHub@Clementi dated 26 July 2005
LogisHub Purchase Agreement	:	The agreement relating to the sale and purchase of LogisHub@Clementi
Management Fee	:	The Manager’s management fee as provided for in the Trust Deed, comprising the Base Fee and the Performance Fee

Manager	:	Ascendas-MGM Funds Management Limited, as manager of A-REIT
Market Day	:	A day on which the SGX-ST is open for trading in securities
MAS	:	Monetary Authority of Singapore
MGM Singapore	:	MGM Singapore Pte. Ltd.
MGM Singapore Placement	:	The proposed placement of New Units to MGM Singapore as part of the Equity Fund Raising
MRT	:	Mass rapid transit
NAV	:	Net asset value
NTA	:	Net tangible assets
NESS	:	Ness Display Singapore Pte. Ltd.
NESS Building	:	The land marked Pte Lot No. A22520 and comprised in Government Resurvey Lot No. 2406T of Mukim 29 together with the building erected thereon and known as 30 Tampines Industrial Avenue 3, Singapore 528775
NESS Option Agreement	:	The put and call option agreement relating to the sale and purchase of NESS Building dated 1 November 2004
NESS Purchase Agreement	:	The agreement relating to the sale and purchase of NESS Building
New Units	:	Units to be issued for the purpose of the Equity Fund Raising
NNB	:	Ng Nam Bee Marketing Pte Ltd
NNB Industrial Building	:	The whole of Lot 4696T Mukim 13 together with the building erected thereon and known as 10 Woodlands Link, NNB Industrial Building, Singapore 738736
NNB Option Agreement	:	The put and call option agreement relating to the sale and purchase of NNB Industrial Building dated 19 July 2005
NNB Purchase Agreement	:	The agreement relating to the sale and purchase of NNB Industrial Building
Nominated Ascendas Entity	:	The company being directly or indirectly wholly-owned by Ascendas Pte Ltd and nominated by Ascendas KBV under the Techview Option Agreement to whom the Techview Consideration Units are to be issued in payment of the Required Portion on completion of the Techview Purchase Agreement
Non-Interested Directors	:	The Directors other than those interested in the Ascendas Acquisitions and the issue of the Techview Consideration Units (such non-interested Directors being Mr Gregory Goodman, Mr James Hodgkinson, Mr David Wong Cheong Fook, Mr Benedict Kwek Gim Song and Mr Thai Chee Ken)
Option Agreements	:	The respective put and call option agreements relating to the sale and purchase of the Properties

Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater than 50.0% 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
Performance Fee	:	The performance component of the Management Fee, as set out in Clause 15.1.2 of the Trust Deed
PIE	:	Pan Island Expressway
Preferential Offering	:	The proposed preferential offering of New Units to the Singapore Registered Unitholders under the Equity Fund Raising
Private Placement	:	The proposed placement of New Units to retail and institutional investors under the Equity Fund Raising
Property Funds Guidelines	:	The Property Funds Guidelines in the Code on Collective Investment Schemes issued by the MAS
Properties	:	The Ascendas Properties, 1 Jalan Kilang, 11 Tampines Street 92, the Changi Property, Cityneon Design Centre, NESS Building, NNB Industrial Building and SENKEE Logistics Hub and " Property " refers to any one of them
Purchase Agreements	:	The respective sale and purchase agreements relating to the sale and purchase of the Properties
Relevant Conditions	:	The conditions precedents to be fulfilled for the exercise of the call option and/or the put option under the respective Option Agreements
Required Portion	:	The portion of the Techview Purchase Price to be settled by the issue of the Techview Consideration Units subject to the Techview Approval being obtained
Restricted Places	:	<ul style="list-style-type: none"> (a) The Directors and Substantial Unitholders (b) The spouse, children, adopted children, step-children, siblings and parents of the Directors and Substantial Unitholders (c) Substantial shareholders, related corporations (as defined in Section 6 of the Companies Act, Chapter 50 of Singapore), associated companies and sister companies of the Substantial Unitholders (d) Corporations in which the Directors and the Substantial Unitholders have an aggregate interest of at least 10.0% (e) Any person who, in the opinion of the SGX-ST, falls within categories (a) to (d)
Scheduled Distribution	:	The original scheduled distribution of A-REIT's distributable income for the period from 1 July 2005 to 30 September 2005
SenKee	:	SenKee Logistics Pte Ltd
SENKEE Logistics Hub	:	The whole of Lots 3529K and 3832X Mukim 5 together with the buildings erected or to be erected thereon and known as 19 Pandan Avenue, Singapore 609386 and 21 Pandan Avenue, Singapore 609388

SENKEE Option Agreement	:	The put and call option agreement relating to the sale and purchase of SENKEE Logistics Hub dated 26 July 2005
SENKEE Purchase Agreement	:	The agreement relating to the sale and purchase of SENKEE Logistics Hub
Simulation Scenario	:	The circumstance where the proportion of additional borrowings incurred and equity raised by A-REIT for the Acquisitions maintains A-REIT's Gearing at its expected base case level of approximately 31.5% upon completion of the FY2005/06 Acquisitions
SGX-ST	:	Singapore Exchange Securities Trading Limited
Singapore Registered Unitholders	:	Unitholders as at the Books Closure Date other than those whose addresses registered 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
SLE	:	Seletar Expressway
sqm	:	Square metre(s)
Substantial Unitholder	:	A person with an interest in Units constituting not less than 5.0% of all Units on issue
Target Date	:	The target date by which the conditions precedent must be fulfilled for the exercise of the put option or call option under the respective Option Agreements
Techquest	:	The whole of Lot 6864P Mukim 5 together with the building erected thereon and known as Techquest, No. 7 International Business Park, Singapore 609919
Techquest Acquisition	:	The acquisition of Techquest
Techquest Option Agreement	:	The put and call option agreement relating to the sale and purchase of Techquest dated 26 July 2005
Techquest Purchase Agreement	:	The agreement relating to the sale and purchase of Techquest
Techview	:	The whole of Lot 5471P Mukim 23 together with the building erected thereon and known as Techview, No.1 Kaki Bukit View, Singapore 415914
Techview Acquisition	:	The acquisition of Techview
Techview Approval	:	Unitholders' approval for the allotment and issue by the Manager on behalf of A-REIT of the Techview Consideration Units
Techview Consideration Units	:	The Units to be issued to Ascendas KBV or the Nominated Ascendas Entity as payment of the Required Portion
Techview Option Agreement	:	The put and call option agreement relating to the sale and purchase of Techview dated 26 July 2005

Techview Purchase Agreement	:	The agreement relating to the sale and purchase of Techview
Techview Purchase Price	:	The purchase price of Techview being S\$76.0 million
Thales Acquisition	:	The acquisition of Thales Building
Thales Additional Space	:	The additional floor area for which the Thales Tenant has an option to request under the Thales Lease Agreement
Thales Additional Space Sum	:	The sum payable by the Trustee to Ascendas Tuas for the Thales Additional Space
Thales Asset Enhancement Agreement	:	The asset enhancement agreement to be entered into between the Trustee and Ascendas Tuas upon the completion of the Thales Purchase Agreement
Thales Building	:	The land marked Pte Lot No A1897604 at Changi North Rise and comprised in Government Resurvey Lot No.4148W Pt Mukim 31 together with the building, carparks, common areas and other amenities to be erected thereon
Thales Lease Agreement	:	The lease agreement between Ascendas Tuas and the Thales Tenant
Thales Option Agreement	:	The put and call option agreement relating to the sale and purchase of Thales Building dated 26 July 2005
Thales Purchase Agreement	:	The agreement relating to the sale and purchase of Thales Building
Thales Tenant	:	The tenant of Thales Building
Thales Variation of Lease	:	Variation of the Thales Lease Agreement to be entered into between the Trustee and the Thales Tenant whereby the Thales Tenant requests for the Thales Additional Space
TOP	:	Temporary occupation permit issued by the Building and Construction Authority of Singapore
Trivec	:	Trivec Singapore Pte Ltd
Trust Deed	:	The trust deed dated 9 October 2002 entered into between the Trustee and the Manager (as amended)
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, as trustee of A-REIT
Unit	:	A unit representing an undivided interest in A-REIT
Unitholder	:	A Depositor whose securities account with CDP is credited with Unit(s)
Unitholding	:	Holding of Units
Valuation Summaries	:	The valuation summaries on the Properties attached as Appendix 1 of this Circular
Vendor	:	The vendor of a Property

Weighted Average Lease Term to Expiry	:	The weighted average lease term to expiry by gross rental income
S\$ and cents	:	Singapore dollars and cents
%	:	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.

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**Independent Property Valuation
Summary Report**

Our Ref: PKE:NAH/HN/MKW:ao:3.448:0506061/2/3 & 0506172/3/4

22 July 2005

HSBC Institutional Trust Services (Singapore) Limited
as trustee of Ascendas Real Estate Investment Trust
75 Science Park Drive #01-03
Cintech II
Singapore Science Park 1
Singapore 118255

Pricewaterhouse Coopers Corporate Finance Pte Ltd
8 Cross Street #17-06
PWC Building
Singapore 048424

Dear Sirs

RE : OPEN MARKET VALUATION OF THE FOLLOWING PROPERTIES:

- 1) **TECHVIEW**
- 2) **TECHQUEST**
- 3) **LOGISHUB@CLEMENTI**
- 4) **HAMILTON SUNDSTRAND BUILDING**
- 5) **THALES BUILDING**
- 6) **138 DEPOT ROAD**

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 above-mentioned properties (the "Properties").

We have been instructed to assess the open market value of the above mentioned properties as at 18 July 2005 based on the terms of the proposed sale arrangement between the owner of the properties and Ascendas Real Estate Investment Trust ("A-REIT"). We confirmed that we have inspected the properties, made relevant local searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values as at 18 July 2005.

The term "Open Market Value" as used herein is intended to mean "an opinion of the best price at which the sale of an interest in property would 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 the price and terms and for the completion of the sale;

.../Page 2

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Executive Chairman
Edward A. G. Lee 李國章 (Chairman of DTZ Group)
Chief Executive Officer
Ho Yee-Lee 何錫怡
Executive Directors
Lim Joo Yee 林昭怡
Tan Kah Hong 譚嘉鴻
Hong Wai Wang 何偉文
Angelo Tan 譚國強
Helen Lam 林麗蓮
Cheong Chee Hin 鄭志賢

Group Managing Director (SEA)
Wong Shun-ting 黃潤生
Ho Yee-Lee 何錫怡
Nicolau Chung 鍾國強
Director
Lim Hong Leung 凌鴻榮
Heng Sook Hong 何淑虹
Peggy Lee 李佩儀

Group Managing Director (Asia)
Tony Ho Jung 何鍾剛
Executive Director
Ivan Yee 葉國輝
Tsun Wang 王國強
Liam Tan 譚國強
Frankie Au Kwai 歐國輝
Tan Shook Hean 陳少軒
Maurice Yick 葉國輝

DTZ certified for valuations, agency and property management services
RUC registered no. 1989M010

DTZ has over 8,000 staff operating from 193 offices in 46 countries.

- (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;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transactions had acted knowledgeably, prudently and without compulsion.”

Our valuations have been made on the assumption that the owner sells the properties on the open market taking into account the terms of sale but without the benefit of other joint venture, management agreement or any similar arrangement which would affect the values of the properties.

We have valued the subject properties mainly by the Direct Comparison Method and cross checked with the Income Method with detailed calculations of the cashflow analysis.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties. We have assumed that properties are free of encumbrances, restrictions or other outgoings of an onerous nature which would affect their values, other than those which have been indicated to us.

Information as to tenure, site area and ownership is obtained from our searches carried out at the Singapore Land Authority. We have also relied to a considerable extent on information provided by Ascendas-MGM Funds Management Ltd particularly in relation to matters such as site area, tenure, title particulars for properties that are under construction; and gross/lettable floor areas, sale arrangement, land rental, tenancy details and annual value for all the properties.

We were not instructed to carry out structural survey of the completed buildings, nor to test any of the services, but we have reflected in our valuation, where necessary, any items of disrepair which we noticed during the course of our inspections. We are not, however, able to report that the buildings are free of rot, infestation or any other defect.

A summary of our opinion of the open market value for each of the properties is given below:

Address	Balance Tenure	Approximate GFA (sq.m.)	Approximate Net Lettable Area (sq.m.)	Valuation (S\$)	Internal Rate of Return (%)	Capitalisation Rate (%)	Initial Yield (%)	Terminal Yield (%)	Date of Valuation
Tuchiew	31 yrs	30,983	28,333.3	S\$76,000,000-	8.06	7	7.13	7.3	18 July 2005
Tuchuan	30 yrs	8,678.7	8,280.1	S\$7,500,000-	8.2	7	7.43	7.75	18 July 2005
Legislative/Clovest	48 yrs	35,638.3	22,419	S\$18,300,000-	8.28	7.5	8.73	8.25	18 July 2005
Harrison Sandstrand Building	60 yrs	17,737.2	16,836.3	S\$25,100,000-*	7.93	7.5	7.67	8	18 July 2005
Thales Building	42 yrs	8,248	8,049	S\$3,750,000-	8.08	7.75	7.89	8.25	18 July 2005
138 Dapor Road	59.5 yrs	20,561.8	28,008.47	S\$42,500,000-	8.08	7.5	7.3	8	18 July 2005

* open market value inclusive of M&E cost at S\$3,590,000- to S\$31,330,000-

This valuation summary 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-REIT), the auditor of A-REIT, A-REIT's financier(s) and the independent financial advisor in connection with A-REIT's proposed acquisition of the properties as well as for inclusion in the circular.

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.

**HSBC Institutional Trust Services (Singapore) Ltd
as trustee of Ascendas Real Estate Investment Trust &
Pricewaterhouse Coopers Corporate Finance Pte Ltd**

22 July 2005

DTZ Debenham Tie Leung (SEA) Pte Ltd had relied upon property data supplied by Ascendas-MGM Funds Management Ltd which we have assumed them to be true and accurate. DTZ Debenham Tie Leung (SEA) Pte Ltd takes no responsibility for any 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 nor prospective interest in the subject property and are not a related corporation of nor do we have a relationship with Ascendas-MGM Funds Management Ltd, the advisers or other party/parties whom A-REIT is contracting with. Our 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 valuers undertaking these valuations are authorised to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully
for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD



Poh Kwee Eng (Ms)
Executive Director



JONES LANG
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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 6430 3360
Company Reg No. 198004794D
Company Reg No. 197600508N



Valuation (Land & Building)

Your Ref :
Our Ref : TKC:RA:aa:VWC:050703

HSBC Institutional Trust Services (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

Pricewaterhouse Coopers Corporate Finance Pte Ltd
8 Cross Street #17-00
PWC Building
Singapore 048424

July 18, 2005

Dear Sirs,

**OPEN MARKET VALUATION OF 455A JALAN AHMAD IBRAHIM HOYA BUILDING
SINGAPORE 639939**

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 above-mentioned property.

We have been instructed to assess the Open Market Value of the abovementioned property as at 18 July 2005 based on its ground lease terms, usage and tenancy agreements. We confirm that we have inspected the subject property and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Open Market Value of the property.

We have prepared comprehensive formal valuation reports in accordance with the requirements in the Letter of Instruction 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;

....Page 2



HSBC Institutional Trust Services (Singapore) Limited
Ascendas-MGM Funds Management Limited
Pricewaterhouse Coopers Corporate Finance Pte Ltd
- Open Market Valuation of 455A Jalan Ahmad Ibrahim
Hoya Building Singapore 639939

July 18, 2005

Our valuation has been made on the assumption that the owner sells the property in the open market subject to the existing tenancy agreement.

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 values, etc. All information provided 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 outgoings 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 use of the property market. The valuation methods adopted to arrive at our opinion of values are the Discounted Cash Flow Analysis and Direct Capitalisation Method.

We are not adopting the direct comparison approach to value the subject property due to the following reasons:-

- (i) It has a long lease term of 10 years commencing from 19 April 2004.
- (ii) It is special property with clean room facilities.

There is no direct comparable properties that we can use for such a method and we are of the opinion that the direct capitalization method and the discounted cash flow method are the best methods to determine the value of the subject property.

Valuation certificate for the subject property is attached to this letter.

This valuation summary 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-REIT), the auditor of A-REIT, A-REIT's financier(s) and the independent financial advisor in connection with A-REIT's proposed acquisition of the properties as well as for inclusion in the Circular.

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

Jones Lang LaSalle has relied upon the property data supplied by Ascendas-MGM Funds Management Limited 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.

.../Page 3



HSBC Institutional Trust Services (Singapore) Limited
Ascendas-MGM Funds Management Limited
Pricewaterhouse Coopers Corporate Finance Pte Ltd
- Open Market Valuation of 455A Jalan Ahmad Ibrahim
Hoya Building Singapore 639939

July 18, 2005

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 property and are not a related corporation of nor do we have a relationship with Ascendas-MGM Funds Management Limited (as manager of A-REIT), adviser or other party/parties whom the property trust 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.

In arriving at the Open Market Value of the property, we have relied on the Direct Capitalisation Approach and Discounted Cash Flow Analysis. 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:

455A JALAN AHMAD IBRAHIM HOYA BUILDING SINGAPORE 639939

Land Area:	6,451.4 sq.m.
Gross Floor Area (GFA):	Approximately 5,314.9 sq.m.
Lettable Floor Area (LA):	Approximately 5,092 sq.m. – according to Tenancy Agreement and subject to final survey.
Tenure:	30 years lease commencing from 16 May 2003.
Capitalisation Rate:	8.5%
Internal Rate of Return (10 years):	8.55%
Investment Yield	9%
Terminal Yield:	9%
Valuation: (as at 18 July 2005)	S\$5,300,000/- (Singapore Dollars Five Million And Three Hundred Thousand)

Faithfully,

Tan Keng Chiam
B. Sc. (Est. Mgt.) MSISV
National Director
JONES LANG LASALLE

Enc



19 August 2005

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
20 Raffles Place
Ocean Towers #13-01/05
Singapore 048620

Dear Sirs

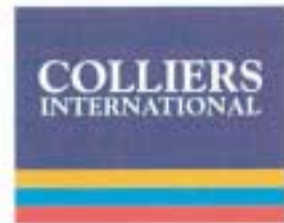
**OPEN MARKET VALUATION OF PROPERTY AT -
PRIVATE LOT A18021 FORMING PART OF GOVERNMENT RESURVEY
LOT 8814A MUKIM 27 SINGAPORE**

Thank you for your instructions to conduct a valuation of the above property to advise on the open market value as at 15 July 2005. 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").

In accordance with your instructions, we have inspected the property, carried out simple title searches (but no application for structural surveys / road and drainage interpretation plans / legal requisitions), conducted the necessary studies, and are pleased to submit our valuation report together with the valuation certificate and executive summary in accordance with the requirements in your Letter of Instruction on 8 June 2005 as follows:-

"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);



Colliers International Consultancy &
Valuation (Singapore) Pte Ltd
50 Raffles Place
#18-01 Singapore Land Tower
Singapore 048623
Tel: 65 6223 2323
Fax: 65 6438 6826

RCB No. 100105005E

- (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.

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

Address	Bal Yrs	Site area (sm)	Gross Floor Area (sm)	Net Lettable Area (sm)	OMV 15/07/2005 (\$)	Investment Cap Rate (%)	Internal Rate Of Return (%)	Terminal Cap Rate (%)
Private Lot A18021 Forming Part Of Government Resurvey Lot 8814A, Mukim 27 Singapore	53.1	16,005	Approx 25,583	Approx 23,146	34,800,00	7.25	8.9	7.75

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.

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 analysis, opinion and conclusion 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 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 this valuation 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)

**Independent Property Valuation
Summary Report**

Our Ref: PKE:NAH/HN:ao:3.448:0503298 & 0507164/5

18 August 2005

HSBC Institutional Trust Services (Singapore) Limited
as trustee of Ascendas Real Estate Investment Trust
75 Science Park Drive #01-03
Cintech II
Singapore Science Park 1
Singapore 118255

Dear Sirs

RE : OPEN MARKET VALUATION OF THE FOLLOWING PROPERTIES:

- 1) SENKEE LOGISTIC HUB, 21 PANDAN AVENUE, SINGAPORE 609388
- 2) 11 TAMPINES STREET 92, SINGAPORE 528872
- 3) 1 JALAN KILANG, SINGAPORE 159402

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 above-mentioned properties (the "Properties").

We have been instructed to assess the open market value of the above mentioned properties as at 18 August 2005 based on the terms of the proposed sale arrangement between the owner of the properties and Ascendas Real Estate Investment Trust ("A-REIT"). We confirmed that we have inspected the properties, made relevant local searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values as at 18 August 2005.

The term "Open Market Value" as used herein is intended to mean "an opinion of the best price at which the sale of an interest in property would 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 the price and terms and for the completion of the sale;

.../Page 2

DTZ Debenham Tie Leung (SEA) Pte Ltd 100 Beach Road #35-00 Shaw Tower Singapore 189702
Telephone +65 6293 3228 Fax +65 6298 9328/6292 1633 www.dtz.com.sg mail@dtz.com.sg

Executive Chairman
Edward Ho Yee 何禮賢 (Singapore)
Chief Executive Officer
De Yee Loo 盧德儀 (Singapore)
Executive Directors
Law Fui Chee 盧煥池 (Singapore)
Yau Kah Hong 楊嘉樂 (Singapore)
Hong Hui Young 洪煥英 (Singapore)
Angie Tan 譚詠欣 (Singapore)
Philip Lam 林國平 (Singapore)
Hong Chuen Fok 馮煥全 (Singapore)

Company Secretary
Wong Shuen 黃潤 (Singapore)
Risk Factor Dept
Ng Yee Chai 吳宜志 (Singapore)
Valuation Dept
Chau Siu Tin 周秀添 (Singapore)
Director
Lee Hong Kwong 李鴻光 (Singapore)
Sung Kok Hong 宋國強 (Singapore)
Fanny Sun 孫慧芬 (Singapore)

Chairman
Tung Kai Long 鄧凱龍 (Singapore)
Executive Director
Law Wai 盧煥池 (Singapore)
Yau Kah Hong 楊嘉樂 (Singapore)
Hong Hui Young 洪煥英 (Singapore)
Angie Tan 譚詠欣 (Singapore)
Philip Lam 林國平 (Singapore)

DTZ is certified for valuation, agency and property management services
RAC Registered No. 230811911

DTZ has over 8,000 staff operating from 193 offices in 46 countries.

- (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;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transactions had acted knowledgeably, prudently and without compulsion."

Our valuations have been made on the assumption that the owner sells the properties on the open market taking into account the terms of sale but without the benefit of other joint venture, management agreement or any similar arrangement which would affect the values of the properties.

We have valued the subject properties mainly by the Direct Comparison Method and cross checked with the Income Method with detailed calculations of the cashflow analysis.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties. We have assumed that properties are free of encumbrances, restrictions or other outgoings of an onerous nature which would affect their values, other than those which have been indicated to us.

Information as to tenure, site area and ownership is obtained from our searches carried out at the Singapore Land Authority. We have also relied to a considerable extent on information provided by Ascendas-MGM Funds Management Ltd particularly in relation to matters such as site area, tenure, title particulars and gross/lettable floor areas, sale arrangement, land rental, tenancy details and annual value for all the properties.

We were not instructed to carry out structural survey of the buildings, nor to test any of the services, but we have reflected in our valuation, where necessary, any items of disrepair which we noticed during the course of our inspections. We are not, however, able to report that the buildings are free of rot, infestation or any other defect.

A summary of our opinion of the open market value for each of the properties is given below:

Address	Balance Tenure	Approximate GFA (sq.m.)	Approximate Net Lettable Area (sq.m.)	Valuation (S\$)	Internal Rate of Return (%)	Capitalisation Rate (%)	Initial Yield (%)	Terminal Yield (%)	Date of Valuation
Secker Logistics Hub 21 Pandan Avenue	44 yrs	41,658.0	26,621.0	\$542,300,000	7.8%	7.7%	7.2%	8.2%	1 April 2005
11 Tampines Street 92	44 yrs	18,088.1	14,542.4	\$210,800,000	7.0%	7.3	7.0*	8	18 August 2005
1 Jalan Klang	50.5 yrs	7,128.0	6,073.0	\$518,650,000	7.8	7	7	7.2%	18 August 2005

* assuming on a fully income producing basis (include net rental for extension block)

This valuation summary 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-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.

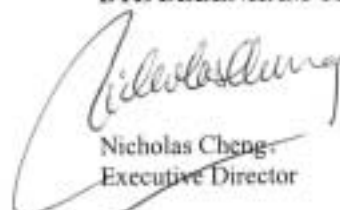
We have prepared this valuation summary which appears in the Circular and specially disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular other than in respect of the information provided within the valuation reports and summary. 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.

DTZ Debenham Tie Leung (SEA) Pte Ltd had relied upon property data supplied by Ascendas-MGM Funds Management Ltd which we have assumed them to be true and accurate. DTZ Debenham Tie Leung (SEA) Pte Ltd takes no responsibility for any 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 nor prospective interest in the subject property and are not a related corporation of nor do we have a relationship with Ascendas-MGM Funds Management Ltd, the advisers or other party/parties whom A-REIT is contracting with. Our 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 valuers undertaking these valuations are authorised to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully
for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD



Nicholas Cheng
Executive Director



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Jones Lang LaSalle Property Consultants Pte Ltd
Jones Lang LaSalle Property Management Pte Ltd
Raffles Place #13-01 Republic Plaza, Singapore 048619
Tel: +65 4220 3000 Fax: +65 4338 3993
Company Reg No. 198804794D
Company Reg No. 197600508N



Valuation (Land & Building)

Your Ref :
Our Ref : TKC:LCP:aa:VWC:050684

HSBC Institutional Trust Services (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

18 July 2005

Dear Sirs,

**OPEN MARKET VALUATION OF 84 GENTING LANE CITYNEON DESIGN CENTRE
SINGAPORE 349584**

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 above-mentioned property.

We have been instructed by Ascendas-MGM Funds Management Limited (the "Manager"), as manager of Ascendas Real Estate Investment Trust ("A-REIT") to assess the Open Market Value of the abovementioned property (the "Property") as at 18 July 2005 based on its ground lease terms, usage and tenancy agreements. We confirm that we have inspected the subject property and conducted relevant enquiries and investigations as we considered necessary for the purposes of providing you with our opinion of the Open Market Value of the property.

We have prepared comprehensive formal valuation reports in accordance with the requirements in the agreement dated 18 July 2005 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;

.../Page 2



HSBC Institutional Trust Services (Singapore) Limited
Ascendas-MGM Funds Management Limited
 - **Open Market Valuation Of 84 Genting Lane**
Cityneon Design Centre Singapore 349524

18 July 2005

Our valuation has been made on the assumption that the owner sells the property in the open market subject to the respective sales and leaseback agreement.

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 22 June 2005 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 property, 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 sectors of the property market. The valuation methods adopted to arrive at our opinion of values are the Direct Comparison Method, 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	Bal. Tenure	Approx. Gross Floor Area (sq.m.)	Approx. Net Lettable Area (sq.m.)	Cap Rate	IRR	Investment Yield	Terminal Yield	Valuation as at 18 July 2005 (S\$)
Cityneon Design Centre	34.33 years	11,917.24	9,773	7.00%	8.11% ¹	8.23%	8.25%	10,000,000-

This valuation summary 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-REIT), the auditor of A-REIT, A-REIT's financier(s) in connection with A-REIT's proposed acquisition of the properties as well as for inclusion in the Circular.

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

..../Page 3

¹ 12 years



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HSBC Institutional Trust Services (Singapore) Limited
Ascendas-MGM Funds Management Limited
- **Open Market Valuation Of 84 Genting Lane**
Cityneon Design Centre Singapore 349524

18 July 2005

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 of 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 this valuation is 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

Enc

**Independent Property Valuation
Summary Report**

16 August 2005

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 Drive #01-03 CINTECH II
Singapore Science Park 1
Singapore 118255

Dear Sirs

VALUATION OF
30 TAMPINES INDUSTRIAL AVENUE 3, NESS BUILDING, SINGAPORE 528775
10 WOODLANDS LINK, NNB INDUSTRIAL BUILDING, SINGAPORE 738736

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. We confirm that we have inspected the properties 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.

We have prepared a comprehensive formal valuation report of the properties 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 valuations have been made on the assumption that the owner sells the properties on the open market in their existing state taking into account the existing tenancy/tenancies and occupational arrangements and without the benefit of a deferred terms contract, joint venture, or any similar arrangement which would affect the prices of the properties.

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 properties are valued on the assumption that they are free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

Our valuations are 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 Singapore Land Authority. We have also relied on information provided to us by our client pertaining to matters such as the gross floor area, net lettable area, tenancy details, property tax annual values etc. All information provided 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 surveys have 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.

This valuation summary summarises 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-REIT), the auditor of A-REIT and A-REIT's financier(s) in connection with financial reporting/mortgage security 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 and specifically disclaims liability to any person in the event of any omission from or false or misleading statement included, 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 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.

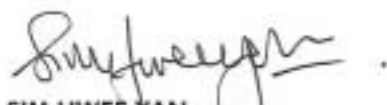
The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject properties and are not a related corporation of nor do 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.

Our valuation summary of the properties is enclosed.

Yours faithfully

CB RICHARD ELLIS (PTE) LTD



SIM HWEE YAN
BSc (Est. Mgt) Hons FSISV
Appraiser's Licence No. : AD041-2004155J

VALUATION SUMMARY

S/n	Address	Balance Tenure (years)	Land Area (sqm)	GFA (sqm)	NIA (sqm)	Cap Rate	IRR	Terminal Yield	Date of Valuation	Open Market Value as at Date of Valuation
1	30 Tampines Industrial Avenue 3 NESS Building	58.38	15,119.0	9,593.0	9,593.0	8.25%	9.50%	8.50%	16-Aug-05	\$ 22,200,000
2	10 Woodlands Link NNS Industrial Building	50.53	8,283.3	11,537.0	9,794.0	7.75%	9.25%	8.00%	06-Jul-05	\$ 12,000,000

PROFIT FORECAST

Statements contained in this section which are not historical facts may be forward-looking statement. 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 the forecast.

The following table sets out A-REIT's forecast net investment income and distributable income for the financial year ending 31 March 2006. The forecast has been reviewed by KPMG and should be read together with their report contained in **Appendix 3** of this Circular as well as the assumptions and sensitivity analysis set out below.

FORECAST STATEMENT OF NET INVESTMENT INCOME AND DISTRIBUTABLE INCOME FOR THE FINANCIAL YEAR ENDING 31 MARCH 2006

	Existing Properties	The FY2005/06 Acquisitions	After the FY2005/06 Acquisitions
	(\$'000)	(\$'000)	(\$'000)
Gross revenue from the Existing Properties	203,772	–	203,772
Gross revenue from the FY2005/06 Acquisitions	–	15,954	15,954
Gross revenue	203,772	15,954	219,726
Property services fees	(5,697)	–	(5,697)
Property tax	(12,528)	–	(12,528)
Other property operating expenses	(27,742)	–	(27,742)
Property operating expenses from the FY2005/06 Acquisitions	–	(5,722)	(5,722)
Property operating expenses	(45,967)	(5,722)	(51,689)
Net property income	157,805	10,232	168,037
Manager's management fee	(15,982)	(1,373)	(17,355)
Trust expenses	(1,399)	(46)	(1,445)
Borrowing costs	(20,691)	(843)	(21,534)
Non property expenses	(38,072)	(2,262)	(40,334)
Net investment income	119,733	7,970	127,703
Non-tax deductible expenses	10,474	661	11,135
Net investment income available for distribution	130,207	8,631	138,838
Weighted average number of Units on issue ('000) ⁽¹⁾	1,163,793		1,220,961
Units on issue ('000) ⁽¹⁾⁽²⁾	1,166,457		1,281,035
Earnings per Unit (cents)	10.28		10.47
DPU (cents) ⁽¹⁾⁽²⁾	11.18		11.37

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 2006 as the New Units are only entitled to distribution income from the date they are issued.
- (2) Assuming that the EFR Acquisitions are completed on 15 October 2005, that the Thales Acquisition is completed on 1 January 2006, and that there is no change to the current mode of payment of the Management Fee *i.e.* the Base Fee in the form of Units and cash in equal proportions for the first 19 of the Existing Properties and in the form of cash for all the subsequent acquisitions, and the Performance Fee in the form of Units in respect of the Enlarged Portfolio.

Assumptions

The major assumptions that the Manager has made in preparing the Forecast are detailed below. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Circular¹.

(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 the usual market practice in Singapore. A number of A-REIT’s leases also include stepped-up provisions, 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. Rental Guarantees are provided on certain properties on terms and conditions as set out in the Purchase Agreements.

Following the expiry of a committed lease, in order to forecast the gross rental income, the Manager has assessed the market rent in respect of the lettable area of each property in the Portfolio as at 31 July 2005. The market rent is the rent which the Manager believes could be achieved if each lease is re-negotiated as at 31 July 2005 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 income from car parking, licence fees, utilities and other miscellaneous income earned from the Portfolio. Income from car parking includes income earned from the operation of car parks and utilities income includes income from air conditioning, water and electricity charges to tenants. Expected income from car park, licence fees, utilities and other miscellaneous income is based on the existing licence agreements and current income collections.

¹ These assumptions include: (a) New Units under the Equity Fund Raising and the Techview Consideration Units are issued on 1 October 2005, (b) the EFR Acquisitions are completed on 15 October 2005 and (c) Gearing is reduced to approximately 30.2% upon the completion of the Equity Fund Raising and the FY2005/06 Acquisitions.

(C) Renewals and Vacancy Allowance

It has been assumed that leases up for renewal during the period between 1 August 2005 and 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 retention rate and vacancy allowance for all renewals over the forecast period are 50.0% to 75.0% and between two to ten 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 annual value less vacancy refunds for multi-tenanted properties and 10.0% of the annual value for single-tenanted properties.

C. Other Property Operating Expenses

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

D. Bad and Doubtful Debts

No provision has been made for bad and doubtful debts during the period from 1 August 2005 to 31 March 2006.

(iii) Manager's Management Fees

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

The Manager's Base Fee is 0.50% per annum of the Deposited Property. The Base Fee in respect of the first 19 properties will be paid in equal proportions in the form of Units and cash. The Base fee in respect of the 25 properties acquired since November 2004 and the FY2005/06 Acquisitions will be paid entirely in cash. The change to the payment method of the Base Fee was approved by Unitholders at the EGM held in November 2004 and was implemented with effect from 1 April 2005.

A Performance Fee of 0.20% of A-REIT's Deposited Property has been included for the financial year ending 31 March 2006, being a fee of 0.10% payable if DPU growth exceeds 2.5% and an additional fee of 0.10% payable if DPU growth exceeds 5.0% (as defined in the Trust Deed). The Performance Fee is payable to the Manager in Units.

The number of Units issued to the Manager will be based on the market price (as determined pursuant to the Trust Deed) of the Units at the time of payment. In preparation of the financial forecast, Units issued to the Manager in payment of the Management Fee are assumed to be issued at an issue price of S\$2.10 per Unit.

(iv) Acquisition Fees

An acquisition fee of 1.0% of the purchase price of the Properties is payable in cash to the Manager.

(v) **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.

(vi) **Borrowing Costs**

A-REIT has raised S\$650.0 million by issuing commercial mortgage backed securities ("CMBS"). S\$300.0 million was raised in August 2004 and S\$350 million was raised in May 2005. A-REIT also has an aggregate of S\$700.0 million in standby bank debt facilities with Oversea-Chinese Banking Corporation Limited, BNP Paribas, United Overseas Bank Ltd and DBS Bank Ltd. As at 31 July 2005, S\$53.0 million had been drawn from these facilities. The Manager has fixed the interest rate in respect of an aggregate amount of S\$522.5 million of A-REIT's borrowings through interest rate swaps with a remaining weighted average term of 4.27 years at an average fixed interest rate of 2.57% per annum exclusive of all margins and S\$127.5 million fixed for 2 years through an interest rate cap. These result in an all-in current interest rate of 2.97% including margins and amortised/annual costs of the CMBS programme. The Manager has assumed an average interest rate of 2.79% per annum inclusive of all margins for the eight months ending 31 March 2006 after taking into account the additional borrowings to be incurred by the Manager for the Acquisitions.

(vii) **Capital Expenditure**

An allowance for forecasted capital expenditure has been included based on the Manager's budget. It has been assumed that capital expenditure will be funded from available bank borrowings. Capital expenditure incurred is capitalised as part of A-REIT's Deposited Property and has no impact on the net investment income or distributions other than the interest incurred on bank borrowings, the Management Fee that the Manager is entitled to and the Trustee's fees.

Capital expenditure of S\$11.1 million has been forecast for the eight months ending 31 March 2006.

(viii) **Equity Raising**

The Forecast has been prepared based on an issue price of S\$2.10 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\$4.5 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 distributions.

(ix) **The FY2005/06 Acquisitions**

A-REIT will be entitled to income from the FY2005/06 Acquisitions from the day of completion (which is assumed to be 15 October 2005) for the EFR Acquisitions and 1 January 2006 for the Thales Acquisition). However, the actual completion dates may vary.

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 which include acquisition fees and legal fees, etc 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 2006.

For the purpose of forecasting the Manager's Management Fee and Trustee's fee for the financial year ending 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 (vii) above and the estimated acquisition costs of the Properties.

(x) 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 net investment income and distributable income.

(xi) Other Assumptions

The Manager has made the following additional assumptions in preparing the financial forecast for the financial year ending 31 March 2006:

- that the property portfolio remains unchanged after the Properties are acquired;
- that no further capital will be raised during the forecast period;
- 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 forecast distributions included in this Circular are based on a number of key assumptions that have been outlined earlier in this **Appendix 2**.

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

The sensitivity analysis below is intended to provide a guide only and variations in actual performance could exceed or fall below 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 2**.

Gross Revenue

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

Assuming an Issue Price of	\$2.00	\$2.10	\$2.20	\$2.30
DPU				
5.0% above estimate	12.02	12.05	12.07	12.09
Base case after the FY2005/06 Acquisitions	11.34	11.37	11.39	11.41
5.0% below estimate	10.66	10.68	10.71	10.73

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 Forecast DPU for the financial year ending 31 March 2006 is as follows:

Assuming an Issue Price of	\$2.00	\$2.10	\$2.20	\$2.30
DPU				
5.0% above estimate	11.18	11.20	11.23	11.25
Base case after the FY2005/06 Acquisitions	11.34	11.37	11.39	11.41
5.0% below estimate	11.50	11.53	11.55	11.57

Borrowing Costs

Changes in interest rates will impact the net investment income of A-REIT. The interest rate assumptions are set out earlier in this **Appendix 2**. The effect of variations on total interest costs (including CMBS amortised establishment costs) on Forecast DPU for the financial year ending 31 March 2006 is as follows:

Assuming an Issue Price of	\$2.00	\$2.10	\$2.20	\$2.30
DPU				
5.0% above estimate	11.27	11.30	11.32	11.34
Base case after the FY2005/06 Acquisitions	11.34	11.37	11.39	11.41
5.0% below estimate	11.41	11.43	11.46	11.48

INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST

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

25 August 2005

Dear Sirs

Letter from the Reporting Accountants on the Profit Forecast 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 Statement of Net Investment Income and Distributable Income for the financial year ending 31 March 2006 (the "**Profit Forecast**") as set out on page 63 of the Circular, which has been prepared on the basis of the assumptions set out on pages 64 to 67 of the Circular.

We have examined the Profit Forecast as set out on page 63 of the Circular in accordance with Singapore Standards on Assurance Engagements applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast including the assumptions set out on pages 64 to 67 of the Circular (the "**Assumptions**") on which the Profit Forecast is based.

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 applicable presentation principles of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" (but not all the required disclosures for the purposes of this letter), which is the framework adopted by A-REIT in the preparation of its financial statements.

Actual results are likely to be different from the Profit Forecast since anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecast. For the reasons set out above, we do not express any opinion as to the possibility of the achievement of the Profit Forecast.

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

Yours faithfully

KPMG

Certified Public Accountants

Singapore

(Partner-in-charge: Eng Chin Chin)

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. Unless otherwise stated, the occupancy rates stated in this Appendix 4 are as at 30 June 2005.

A. INFORMATION ON THE PROPERTIES

The Ascendas Properties

1. 138 Depot Road

138 Depot Road is owned by Ascendas Tuas and is located along Depot Road, close to the AYE.

The property will comprise a seven-storey hi-tech industrial building with two basement car parks, and a total net lettable area of approximately 26,008 sqm (subject to survey).

The building is being developed by Ascendas Tuas and construction is expected to be completed in April 2006. Hewlett-Packard Singapore (Private) Limited will occupy the majority of the space with an option to take up additional space to be exercised within six months from date of lease commencement.

2. Hamilton Sundstrand Building

Hamilton Sundstrand Building is owned by Ascendas Tuas and is located along Changi North Rise, adjacent to Thales Building.

Developed by Ascendas Tuas, the building is under construction and will be made up of a single-storey factory with a mezzanine and a single-storey ancillary office. Hamilton Sundstrand Building will be leased to Hamilton Sundstrand Pacific Aerospace Pte Ltd upon completion of construction which is expected to be in October 2005. Hamilton Sundstrand Pacific Aerospace Pte Ltd, a subsidiary of United Technologies Corporation, is among the largest global suppliers of technologically advanced aerospace and industrial products.

The total gross floor area of Hamilton Sundstrand Building is 17,737 sqm on a land area of 30,965 sqm (subject to survey).

3. Hoya Building

Hoya Building is owned by Ascendas Land. Hoya Building is located at 455A Jalan Ahmad Ibrahim and is well served by the AYE. Hoya Building is leased to Hoya Medical Singapore Pte. Ltd., which is part of Hoya Group, Japan's first specialty manufacturer of optical glass established in 1941. The Hoya Group has continued to grow as a global enterprise through the expansion of its diverse business activities, which encompass electro-optics, photonics, vision care, healthcare and crystal products.

The property comprises a two-storey light industrial building, with a total net lettable area of approximately 5,092 sqm (subject to survey).

4. LogisHub@Clementi

LogisHub@Clementi is owned by Ascendas Tuas. LogisHub@Clementi is located at 2 Clementi Loop and is in close proximity to the PIE. The property comprises a four-storey warehouse, with a total net lettable area of approximately 22,419 sqm (subject to survey).

This multi-tenanted property, with an occupancy rate of 52.7%, has existing tenants which include John Wiley & Sons (Asia) Pte Ltd, Arrow Electronics Asia (S) Pte. Ltd. and Hub Distributors Services Pte Ltd.

Ascendas Tuas has informed A-REIT that a prospective tenant has accepted its offer on 25 July 2005 to take up some of the vacant space and possession is expected to take place in September 2005, which will then bring the property's occupancy rate to approximately 71.0%.

5. Techquest

Techquest is owned by Ascendas Land. Techquest is located at 7 International Business Park, which is in close proximity to the AYE and is set within the neighbourhood of buildings tenanted by companies like Creative, Acer and M1.

The property comprises a five-storey business park building, with a total net lettable area of approximately 6,266 sqm (subject to survey). This multi-tenanted building, with an occupancy rate of 71.6%, has existing tenants which include Scandent Group Pte. Ltd., Sonic Singapore Pte Ltd, Blueprint Impex Pte Ltd and YKK AP Singapore Pte Ltd.

6. Techview

Techview is owned by Ascendas KBV. Techview is located at 1 Kaki Bukit View and is easily accessible by the PIE. Completed in 1998, the property comprises a five-storey hi-tech industrial building, with a total net lettable area of approximately 36,912 sqm (excluding non-production areas) and a parking capacity of approximately 500 parking lots. The total gross floor area is 50,985 sqm on a land area of 22,516 sqm (subject to survey).

This multi-tenanted property, with an occupancy rate of 87.0%, has existing tenants which include IBM Singapore Pte Ltd, Amkor Technology Singapore Pte. Ltd. and Rohde & Schwarz Systems & Communications Asia Pte. Ltd.

7. Thales Building

Thales Building is being constructed by Ascendas Tuas along Changi North Rise, and is adjacent to Hamilton Sundstrand Building.

Thales Building will comprise a three-storey light industrial building and its sole tenant will be Thales Avionics Asia Pte Ltd, which is one of the world's largest professional electronics groups, serving the defence, aerospace and security markets. The total gross floor area of the property is 6,248 sqm on a land area of 10,159 sqm (subject to survey). The construction of the property is expected to be completed in January 2006.

Properties other than the Ascendas Properties

8. The Changi Property

This property is located in Changi South and is readily accessible by the PIE and the ECP from the city centre.

The property comprises a three-storey warehouse building and is currently leased to various multinational corporations and third-party logistics providers.

The total gross floor area of the property is 25,583 sqm on a land area of 16,005 sqm (subject to survey).

9. 1 Jalan Kilang

1 Jalan Kilang is owned by Dynasty House Investment Pte Ltd ("**Dynasty**"). It is easily accessible via Jalan Bukit Merah and the AYE.

The property comprises a six-storey multi-tenanted hi-tech industrial building, 27 parking lots for cars, two loading bays and two cargo lifts with a capacity of 3,000 kg each. Its tenants include Transtel Engineering Pte Ltd, Quintiles East Asia Pte Ltd and Ushio Singapore Pte Ltd.

The total gross floor area is 7,158 sqm on a land area of 2,863 sqm (subject to survey).

10. 11 Tampines Street 92

The property at 11 Tampines Street 92 is owned by Trivec Singapore Pte Ltd ("**Trivec**"). It is in the eastern part of Singapore and is readily accessible by the PIE and the ECP. It is also located in close proximity to Singapore Expo, Changi Business Park and Changi Airport.

This property comprises a four-storey light industrial building, 125 parking lots for cars and four loading bays. Its anchor tenants include George Fischer Pte Ltd and Capitol Gravure Industries Pte. Ltd.

The total gross floor area is 18,086 sqm on a land area of 15,006 sqm (subject to survey).

11. Cityneon Design Centre

Cityneon Design Centre is owned by Cityneon Displays (S) Pte Ltd ("**Cityneon**") and is located at 84 Genting Lane within the Kallang/MacPherson Industrial Area. It is well served by MacPherson Road and enjoys close proximity to the PIE.

The property comprises a seven-storey (including one level covered carparks) light industrial building. The building has an occupancy rate of 97.8%. Its anchor tenants include Cityneon, Peak Resources Pte Ltd and Pigeon Singapore Pte. Ltd. These tenants occupy approximately 60.1% of the total net lettable area.

The total gross floor area is 11,917 sqm on a land area of 4,776 sqm (subject to survey).

12. NESS Building

NESS Building is owned by Freight Links Fabpark Pte. Ltd. ("**Freight Links**"). It is located at 30 Tampines Industrial Avenue 3 and comprises a two-storey hi-tech building. It is accessible to other parts of Singapore via PIE and is in close proximity to the Tampines Town Centre.

It is fully leased to Ness Display Singapore Pte. Ltd. for 15 years expiring in September 2019. The tenant is wholly owned by Ness Display Co., Ltd, a Korean company which is one of the world's leading manufacturing companies in the development of innovative organic light emitting diode (OLED) technology for the future generations of flat panel displays.

The total gross floor area is 9,593 sqm on a land area of 15,201 sqm.

13. NNB Industrial Building

NNB Industrial Building is owned by Ng Nam Bee Marketing Pte Ltd ("**NNB**") and is located at 10 Woodlands Link, in the northern part of Singapore and within the Woodlands East Industrial Estate. It is readily accessible to the city by the Bukit Timah Expressway, Kranji Expressway and SLE.

The property comprises a three-storey warehouse within a designated food zone. The sole tenant is NNB, a local company involved in the processing of rice, trading and distribution of rice and other edible products.

The total gross floor area is 11,537 sqm on a site area of 8,282 sqm (subject to survey).

4. **SENKEE Logistics Hub**

SENKEE Logistics Hub is owned by SenKee Logistics Pte Ltd (“**SenKee**”). Stage 1 of the SENKEE Logistics Hub is located at 21 Pandan Avenue and stage 2, which is an asset enhancement, will be sited at 19 Pandan Avenue. Pandan Avenue is served by the nearby AYE. Stage 1 of the property comprises a five-storey ramp up logistics facility with direct loading and unloading facilities at its doorstep and a total gross floor area of 41,658 sqm (subject to survey).

Construction of the stage 2 asset enhancement will commence within 24 months from the completion of the acquisition of stage 1 and will comprise an additional ramp up warehouse facility. The estimated gross floor area will be 43,000 sqm (subject to survey). It is expected to be completed within 12 months from commencement of construction. Please refer to **Appendix 6** for more details of the stage 2 asset enhancement.

SenKee, the sole tenant of SENKEE Logistics Hub, was first established as a sole proprietorship in 1958 and was converted into a private company in 1970. The principal activities of the company are to provide third party land and sea logistics.

The following table sets out a summary of selected information for the Properties:

Property	Appraised Value (S\$ million)	Purchase Price (S\$ million)	Deferred Amount (S\$ million)	Forecast Net Property Income ⁽¹⁾ (S\$ million)	Property Yield Before Costs ⁽¹⁾ (%)	Forecast Gross Revenue ⁽¹⁾ (S\$ million)	Rental Escalation	Lease Tenure (Years)	Land Area (sqm)	Net Lettable Area ⁽²⁾ (sqm)	Weighted Average Lease Term to Expiry (Years)	Major Tenants	Age of Building (Years)	Land Lease Expiry
138 Depot Road ⁽³⁾	42.3	42.3	–	3.5	8.2 ⁽⁴⁾	5.8	Rent review at the end of 5th year	10.0	10,000	26,008	10.0	Hewlett-Packard Singapore (Private) Limited	N.A.	30-Nov-2064
Hamilton Sundstrand Building	31.0	31.0	–	1.9	7.7 ⁽⁵⁾	1.9	Stepped rental increases	12.0	30,965	16,837	12.0	Hamilton Sundstrand Pacific Aerospace Pte Ltd	N.A.	28-Feb-2065
Hoya Building	5.3	5.3	–	0.6	11.2	0.7	N.A.	10.0	6,451	5,092	8.8	Hoya Medical Singapore Pte. Ltd.	1	15-May-2033
LogisHub@ Clementi	18.1	18.1	–	1.4	8.0	3.1	N.A.	Multi-tenanted building	23,529	22,419	1.6	John Wiley & Sons (Asia) Pte Ltd, Arrow Electronics Asia (S) Pte. Ltd., Hub Distributors Services Pte Ltd	10	15-May-2053
Techquest	7.5	7.5	–	0.6	7.4	1.3	N.A.	Multi-tenanted building	6,506	6,266	1.6	Scandent Group Pte. Ltd., Sonic Singapore Pte Ltd, Blueprint Impex Pte Ltd, YKK AP Singapore Pte Ltd	9	15-Jun-2055
Techview	76.0	76.0	–	5.5	7.2	9.4	N.A.	Multi-tenanted building	22,516	36,912	2.8	Amkor Technology Singapore Pte. Ltd., IBM Singapore Pte Ltd, Edwards Lifesciences (Singapore) Pte. Ltd., Rohde & Schwarz Systems & Communications Asia Pte. Ltd.	7	08-Jul-2056
Thales Building	5.7	5.7	–	0.5	8.1	1.0	Stepped rental increases	10.0	10,159	6,049	10.0	Thales Avionics Asia Pte Ltd	N.A.	30-Jun-2047
1 Jalan Kilang	18.7	18.7	1.9 ⁽⁶⁾	1.3	8.0	1.8	N.A.	Multi-tenanted building	2,863	6,075	1.7	Transtel Engineering Pte Ltd, Quintiles East Asia Pte Ltd, Ushio Singapore Pte Ltd	8	31-Dec-2062

Property	Appraised Value (S\$ million)	Purchase Price (S\$ million)	Deferred Amount (S\$ million)	Forecast Net Property Income ⁽¹⁾ (S\$ million)	Property Yield Before Costs ⁽¹⁾ (%)	Forecast Gross Revenue ⁽¹⁾ (S\$ million)	Rental Escalation	Lease Tenure (Years)	Land Area (sqm)	Net Lettable Area ⁽²⁾ (sqm)	Weighted Average Lease Term to Expiry (Years)	Major Tenants	Age of Building (Years)	Land Lease Expiry
11 Tampines Street 92	16.8	16.8	4.2 ⁽⁷⁾	1.0	7.7	2.2	N.A.	Multi-tenanted building	15,006	14,545	2.4	George Fischer Pte Ltd, Capitol Gravure Industries Pte Ltd	12	30-Nov-2049
Changi Property ⁽⁸⁾	34.8	34.8	–	2.6	7.6	4.1	N.A.	Multi-tenanted building	16,005	23,146	4.2	Various multinational corporations and third party logistics providers	5	31-Aug-2058
Cityneon Design Centre	10.0	10.0	–	0.8	8.4	1.6	N.A.	Multi-tenanted building	4,776	9,773	3.7	Cityneon Displays (S) Pte Ltd, Peak Resources Pte Ltd and Pigeon Singapore Pte. Ltd.	7	30-Nov-2039
NESS Building	22.0	22.0	–	2.2	10.0	2.2	N.A.	15.0	15,201	9,593	14.2	Ness Display Singapore Pte. Ltd.	1	31-Dec-2063
NNB Industrial Building	12.0	12.0	–	1.0	8.3	1.5	Stepped rental increases	10.0	8,282	9,794	10.0	Ng Nam Bee Marketing Pte Ltd	8	15-Jan-2056
SENKEE Logistics Hub ⁽⁹⁾	42.3	42.3	–	3.0	7.2	3.1	Stepped rental increases	10.0	30,874	28,421	10.0	SenKee Logistics Pte Ltd	1	31-Jan-2049 ⁽¹⁰⁾
Total/ Average	342.5	342.5	6.1	25.9	7.8	39.8								

Notes:

- (1) In the first year of acquisition and taking into account rental guarantees where appropriate. The property yield has been calculated based on the purchase price excluding any deferred settlement amount and the specialised air-conditioning M&E equipment of Hamilton Sundstrand Building.
- (2) The 138 Depot Road, Hamilton Sundstrand Building and Thales Building are currently under construction.
- (3) The purchase price of the 138 Depot Road Acquisition is on the basis that the tenant exercises option 2 of the 138 Depot Road Option Agreement between 2 November 2005 and the Lease Commencement Date (as defined therein) to take two additional floors in the building which would bring the occupancy rate up to 100% and the rental guarantee would no longer be applicable.
- (4) The property yield for 138 Depot Road is calculated based on the assumption that the tenant exercises the option that results in the lowest property yield.
- (5) The specialised air-conditioning M&E equipment of Hamilton Sundstrand Building (S\$5.95 million) has not been included in this computation as it will be recorded in the balance sheet as a fixed asset and depreciated in line with tax depreciation rates, which will offset the rental income received.
- (6) The deferred amount will be paid two years after the date of completion when all the outstanding obligations of Dynasty (as Vendor) have been fulfilled.
- (7) The deferred amount will be paid after completion of the asset enhancement works. Please refer to **Appendix 6** for further details.
- (8) The vendor of this property has on 25 August 2005 entered into a memorandum of understanding with the Manager for the sale of this property to A-REIT. The parties are in an advanced stage of negotiation and the Manager expects that the put and call option agreement for the sale and purchase of this property will be executed by the Trustee and the vendor within a week from the date of this Circular. A-REIT will make an announcement on SGXNET promptly after the put and call option agreement has been executed.
- (9) Excludes stage 2 asset enhancement as it has not been constructed yet.
- (10) Conditional upon JTC granting a 15-year option.

B. EFFECTS OF THE ACQUISITIONS ON A-REIT'S PORTFOLIO

The following table sets out a summary of selected information about the Existing Properties and the Properties as at 30 June 2005

	Existing Properties	The Properties	The Enlarged Portfolio
Net Lettable Area (sqm)	902,084	220,930	1,123,014
Committed Occupancy Rate (%)	94.6	88.4 ⁽¹⁾	93.4
Number of Tenants	530	90	620
Weighted Average Lease Term to Expiry (years)	7.1	6.0	7.0

Note:

(1) This committed occupancy rate does not include the benefit of rental guarantees on certain properties.

Top 10 Tenants of the Enlarged Portfolio

The top 10 tenants in the Enlarged Portfolio (based on pro forma gross rental income for the Existing Properties and the Properties) account for 36.3% of the total pro forma gross rental income of the Enlarged Portfolio as compared to 42.1% of the total gross rental income accounted for by the top 10 tenants in the Existing Properties.

The following table sets out the top 10 tenants of A-REIT after the Acquisitions and their respective contributions to the total pro forma gross rental income of the Enlarged Portfolio.

Tenant	Percentage of total pro forma gross rental income
Singapore Telecommunications Limited	9.5%
C & P Holdings Pte Ltd	8.5%
Siemens Pte Ltd	3.3%
TT International Limited	2.9%
Infineon Technologies Asia Pacific Pte Ltd	2.3%
Freight Links Express Holdings Ltd	2.2%
Institute of High Performance Computing	2.0%
Honeywell Pte Ltd	2.0%
Hewlett-Packard Singapore (Private) Limited	1.8%
IDS Logistics Services Pte. Ltd.	1.8%
Total	36.3%

C. 2005 PRO FORMA INFORMATION

The purpose of the pro forma financial information is to show the pro forma results of A-REIT for the financial year ended 31 March 2005, the net asset value ("NAV") and capitalisation of A-REIT as at 31 March 2005.

The pro forma financial information has been compiled based on (i) the Audited Financial Statements, (ii) income and expense forecast which assumes that all of the FY2005/06 Acquisitions had been completed on 1 April 2004, and had been held and operated by A-REIT for the financial period 1 April 2004 to 31 March 2005, and (iii) the accounting policies normally adopted by A-REIT as disclosed in the annual report for the financial year ended 31 March 2005. 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 FY2005/06 Acquisitions been made earlier.

Pro Forma Results and NAV

The pro forma financial effects of the FY2005/06 Acquisitions on the DPU for the financial year ended 31 March 2005 and NAV as at 31 March 2005, are as follows:

Pro Forma effects on results for the year ended 31 March 2005

	Before the FY2005/06 Acquisitions	After the FY2005/06 Acquisitions
Net investment income (S\$'000)	75,217	94,519
Net investment income available for distribution (S\$'000)	84,165	103,467
Weighted average no. of Units on issue ('000)	880,438	994,724
DPU (cents)	9.56	10.40

Pro Forma effects on the NAV Per Unit as at 31 March 2005

	Before the FY2005/06 Acquisitions	After the FY2005/06 Acquisitions
NAV (S\$'000)	1,396,077	1,631,552
Units on issue ('000)	1,160,557	1,274,843
NAV (S\$)	1.20	1.28

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of A-REIT as at 31 March 2005 based on the assumptions used in the Forecast and the following:

- (i) it is assumed that S\$63.3 million is drawn down from available debt facilities to partially finance the FY2005/06 Acquisitions and working capital requirements after 31 March 2005;
- (ii) A-REIT proceeds with the Equity Fund Raising and issue of Techview Consideration Units to partly finance the FY2005/06 Acquisitions; and
- (iii) Distribution of 100% of A-REIT's distributable income for the period from 1 January 2005 to 31 March 2005 to Unitholders on or before 31 March 2005.

	Before the FY2005/06 Acquisitions S\$'000	After the FY2005/06 Acquisitions S\$'000
Short-term debt:		
Secured debt	-	-
Unsecured debt	-	-
Total short-term debt	-	-
Long-term debt:		
Secured debt	300,000	300,000
Unsecured debt	285,383	348,654
Total long-term debt	585,383	648,654
Total debt	585,383	648,654
Unitholders' funds	1,396,077	1,631,552
Total capitalisation	1,981,460	2,280,206

IFA LETTER

25 August 2005

The Non-Interested Directors
 Ascendas-MGM Funds Management Limited
 (the 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

Dear Sirs

INTERESTED PERSON TRANSACTIONS TO BE ENTERED INTO BY ASCENDAS REAL ESTATE INVESTMENT TRUST IN CONNECTION WITH THE PROPOSED ASCENDAS ACQUISITIONS AND THE ISSUE OF THE TECHVIEW CONSIDERATION UNITS

For the purpose of this letter, capitalized terms not otherwise defined shall have the meaning given to them in this circular dated 25 August 2005 to the Unitholders of Ascendas Real Estate Investment Trust (this “Circular”)

1. INTRODUCTION

On 30 July 2004, the Manager announced A-REIT’s proposed acquisition of 138 Depot Road and the Trustee (in its capacity as trustee of A-REIT) had entered into the 138 Depot Road Option Agreement with Ascendas Tuas in respect thereof.

On 27 July 2005, the Manager announced A-REIT’s proposed acquisition of Hamilton Sundstrand Building, Hoya Building, LogisHub@Clementi, Techquest, Techview and Thales Building (including 138 Depot Road, these properties are collectively known as “**Ascendas Properties**”) and the Trustee (in its capacity as trustee of A-REIT) had entered into the Option Agreements with Ascendas Vendors in respect thereof.

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 NTA. Paragraph 6 of the Property Fund Guidelines imposes a similar requirement for an interested party transaction whose value exceeds 5.0% of A-REIT’s latest audited 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 the Ascendas Properties (the “**Ascendas Acquisitions**”).

As at the Latest Practicable Date, Ascendas Pte Ltd holds an aggregate indirect interest in 240,264,211 Units (by virtue of 231,559,613 Units (representing approximately 19.90% of the total number of Units on issue) held directly by Ascendas Land and 8,704,598 Units (representing approximately 0.75% of the total number of Units on issue) held directly by the Manager, both Ascendas Land and the Manager being subsidiaries of Ascendas Pte Ltd), comprising approximately 20.65% of the total number of Units on issue, and is therefore regarded as a “controlling unitholder” of A-REIT under the Listing Manual as well as the Property Funds Guidelines.

A-REIT is acquiring Hoya Building and Techquest from Ascendas Land. Ascendas Land is a wholly-owned subsidiary of Ascendas Pte Ltd and is a related corporation of the Manager. Both Ascendas Land and the Manager are subsidiaries of Ascendas Pte Ltd. Ascendas Land is also a “controlling unitholder” of A-REIT by virtue of the 231,559,613 Units, comprising approximately 19.90% of the total number of Units on issue, that it holds as at the Latest Practicable Date. As such, Ascendas Land 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.

A-REIT is acquiring 138 Depot Road, Hamilton Sundstrand Building, LogisHub@Clementi and Thales Building from Ascendas Tuas. Ascendas Tuas is a wholly owned subsidiary of Ascendas Land (being a related corporation of the Manager and a “controlling unitholder” of A-REIT). As such, Ascendas Tuas 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.

A-REIT is acquiring Techview from Ascendas KBV. Ascendas KBV is a wholly owned subsidiary of Ascendas Land (being a related corporation of the Manager, a “controlling unitholder” of A-REIT). As such, Ascendas KBV 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.

The aggregate purchase consideration for the Ascendas Acquisitions of S\$185.9 million exceeds both the aforementioned thresholds in Chapter 9 of the Listing Manual and paragraph 6 of the Property Funds Guidelines. If the Trustee enters into the Purchase Agreements, the Ascendas Acquisitions will constitute interested person transactions as well as interested party transactions under the abovementioned guidelines respectively.

The Manager is also proposing to issue Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity at the Issue Price as part of the aggregate consideration for the purchase of Techview from Ascendas KBV. There is a possibility that the value of the Techview Consideration Units will, in itself, 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 Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity.

Accordingly, the Manager is seeking the approval of Unitholders for each of the Ascendas Acquisitions and for the issue of the Techview Consideration Units.

PricewaterhouseCoopers Corporate Finance Pte Ltd (“**PwCCF**”) has been appointed as the independent financial adviser to advise the Non-Interested Directors and the Trustee on the Ascendas Acquisitions and the issue of the Techview Consideration Units.

This letter of opinion has been prepared to form part of this Circular to be issued by the Manager to Unitholders dated 25 August 2005.

2. TERMS OF REFERENCE

PwCCF has been appointed to advise the Non-Interested Directors and the Trustee on whether the Ascendas Acquisitions and the issue of the Techview Consideration Units 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 the Ascendas Acquisitions and the issue of the Techview Consideration Units.

In line with the above stated objective, we have limited our evaluation to the financial terms of the Ascendas Acquisitions and have not taken into account the commercial risks or commercial merits of the Ascendas Acquisitions. Our terms of reference do not require us to comment or express an opinion on the strategic or long-term commercial merits of the Ascendas Acquisitions or the future financial performance or prospects of A-REIT and the prices at which the units of A-REIT may trade following the announcement or completion of the Ascendas Acquisitions and the issue of the Techview Consideration Units. 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 Ascendas Acquisitions 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 certain Directors and the management of the Manager and have examined information provided by the management of the Manager, including information contained in this Circular (including the appendices thereto) and have reviewed 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 the Ascendas Properties. We have, however, been furnished with certain valuation reports for these properties. With respect to such property 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, DTZ Debenham Tie Leung (SEA) Pte Ltd ("**DTZ Debenham Tie Leung**") for all of the Ascendas Properties with the exception of Hoya Building which is prepared by the Independent Valuer, Jones Lang LaSalle Property Consultants Pte Ltd ("**Jones Lang LaSalle**"). The Valuation Summaries on the Ascendas Properties by DTZ Debenham Tie Leung and Jones Lang LaSalle (the "**Ascendas Properties Independent Valuers**") are set out in **Appendix 1** of this Circular.

We have relied upon the assurances of the Directors that this 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 this Circular are fair and accurate in all material respects as at the date of this Circular and that there are no material facts the omission of which would make any statement in this Circular misleading in any material respect. Accordingly, the Directors collectively and individually accept responsibility for the accuracy of the information given in this 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 25 August 2005, 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.

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 Ascendas Acquisitions and the issue of the Techview Consideration Units which may be released by the Manager after the Latest Practicable Date.

Our opinion is for the use and benefit of the Non-Interested Directors and the Trustee in their deliberation of the Ascendas Acquisitions and the issue of the Techview Consideration Units, and the recommendations made by the Non-Interested Directors shall remain the responsibility of the Non-Interested Directors. Our recommendation should not be relied on as a recommendation to any Unitholder of A-REIT as to how the Unitholders should vote on the Ascendas Acquisitions and the issue of the Techview Consideration Units or any matter related thereto. Each Unitholder may have different investment objectives and considerations and should seek their own professional advice.

Our opinion in relation to the Ascendas Acquisitions and the issue of the Techview Consideration Units should be considered in the context of the entirety of this letter and this Circular.

3. PRINCIPAL TERMS OF THE ASCENDAS OPTION AGREEMENTS

The principal terms of the Ascendas Option Agreements are set out in **Appendix 6** of this Circular. The principal terms of the Ascendas Option Agreements are reproduced herein for convenience.

3.1 138 Depot Road

(a) Conditions Precedent for Exercise of Option

Under the 138 Depot Road Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Tuas, to exercise its put option, in both cases to require the other party to enter into the 138 Depot Road Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee (1) for the 138 Depot Road Acquisition and (2) (if required by the Trustee) for the issuance of New Units to fund (whether in whole or in part) the 138 Depot Road Acquisition;
- (ii) the issuance of the TOP for 138 Depot Road;
- (iii) the signing of a lease agreement by Ascendas Tuas and the 138 Depot Road Tenant;
- (iv) the signing of an agreement for lease between JTC and Ascendas Tuas containing *inter alia*, confirmation from JTC that the Declared GPR (as defined under the 138 Depot Road Purchase Agreement) has been met; and
- (v) the signing of the lease novation agreement by Ascendas Tuas, the Trustee and the 138 Depot Road Tenant.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the 138 Depot Road Option Agreement means (i) 1 September 2006, (ii) such later date (later than the date set out in (i)) as the Trustee may in its absolute discretion specify in writing to Ascendas Tuas in the event of delay in fulfilling any of the Relevant Conditions in (a)(ii) to (v) above, or (iii) such earlier or later date as the Trustee and Ascendas Tuas may mutually agree in writing.

3.2 Hamilton Sundstrand Building

(a) Conditions Precedent for Exercise of Option

Under the Hamilton Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Tuas to exercise its put option, in both cases to require the other party to enter into the Hamilton Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) approval of Unitholders given at an extraordinary general meeting of Unitholders to be convened by the Trustee for the Hamilton Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the Hamilton Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects;
- (iii) the issuance of the TOP for Hamilton Sundstrand Building;

- (iv) the signing of the lease between Ascendas Tuas and Hamilton Sundstrand Pacific Aerospace Pte Ltd as the tenant;
- (v) signing of the JTC Agreement for Lease by JTC and Ascendas Tuas containing, *inter alia*, confirmation from JTC that the Declared GPR (as defined under the Hamilton Purchase Agreement), has been met; and
- (vi) the signing of the lease novation agreement between the Trustee, Ascendas Tuas and Hamilton Sundstrand Pacific Aerospace Pte Ltd.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Hamilton Option Agreement means (i) 31 October 2005, (ii) such later date (later than the date set out in (i)) as the Trustee may in its absolute discretion specify in writing to Ascendas Tuas in the event of delay in fulfilling any of the Relevant Conditions set out in (a)(iii) to (vi) above, or (iii) such earlier or later date as the Trustee and Ascendas Tuas may mutually agree in writing, provided always that any extension of the Target Date shall not be later than 30 April 2006.

3.3 Hoya Building

(a) Conditions Precedent for Exercise of Option

Under the Hoya Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Land, to exercise its put option, in both cases to require the other party to enter into the Hoya Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions by the Target Date:

- (i) the approval of the Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee for the Hoya Acquisition; and
- (ii) A-REIT securing sufficient financing to undertake the Hoya Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Hoya Option Agreement means (i) the date which is 16 weeks from the date of the Hoya Option Agreement or (ii) such other date as the Trustee and Ascendas Land may mutually agree in writing.

3.4 LogisHub@Clementi

(a) Conditions Precedent for Exercise of Option

Under the LogisHub Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Tuas, to exercise its put option, in both cases to require the other party to enter into the LogisHub Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee for the LogisHub Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the LogisHub Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects; and

- (iii) the Trustee serving written notice on Ascendas Tuas not later than four weeks after the date of the LogisHub Option Agreement or such other period as the Trustee and Ascendas Tuas may agree upon acting reasonably and having regard to the circumstances that it is satisfied on inspection and investigation as to the results of its due diligence on LogisHub@Clementi and the Existing Tenancy Agreements (as defined in the LogisHub Purchase Agreement).

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the LogisHub Option Agreement means (i) the date which is 16 weeks from the date of the LogisHub Option Agreement or (ii) such other date as the Trustee and Ascendas Tuas may mutually agree in writing.

3.5 Techquest

(a) Conditions Precedent for Exercise of Option

Under the Techquest Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Land, to exercise its put option, in both cases to require the other party to enter into the Techquest Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee for the Techquest Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the Techquest Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (iii) the Trustee serving written notice on Ascendas Tuas not later than four weeks after the date of the Techquest Option Agreement or such other period as the Trustee and Ascendas Land may agree upon acting reasonably and having regard to the circumstances that it is satisfied on inspection and investigation as to the results of its due diligence on Techquest and the Existing Tenancy Agreements (as defined in the Techquest Purchase Agreement).

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Techquest Option Agreement means (i) the date which is 16 weeks from the date of the Techquest Option Agreement or (ii) such other date as the Trustee and Ascendas Land may mutually agree in writing.

3.6 Techview

(a) Conditions Precedent for Exercise of Option

Under the Techview Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas KBV, to exercise its put option, in both cases to require the other party to enter into the Techview Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee for the Techview Acquisition;

- (ii) A-REIT securing sufficient financing to undertake the acquisition of Techview and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (iii) the Trustee serving written notice on Ascendas KBV not later than four weeks after the date of the Techview Option Agreement or such other period as the Trustee and Ascendas KBV may agree upon acting reasonably and having regard to the circumstances that it is satisfied on inspection and investigation as to the results of its due diligence on Techview and the Existing Tenancy Agreements (as defined in the Techview Purchase Agreement).

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Techview Option Agreement means (i) the date which is 16 weeks from the date of the Techview Option Agreement or (ii) such other date as the Trustee and Ascendas KBV may mutually agree in writing.

3.7 Thales Building

(a) Conditions Precedent for Exercise of Option

Under the Thales Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Tuas to exercise its put option, in both cases to require the other party to enter into the Thales Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of Unitholders to be convened by the Trustee for the Thales Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the Thales Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects;
- (iii) the issuance of the TOP for Thales Building;
- (iv) the signing of the lease between Ascendas Tuas and Thales Avionics Asia Pte Ltd as the tenant;
- (v) signing of the JTC Agreement for Lease by JTC and Ascendas Tuas containing *inter alia*, confirmation from JTC that the Declared GPR (as defined under the Thales Purchase Agreement) has been met;
- (vi) signing of the lease novation agreement between Ascendas Tuas, the Trustee and Thales Avionics Asia Pte Ltd; and
- (vii) the Trustee and Ascendas Tuas reaching an agreement on the provisions of the Thales Asset Enhancement Agreement (as defined in the Thales Option Agreement)¹.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Thales Option Agreement means (i) 31 January 2006, (ii) such later date (later than the date set out in (i)) as the Trustee may in its absolute discretion specify in writing to Ascendas Tuas in the event of delay in fulfilling any of the Relevant Conditions in (a)(iii) to (vi) above, or (iii) such earlier or later date as the Trustee and Ascendas Tuas may mutually agree in writing, provided always that any extension of the Target Date shall not be later than 30 April 2006.

¹ The agreement relates to the construction, completion and handover of the additional floor area which Ascendas Tuas is required to construct if Thales Avionics Asia Pte Ltd issues a written request to Ascendas Tuas in accordance with the terms and conditions of the lease agreement between Ascendas Tuas and Thales Avionics Asia Pte Ltd as the tenant.

4. PRINCIPAL TERMS OF THE ASCENDAS PURCHASE AGREEMENTS

The principal terms of the Ascendas Purchase Agreements are set out in **Appendix 6** of this Circular. The principal terms of the Ascendas Purchase Agreements are reproduced herein for convenience.

4.1 138 Depot Road

(a) Subject matter of purchase

If either the call option or put option under the 138 Depot Road Option Agreement is exercised and the Trustee enters into the 138 Depot Road Purchase Agreement with Ascendas Tuas, the Trustee will be required to purchase 138 Depot Road together with the integral plant and equipment located therein or thereon.

(b) Consideration

The purchase price of 138 Depot Road together with the plant and equipment will be computed in accordance with annexure B of the 138 Depot Road Purchase Agreement and will be between S\$41.165 million and S\$42.265 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$428,000 has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will have to pay the balance of the purchase price to Ascendas Tuas.

Where the tenant of 138 Depot Road requests for any changes to the Designs and Specifications (defined in the 138 Depot Road Option Agreement) and is agreeable to an increase in the rent over and above the rent payable by the tenant of 138 Depot Road under the Agreement for Lease and/or the Lease (both as defined in the 138 Depot Road Option Agreement) as at the date of the 138 Depot Road Option Agreement, such changes shall be approved by Ascendas Tuas and the Trustee, and the purchase price shall be increased. The additional purchase price shall be determined in accordance with the provisions of the 138 Depot Road Option Agreement.

The 138 Depot Road Option Agreement restricts any increase in the purchase price to the maximum level whereby the net income yield of the property shall be at least equal to the initial property yield forecast for the first year following completion of the acquisition as disclosed in this Circular. The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of AREIT and its minority Unitholders.

(c) Rental Guarantee

Ascendas Tuas shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the 138 Depot Road Purchase Agreement, which is applicable if (i) the tenant of 138 Depot Road has committed to take a lease of two additional floors in 138 Depot Road (in addition to the minimum lease area of 18,580 sqm) between 2 November 2005 to the Lease Commencement Date (as defined under the 138 Depot Road Option Agreement) and the purchase price of 138 Depot Road is S\$42.265 million or (ii) the tenant of 138 Depot Road as at the Lease Commencement Date has not committed to take a lease of any additional floors in 138 Depot Road (other than the minimum lease area of 18,580 sqm) and the purchase price of 138 Depot Road is S\$41.365 million. The rental guarantee is not applicable if the tenant of 138 Depot Road has committed to take a lease of two additional floors in 138 Depot Road (in addition to the minimum lease area of 18,580 sqm) on or before 1 November 2005 and the purchase price of 138 Depot Road is S\$41.165 million.

(d) CSC Security Deposit Amount

Ascendas Tuas shall on completion of the sale and purchase of 138 Depot Road pay the CSC Security Deposit Amount (as defined in the 138 Depot Road Purchase Agreement) as security for compliance by Ascendas Tuas of its obligations to, *inter alia*, obtain the certificate of statutory completion for 138 Depot Road and may in lieu of cash payment furnish to the Trustee a bank guarantee for the CSC Security Deposit Amount.

4.2 Hamilton Sundstrand Building

(a) Subject matter of purchase

If either the call option or put option under the Hamilton Option Agreement is exercised and the Trustee enters into the Hamilton Purchase Agreement with Ascendas Tuas, the Trustee will be required to purchase the Hamilton Sundstrand Building together with the integral plant and equipment located therein or thereon.

(b) Consideration

The purchase price of the Hamilton Sundstrand Building is S\$31.0 million, made up of S\$25.1 million for the building and S\$5.95 million for the specialised air-conditioning mechanical & electrical equipment, subject to adjustment (if any) in accordance with the provisions of the Hamilton Option Agreement. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005. It is intended that the specialised air-conditioning mechanical and electrical equipment of S\$5.95 million will be recorded in the balance sheet of A-REIT as a fixed asset and depreciated in line with tax depreciation rates.

An option fee of S\$310,000, together with goods and services tax thereon, has already been paid by the Trustee. Upon completion of the Hamilton Acquisition, the Trustee must pay the entire purchase price to Ascendas Tuas (less the option fee), together with goods and services tax thereon, and less the following payments:

- (i) CSC Security Deposit Amount (as defined in the Hamilton Purchase Agreement) payable under the Hamilton Purchase Agreement by Ascendas Tuas to the Trustee on completion of the sale and purchase of Hamilton Sundstrand Building, where Ascendas Tuas elects to pay the CSC Security Deposit Amount in cash in lieu of providing the Trustee with a bank guarantee pursuant to the Hamilton Purchase Agreement; and
- (ii) Defects Security Amount (as defined in the Hamilton Purchase Agreement) payable under the Hamilton Purchase Agreement by Ascendas Tuas to the Trustee on completion of the sale and purchase of Hamilton Sundstrand Building where Ascendas Tuas elects to pay the Defects Security Amount in cash in lieu of providing the Trustee with a bank guarantee pursuant to the Hamilton Purchase Agreement.

Where the tenant of the Hamilton Sundstrand Building requests for any changes to the Designs and Specifications (defined in the Hamilton Option Agreement) and is agreeable to an increase in the rent over and above the rent payable by the tenant under the Agreement for Lease and/or the Lease (both defined in the Hamilton Option Agreement) as at the date of the Hamilton Option Agreement, such changes shall be approved by Ascendas Tuas and the Trustee, and the purchase price shall be increased. The additional purchase price shall be determined in accordance with the provisions of the Hamilton Option Agreement.

The Hamilton Option Agreement restricts any increase in the purchase price to the maximum level whereby the net income yield of the property shall be at least equal to the initial property yield forecast for the first year following completion of the acquisition as disclosed in this Circular. The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

4.3 Hoya Building

(a) Subject matter of purchase

If either the call option or put option under the Hoya Option Agreement is exercised and the Trustee enters into the Hoya Purchase Agreement with Ascendas Land, the Trustee will be required to purchase Hoya Building together with the integral mechanical and electrical equipment located therein or thereon (as listed in the Hoya Purchase Agreement).

(b) Consideration

The purchase price of Hoya Building together with the mechanical and electrical equipment is S\$5.3 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by Jones Lang LaSalle Property Consultants Pte Ltd as at 18 July 2005.

An option fee of S\$53,000 has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will have to pay the balance of the purchase price to Ascendas Land.

4.4 LogisHub@Clementi

(a) Subject matter of purchase

If either the call option or put option under the LogisHub Option Agreement is exercised and the Trustee enters into the LogisHub Purchase Agreement with Ascendas Tuas, the Trustee will be required to purchase LogisHub@Clementi together with the integral mechanical and electrical equipment located therein or thereon (as listed in the LogisHub Purchase Agreement).

(b) Consideration

The purchase price of LogisHub@Clementi together with the mechanical and electrical equipment is S\$18.07 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$180,700, together with goods and services tax thereon, has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will have to pay the balance of the purchase price to Ascendas Tuas.

(c) Asset Enhancement Profits

The LogisHub Purchase Agreement provides that in the event that the Trustee at its absolute discretion undertakes to carry out or procure to be carried out any works at LogisHub@Clementi during the Specified Period (as defined in the LogisHub Purchase Agreement) which will result in a Specified Increase in GFA (as defined in the LogisHub Purchase Agreement), the Trustee will pay Ascendas Tuas 50.0% of the net profit (as calculated under the LogisHub Purchase Agreement).

It is the Manager's intention to compensate Ascendas Tuas for some of the potential benefit received by the Trustee in future in relation to the unutilized plot ratio. The unutilized plot ratio has not been factored into the purchase price, and accordingly, the agreement provides for both parties to share in the net profit, if any, from optimizing the gross floor area of the building, should the Trustee in its sole discretion decide that such works are in the interests of A-REIT. The Manager is of the view that the aforesaid arrangements entered into by the Trustee are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

(d) Rental Guarantee

Ascendas Tuas shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the LogisHub Purchase Agreement.

4.5 Techquest

(a) Subject matter of purchase

If either the call option or put option under the Techquest Option Agreement is exercised and the Trustee enters into the Techquest Purchase Agreement with Ascendas Land, the Trustee will be required to purchase Techquest together with the integral mechanical and electrical equipment located therein or thereon (as listed in the Techquest Purchase Agreement).

(b) Consideration

The purchase price of Techquest together with the mechanical and electrical equipment is S\$7.5 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$75,000, together with goods and services tax thereon, has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will pay the balance of the purchase price to Ascendas Land.

(c) Rental Guarantee

Ascendas Land shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the Techquest Purchase Agreement.

(d) Rental Incentives

Ascendas Land shall provide the Trustee with certain rental incentives on the terms and conditions as set out in the Techquest Purchase Agreement.

4.6 Techview

(a) Subject matter of purchase

If either the call option or put option under the Techview Option Agreement is exercised and the Trustee enters into the Techview Purchase Agreement with Ascendas KBV, the Trustee will be required to purchase Techview together with the integral mechanical and electrical equipment located therein or thereon (as listed in the Techview Purchase Agreement).

(b) Consideration

The purchase price of Techview together with the mechanical and electrical equipment is S\$76.0 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$760,000, together with goods and services tax thereon, has already been paid by the Trustee. Subject to the Techview Approvals being obtained by completion of the sale and purchase of Techview, the Required Portion shall be settled by way of the allotment and issue of the Techview Consideration Units where the Required Portion shall be calculated in accordance with the provisions of the Techview Option Agreement. If the Techview Approvals are not obtained by completion of the sale and purchase of Techview under the Techview Purchase Agreement, the Required Portion will be satisfied by cash upon completion of the Techview Acquisition. If the Required Portion is less than the balance of the Purchase Price after deducting the option fee, the balance of the Purchase Price (less

the Required Portion and the option fee) shall be paid by the Trustee to Ascendas KBV by way of cash on completion of the sale and purchase of Techview. If the Required Portion exceeds the Purchase Price (after deducting the option fee), Ascendas KBV shall pay such excess to the Trustee by way of cash on completion of the sale and purchase of Techview.

(c) Rental Guarantee

Ascendas KBV shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the Techview Purchase Agreement.

4.7 Thales Building

(a) Subject matter of purchase

If either the call option or put option under the Thales Option Agreement is exercised and the Trustee enters into the Thales Purchase Agreement with Ascendas Tuas, the Trustee will be required to purchase Thales Building together with the integral plant and equipment located therein or thereon (as listed in the Thales Purchase Agreement).

(b) Consideration

The purchase price of Thales Building together with the plant and equipment is S\$5.75 million subject to adjustment (if any) in accordance with the provisions of the Thales Option Agreement. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$57,500 has already been paid by the Trustee. Upon completion of the Thales Acquisition, the Trustee must pay the entire purchase price to Ascendas Tuas (less the option fee) and less the following payments:

- (i) CSC Security Deposit Amount (as defined in the Thales Purchase Agreement) payable under the Thales Purchase Agreement by Ascendas Tuas to the Trustee on completion of the sale and purchase of Thales Building, where Ascendas Tuas elects to pay the CSC Security Deposit Amount in cash in lieu of providing the Trustee with a bank guarantee pursuant to the Thales Purchase Agreement; and
- (ii) Defects Security Amount (as defined in the Thales Purchase Agreement) payable under the Thales Purchase Agreement by Ascendas Tuas to the Trustee on completion of the sale and purchase of Thales Building where Ascendas Tuas elects to pay the Defects Security Amount in cash in lieu of providing the Trustee with a bank guarantee pursuant to the Thales Purchase Agreement.

Where the Thales Tenant requests for any changes to the Designs and Specifications (defined in the Thales Option Agreement) and is agreeable to an increase in the rent over and above the rent payable by the Thales Tenant under the Agreement for Lease and/or the Lease (both as defined in the Thales Option Agreement) as at the date of the Thales Option Agreement, such changes shall be approved by Ascendas Tuas and the Trustee, and the purchase price shall be increased. The additional purchase price shall be determined in accordance with the provisions of the Thales Option Agreement.

The Thales Option Agreement restricts any increase in the purchase price to the maximum level whereby the net income yield of the property shall be at least equal to the initial property yield forecast for the first year following completion of the acquisition as disclosed in this Circular. The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

(c) Asset Enhancement Agreement

The Thales Purchase Agreement provides that the Trustee and Ascendas Tuas shall enter into the Thales Asset Enhancement Agreement on completion of the Thales Purchase Agreement. If the Thales Tenant exercises its option under the Thales Lease Agreement with Ascendas Tuas to request for the Thales Additional Space at the Thales Building (which must be exercised no later than 1 June 2007), the Trustee and Ascendas Tuas shall comply with, perform and be bound by the provisions of the Thales Asset Enhancement Agreement.

The Thales Asset Enhancement Agreement shall include, *inter alia*, the following principal terms:

- (i) the Trustee shall enter into the Thales Variation of Lease with the Thales Tenant to include the Thales Additional Space as part of the demised premises at Thales Building and the Thales Variation of Lease shall take effect from the date of issuance of the temporary occupation permit for the Thales Additional Space.
- (ii) the Trustee shall pay to Ascendas Tuas the Thales Additional Space Sum for the Thales Additional Space together with the applicable goods and services tax, as follows:
 - (A) where the Thales Tenant exercises the Thales Additional Space Option (as defined in the Thales Purchase Agreement) for 1,500 sqm of Thales Additional Space, the Thales Additional Space Sum of S\$1.59 million; and
 - (B) where the Thales Tenant exercises the Thales Additional Space Option (as defined in the Thales Purchase Agreement) for 2,250 sqm of Thales Additional Space, the Thales Additional Space Sum of S\$2.31 million,

the payment of the Thales Additional Space Sum to be made as follows:

- (I) 90.0% of the Thales Additional Space Sum to be paid on the date of issue of the TOP for the Thales Additional Space;
- (II) 7.5% of the Thales Additional Space Sum to be paid on the date of signing of the Thales Variation of Lease by the Thales Tenant;
- (III) 1.25% of the Thales Additional Space Sum to be paid on the date of issue of the CSC for the Thales Additional Space; and
- (IV) 1.25% of the Thales Additional Space Sum to be paid on the date of expiry of the relevant defects liability period for the Thales Additional Space or upon sale of Thales Building, whichever is the earlier.

Pursuant to the terms of the Thales Purchase Agreement, the Thales Tenant would be required to pay an additional rental in relation to the Thales Additional Space that would result in the net income yield of the property exceeding the initial property yield forecast for the first year following completion of the acquisition.

The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders

5. INFORMATION ON THE ASCENDAS PROPERTIES

Selected information in respect of the Ascendas Properties is set out in **Appendix 4** of this Circular. Such information has been reproduced herein for convenience.

(A) Description

5.1 138 Depot Road

138 Depot Road is owned by Ascendas Tuas and is located along Depot Road, close to the AYE.

The property will comprise a seven-storey hi-tech industrial building with two basement car parks, and a total net lettable area of approximately 26,008 sqm (subject to survey).

The building is being developed by Ascendas Tuas and construction is expected to be completed in April 2006. Hewlett-Packard Singapore (Private) Limited will occupy the majority of the space with an option to take up additional space to be exercised within six months from date of lease commencement.

5.2 Hamilton Sundstrand Building

Hamilton Sundstrand Building is owned by Ascendas Tuas and is located along Changi North Rise, adjacent to Thales Building.

Developed by Ascendas Tuas, the building is under construction and will be made up of a single-storey factory with a mezzanine and a single-storey ancillary office. Hamilton Sundstrand Building will be leased to Hamilton Sundstrand Pacific Aerospace Pte Ltd upon completion of construction which is expected to be in October 2005. Hamilton Sundstrand Pacific Aerospace Pte Ltd, a subsidiary of United Technologies Corporation, is among the largest global suppliers of technologically advanced aerospace and industrial products.

The total gross floor area of Hamilton Sundstrand Building is 17,737 sqm on a land area of 30,965 sqm (subject to survey).

5.3 Hoya Building

Hoya Building is owned by Ascendas Land. Hoya Building is located at 455A Jalan Ahmad Ibrahim and is well served by the AYE. Hoya Building is leased to Hoya Medical Singapore Pte. Ltd., which is part of Hoya Group, Japan's first specialty manufacturer of optical glass established in 1941. The Hoya Group has continued to grow as a global enterprise through the expansion of its diverse business activities, which encompass electro-optics, photonics, vision care, healthcare and crystal products.

The property comprises a two-storey light industrial building, with a total net lettable area of approximately 5,092 sqm (subject to survey).

5.4 LogisHub@Clementi

LogisHub@Clementi is owned by Ascendas Tuas. LogisHub@Clementi is located at 2 Clementi Loop and is in close proximity to the PIE. The property comprises a four-storey warehouse, with a total net lettable area of approximately 22,419 sqm (subject to survey).

This multi-tenanted property, with an occupancy rate of 52.7%, has existing tenants which include John Wiley & Sons (Asia) Pte Ltd, Arrow Electronics Asia (S) Pte. Ltd. and Hub Distributors Services Pte Ltd.

Ascendas Tuas has informed A-REIT that a prospective tenant has accepted its offer on 25 July 2005 to take up some of the vacant space and possession is expected to take place in September 2005, which will then bring the property's occupancy rate to approximately 71.0%.

5.5 Techquest

Techquest is owned by Ascendas Land. Techquest is located at 7 International Business Park, which is in close proximity to the AYE and is set within the neighbourhood of buildings tenanted by companies like Creative, Acer and M1.

The property comprises a five-storey business park building, with a total net lettable area of approximately 6,266 sqm (subject to survey). This multi-tenanted building, with an occupancy rate of 71.6%, has existing tenants which include Scandent Group Pte. Ltd., Sonic Singapore Pte Ltd, Blueprint Impex Pte Ltd and YKK AP Singapore Pte Ltd.

5.6 Techview

Techview is owned by Ascendas KBV. Techview is located at 1 Kaki Bukit View and is easily accessible by the PIE. Completed in 1998, the property comprises a five-storey hi-tech industrial building, with a total net lettable area of approximately 36,912 sqm (excluding non-production areas) and a parking capacity of approximately 500 parking lots. The total gross floor area is 50,985 sqm on a land area of 22,516 sqm (subject to survey).

This multi-tenanted property with an occupancy rate of 87.0%, has existing tenants which include IBM Singapore Pte Ltd, Amkor Technology Singapore Pte. Ltd. and Rohde & Schwarz Systems & Communications Asia Pte. Ltd.

5.7 Thales Building

Thales Building is being constructed by Ascendas Tuas along Changi North Rise, and is adjacent to Hamilton Sundstrand Building.

Thales Building will comprise a three-storey light industrial building and its sole tenant will be Thales Avionics Asia Pte Ltd, which is one of the world's largest professional electronics groups, serving the defence, aerospace and security markets. The total gross floor area of the property is 6,248 sqm on a land area of 10,159 sqm (subject to survey). The construction of the property is expected to be completed in January 2006.

(B) Method of Financing

Assuming Unitholders' approval for the issue of the Techview Consideration Units to Ascendas KBV or the Nominated Ascendas Entity is obtained, the aggregate purchase price of the EFR Acquisitions (less the Required Portion) and all acquisition costs relating to the EFR 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 EFR Acquisitions and (b) the net proceeds of the Equity Fund Raising and the Techview Consideration Units.

The actual number of New Units that will be issued under the Equity Fund Raising and the actual number of the Techview Consideration Units to be issued to Ascendas KBV will depend on the Issue Price as determined by the Manager and the Lead Manager and Underwriter closer to the date of commencement of the Equity Fund Raising. Assuming that the Issue Price is determined to be S\$2.10 and that Unitholders' approvals are obtained for the issue of the Techview Consideration Units, 103,121,458 New Units will be issued for the purpose of the Equity Fund Raising and 11,164,256 Techview Consideration Units will be issued to Ascendas KBV or the Nominated Ascendas Entity (which represents the number of the Techview Consideration Units² to be issued in payment of the Required Portion and for the Ascendas Companies to maintain their aggregate direct Unitholdings at the Existing Ascendas Percentage). In the event that Unitholders' approvals for the issue of the Techview Consideration Units are not obtained, an additional 11,164,256 New Units (based on an Issue Price of S\$2.10) will have to be issued under the Equity Fund Raising.

² This takes into account the aggregate number of Units directly held by the Ascendas Companies as at 26 July 2005 and the number of Units which Ascendas Land subscribes for and is allotted under the Preferential Offering.

Under all the Purchase Agreements except with regard to the 138 Depot Road Purchase Agreement and the SENKEE Purchase Agreement, the acquisition of the relevant Properties is conditional upon A-REIT securing sufficient financing to undertake the relevant acquisition. It is A-REIT's responsibility to ensure that the required financing is in place in respect of the completion of the 138 Depot Road Acquisition and the SENKEE Acquisitions.

A-REIT has S\$700.0 million of facilities available, of which S\$53.0 million has already been drawn down. It is intended that up to S\$57.4 million will be drawn down on some of these facilities to partly finance the EFR Acquisitions. The Thales Acquisition in January 2006 and the 138 Depot Road Acquisition in April 2006 will require additional debt funding of up to S\$5.8 million and S\$43.5 million respectively.

Additional information on the Ascendas Properties, including projected net property income, property yield, rental escalation, committed occupancy rates and Weighted Average Lease Term to Expiry, is set out in paragraph 3 of the Letter to Unitholders and **Appendix 4** of this Circular.

6. RATIONALE FOR THE ASCENDAS ACQUISITIONS

The following benefits to Unitholders have been extracted from paragraph 2 of the Letter to Unitholders:

"Benefits to Unitholders

Apart from consolidating A-REIT's leadership position as a provider of premium business space in Singapore, the Manager believes that the Acquisitions offer the following benefits:

- Increased earnings and distributions in respect of the FY2005/06 Acquisitions;
- DPU accretion in respect of the 138 Depot Road Acquisition;
- Potential growth through positive rental reversions on multi-tenanted buildings;
- Competitive strengths of the Properties;
- Enhanced tenant base;
- Improved income diversification;
- Optimised capital structure;
- Increased market capitalisation; and
- Economies of scale."

The full text of the Manager's rationale for the Acquisitions, which includes the Ascendas Acquisitions, 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 ASCENDAS ACQUISITIONS AND THE ISSUE OF THE TECHVIEW CONSIDERATION UNITS

In our evaluation of whether the Ascendas Acquisitions and the issue of the Techview Consideration Units 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) valuations of the Ascendas Properties carried out by the Ascendas Properties Independent Valuers;
- (b) property yields from the Ascendas Properties compared with property yields from announced transactions carried out by A-REIT with third parties and Acquisitions by A-REIT (excluding the Ascendas Acquisitions) in this Circular with third parties;

- (c) property yields from the Ascendas Properties compared with property yields from recent market transactions in Singapore made by comparable companies listed and traded on the SGX-ST;
- (d) occupancy levels to be achieved by the Ascendas Properties;
- (e) rental guarantees for 138 Depot Road, LogisHub@Clementi, Techquest and Techview;
- (f) financial effects of the Ascendas Acquisitions; and
- (g) the proposed issue of the Techview Consideration Units.

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

(a) Valuations of the Ascendas Properties carried out by the Ascendas Properties Independent Valuers

The Manager commissioned the Ascendas Properties Independent Valuers to assess the open market value of the Ascendas Properties. We set out below the appraised value of the Ascendas Properties.

Name of Property ⁽¹⁾	Valuation amount (S\$ million)
138 Depot Road	42.30
Hamilton Sundstrand Building	31.05
Hoya Building	5.30
LogisHub@Clementi	18.10
Techquest	7.50
Techview	76.00
Thales Building	5.75

Note:

⁽¹⁾ All of the Ascendas Properties, with the exception of Hoya Building, were valued by DTZ Debenham Tie Leung as at 18 July 2005. Hoya Building was valued by Jones Lang LaSalle as at 18 July 2005.

According to the valuation reports by DTZ Debenham Tie Leung, “open market value” means the best price at which the sale of an interest in property would 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 values 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 prospective purchaser with a special interest; and (e) that both parties to the transactions had acted knowledgeably, prudently and without compulsion.

According to the valuation report by Jones Lang LaSalle, “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 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.

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 the Ascendas Properties, with the exception of Hoya Building, DTZ Debenham Tie Leung has valued the respective Ascendas Properties mainly by the Direct Comparison Method and cross checked with the Income Method with detailed calculations of the cashflow analysis. We noted from the full valuation report from DTZ Debenham Tie Leung that the Income Method has taken into consideration the total committed/estimated annual rental income of the respective Ascendas Properties.

In arriving at the open market value of the Hoya Building, Jones Lang LaSalle has relied on the Discounted Cash Flow Analysis and Direct Capitalisation Method. We noted from the Hoya Building's summary valuation report that Jones Lang LaSalle "did not adopt the direct comparison approach to value the subject property due to the following reasons: (a) it has a long term lease of 10 years commencing from 19 April 2004, and (b) it is a special property with clean room facilities. There is no direct comparable properties that we (Jones Lang LaSalle) can use for such a method and we (Jones Lang LaSalle) are of the opinion that the direct capitalization method and the discounted cash flow method are the best methods to determine the value of the subject property." We noted from the full valuation report from Jones Lang LaSalle that it has taken into consideration the terms and conditions stated in the lease agreement dated 5 April 2004 between Ascendas Land and Hoya Healthcare Singapore Pte Ltd (now known as Hoya Medical Singapore Pte. Ltd.) in its Discounted Cash Flow Analysis.

We note that the purchase considerations of the Ascendas Properties are supported by the open market valuation as determined by the Ascendas Properties Independent Valuers.

The open market value determined by the Ascendas Properties Independent Valuers was based on the assumption that the sale is "completed unconditionally for cash consideration". It was agreed in the Techview Option Agreement that A-REIT would, subject to the relevant approvals being obtained, pay the Required Portion in Techview Consideration Units. With the issue of the Techview Consideration Units to Ascendas KBV, this could result in dilution to the minority Unitholders. However, we noted that based on the profit forecast as mentioned below in paragraph 7(f) of our letter, the financial effects on the earnings per Unit and DPU of the Ascendas Acquisitions are accretive.

(b) Property yields from the Ascendas Properties compared with property yields from announced transactions carried out by A-REIT with third parties and Acquisitions by A-REIT (excluding the Ascendas Properties) in this Circular with third parties

We have made reference to recent announced market transactions (from 1 July 2004 to 30 June 2005 (the "**Selected Period**")) carried out by A-REIT with third parties and Acquisitions by A-REIT (excluding the Ascendas Properties) 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 the property yields for industrial properties.

We have however recognised that there is no other property which we may consider to be identical to the Ascendas Properties in terms of net lettable area, 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 Non-Interested Directors and the Trustee should note that any comparisons made with respect to the recent market transactions to the Ascendas Properties 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 (\$million)	Property yield (%)⁽¹⁾
24-Aug-04	Exklusiv Centre ⁽²⁾	44.8	7.9
24-Sep-04	Wisma Gulab ⁽³⁾	55.7	8.0
04-Oct-04	Autron Building	14.0	8.3
04-Oct-04	SB Building ⁽⁴⁾	17.8	8.7
04-Oct-04	Steel Industries Building	15.3	7.9
04-Oct-04	Volex Building	9.4	8.0
14-Oct-04	CG Aerospace Building ⁽⁵⁾	31.1	10.7
14-Oct-04	Fedex Building	33.5	7.8
14-Oct-04	Freight Links (Changi) Building ⁽⁶⁾	32.0	9.3
14-Oct-04	Freight Links (Toh Guan) Building ⁽⁷⁾	36.4	9.0
14-Oct-04	MacDermid Building	5.5	11.0
02-Nov-04	NESS Building ⁽⁸⁾	22.0	10.0
07-Feb-05	AEM-Evertech Building	14.0	8.1
21-Feb-05	Telepark ⁽⁹⁾	186.0	7.5
21-Feb-05	Kim Chuan Telecommunications Complex	100.0	7.7
21-Feb-05	KA Centre	19.2	5.3
21-Feb-05	KA Place	11.1	7.9
14-Mar-05	Hyflux Building	19.0	8.0
04-Apr-05	Da Vinci Building	19.5	7.5
04-Apr-05	MSL Building	12.6	7.9
04-Apr-05	BBR Building	6.8	8.6
05-May-05	7 Changi South Street 2 Building ⁽¹⁰⁾	30.6	8.2
05-May-05	Pacific Tech Centre	62.0	7.1
05-May-05	Weltech Industrial Building	9.0	8.2
27-Jul-05	Cityneon Design Centre ⁽⁸⁾	10.0	8.4
27-Jul-05	NNB Industrial Building ⁽⁸⁾	12.0	8.3
27-Jul-05	SENKEE Logistics Hub ⁽⁸⁾⁽¹¹⁾	42.3	7.2
25-Aug-05	Changi Property ⁽¹²⁾	34.8	7.6
25-Aug-05	1 Jalan Kilang ⁽⁸⁾⁽¹³⁾	18.7	8.0
25-Aug-05	11 Tampines Street 92 ⁽⁸⁾⁽¹⁴⁾	16.8	7.7
High			11.0
Low			5.3
Average			8.2
Average (excluding outliers ⁽¹⁵⁾)			8.0

Name of property	Property yield (%)
<u>Ascendas Properties</u>	
138 Depot Road	8.2 ⁽¹⁶⁾
Hamilton Sundstrand Building	7.7 ⁽¹⁷⁾
Hoya Building	11.2
LogisHub@Clementi	8.0
Techquest	7.4
Techview	7.2
Thales Building	8.1
Average for the Ascendas Properties	8.3

Source: SGX website

Notes:

- (1) For Exklusiv Centre, Wisma Gulab, Autron Building, SB Building, Steel Industries Building, Volex Building, CG Aerospace Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building and MacDermid Building, property yields are calculated based on the projected net property income to be received for FY2006 over the purchase prices (less acquisition costs). For the remaining properties, property yields are calculated based on the forecasted net property income to be received in the first year of acquisition.
- (2) The property yield for Exklusiv Centre is based on property value of S\$43.9 million, being its acquisition price of S\$44.8 million less deferred settlement component of S\$0.9 million.
- (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.
- (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.
- (5) The property yield for CG Aerospace Building is based on property value of S\$23.0 million, being its acquisition price of S\$31.1 million less deferred settlement component of S\$8.1 million.
- (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.
- (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.
- (8) These are the Acquisitions mentioned in this Circular.
- (9) The property yield for Telepark is based on a property value of S\$178.4 million, being its acquisition price of S\$186.0 million less the deferred settlement component of S\$7.6 million.
- (10) The property yield for 7 Changi South Street 2 Building is based on a property value of S\$28.6 million, being its acquisition price of S\$30.6 million less the deferred settlement component of S\$2.0 million.
- (11) Excludes stage 2 asset enhancement as it has not been constructed yet.
- (12) The vendor of this property has on 25 August 2005 entered into a memorandum of understanding with the Manager for the sale of this property to A-REIT. The parties are in an advanced stage of negotiation and the Manager expects that the put and call option agreement for the sale and purchase of this property will be executed by the Trustee and the vendor within a week from the date of this Circular. A-REIT will make an announcement on SGXNET promptly after the put and call option agreement has been executed.
- (13) The property yield for 1 Jalan Kilang is based on property value of S\$16.8 million, being its acquisition price of S\$18.7 million less deferred settlement component of S\$1.9 million. The deferred amount will be paid two years after the date of completion when all the outstanding obligations of Dynasty (as Vendor) have been fulfilled.
- (14) The property yield for 11 Tampines Street 92 is based on property value of S\$12.5 million, being its acquisition price of S\$16.8 million less deferred settlement component of S\$4.3 million. The deferred amount will be paid after completion of the asset enhancement works. Please refer to Appendix 6 of this Circular for further details.
- (15) Property yield outliers are those arising from CG Aerospace Building, MacDermid Building, KA Centre and NESS Building.
- (16) The property yield for 138 Depot Road is calculated based on the assumption that the tenant exercises the option that results in the lowest property yield.
- (17) The specialized air-conditioning M&E equipment of Hamilton Sundstrand Building (S\$5.95 million) has not been included in this computation as it will be recorded in the balance sheet as a fixed asset and depreciated in line with tax depreciation rates, which will offset the rental income received .

We noted that all the A-REIT Transactions have property yields of between 5.3% and 11.0%, average property yields of 8.2% and average property yields (excluding outliers) of 8.0%. The Ascendas Properties have property yields of between 7.2% and 11.2% and average property yields of 8.3%. The property yields from the Ascendas Properties are not significantly different from the property yields from the A-REIT Transactions. Hence based

on the above comparison with A-REIT Transactions, the property yields from the Ascendas Properties do not appear to be unreasonable.

(c) Property yields from the Ascendas Properties 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 the Ascendas Properties and property yields from recent market transactions in Singapore made by comparable companies listed and traded on the SGX-ST during the Selected Period. As at the date of this Circular, there are a total of six real estate investment trusts (“REIT”) listed and traded on the SGX-ST: A-REIT, CapitaCommercial Trust (“CCT”), CapitaMall Trust (“CapitaMall”), Fortune Real Estate Investment Trust (“Fortune REIT”), Mapletree Logistics Trust (“MLT”) and Suntec Real Estate Investment Trust (“Suntec REIT”).

During the Selected Period, CCT, CapitaMall and Fortune REIT entered into new acquisitions. CapitaMall has acquired two retail properties whose average property yield is 5.4%³. CCT acquired one commercial property whose property yield is 5.1%⁴. Fortune REIT acquired six Hong Kong retail properties whose average property yield is 5.7%⁵. Suntec REIT was listed on the SGX-ST on 9 December 2004. Suntec REIT’s average property yield for its property portfolio is estimated to be 4.5%⁶. The average property yields of between 4.5% and 5.7% arising from the recent market transactions by CapitaMall, CCT and Fortune REIT and the property portfolio of Suntec REIT are lower than the property yields of the Ascendas Properties.

MLT was listed on the SGX-ST on 28 July 2005. MLT’s average property yield for its logistic properties portfolio is estimated to be 7.2%⁷. MLT is the closest comparable REIT to A-REIT and its average property yield of 7.2% is in line with the property yields of the Ascendas Properties.

It should be noted that CapitaMall’s portfolio comprises only of retail properties, Fortune REIT’s portfolio comprises mainly of retail properties, CCT’s portfolio comprises only of commercial properties and Suntec REIT’s portfolio comprises of a retail cum commercial development, whereas A-REIT’s portfolio comprises of 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 A-REIT in terms of net lettable area, location, composition of tenant(s), managers’ track record, market risks, future prospects and other relevant criteria.

³ Based on the announcement of the acquisition of Sembawang Shopping Centre and Hougang Plaza made on 3 May 2005.

⁴ Based on the announcement of the acquisition of HSBC Building made on 2 February 2005.

⁵ Based on the circular dated 13 May 2005.

⁶ Based on the net property income for the forecast period and cost of investment properties extracted from Suntec REIT’s prospectus dated 29 November 2004.

⁷ Based on the net property income for the forecast period and cost of investment properties extracted from MLT’s prospectus dated 18 July 2005.

(d) Occupancy levels to be achieved by the Ascendas Properties

The committed occupancy rates of the Ascendas Properties as at 30 June 2005 are as follows:

Name of Property⁽ⁱ⁾	Occupancy rates (%)
<u>Factory space</u>	
138 Depot Road	71.4 ⁽ⁱⁱ⁾⁽ⁱⁱⁱ⁾
Hamilton Sundstrand Building	100.0
Hoya Building	100.0
Techview	87.0 ⁽ⁱⁱⁱ⁾
Thales Building	100.0
<u>Business park</u>	
Techquest	71.6 ⁽ⁱⁱⁱ⁾
<u>Warehouse space</u>	
LogisHub@Clementi	52.7 ^{(iii)(iv)}

Notes:

- (i) Based on the valuation report by the Ascendas Properties Independent Valuers and the URA Statistics, all the Ascendas Properties are classified as factory space, except for Techquest and LogisHub@Clementi which are classified as business park and warehouse respectively.
- (ii) Hewlett-Packard Singapore (Private) Limited will lease 71.4% of 138 Depot Road for a lease term of 10 years and with options to take up additional space which is to be exercised within six months from the date of lease commencement.
- (iii) The effective occupancy rate for these properties is 100% as there are rental guarantees from the respective Vendors for the vacant space. Please refer to section (e) mentioned below for more details.
- (iv) Ascendas Tuas has informed A-REIT that a prospective tenant has accepted its offer on 25 July 2005 to take up some of the vacant space and possession is expected to take place in September 2005. This will bring LogisHub@Clementi's occupancy rate to approximately 71.0%. As a result, the rental guarantee in relation to LogisHub@Clementi will reduce accordingly.

According to Urban Redevelopment Authority (the "URA") Statistics, the island wide occupancy rates (1st Quarter 2005) for factory space⁸, business park⁹ and warehouse space¹⁰ were 88.3%, 74.3% and 86.2% respectively. For single-user factory space and multiple-user factory space, the island wide occupancy rates were 91.7% and 82.0% respectively.

Based on the above, we note the following:

- (i) *Factory space*: Hamilton Sundstrand Building, Hoya Building and Thales Building have occupancy rates of 100%, exceeding the URA's island wide occupancy rate for factory space of 88.3%, whereas 138 Depot Road and Techview have occupancy rates of 71.4% and 87.0% respectively which are lower than the URA's island wide occupancy rates for factory space.

For 138 Depot Road, Hewlett-Packard Singapore (Private) Limited ("HP") has options to take up additional space which is to be exercised within six months from the date of lease commencement. If HP does not take up the option to lease the remaining vacant space on or before 1 November 2005, it is agreed in the 138 Depot Road Purchase Agreement that Ascendas Tuas shall provide rental guarantee for a period of six

⁸ 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.

⁹ According to URA, business park is defined as areas for non-pollutive industries and businesses that engage in high-technology, research and development, high value-added and knowledge-intensive activities. Science parks where the primary activity is research and development are included in the business park category from 3rd Quarter 2002.

¹⁰ According to URA, warehouse space is defined as covered space used or intended to be used as storage area for raw materials, semi-finished or finished goods. Shophouses used for the above purposes are excluded.

months or 18 months commencing on completion of the 138 Depot Road Purchase Agreement for the vacant space (the “**138 Depot Road Rental Guarantee Period**”). Hence, the rental income accruing to A-REIT for the 138 Depot Road Rental Guarantee Period is guaranteed.

For Techview, it is noted in the Techview Purchase Agreement that Ascendas KBV shall provide rental guarantee for a period of 24 months commencing on completion of the Techview Purchase Agreement for the vacant space. Hence, the rental income accruing to A-REIT for the next 24 months is guaranteed.

We have noted that the A-REIT Transactions, KA Place and KA Centre had an occupancy rate of 36.2% and 57.2% respectively at the point of acquisition, which were lower than URA's island wide occupancy rate for factory space of 88.3%.

- (ii) *Business park*: Techquest has an occupancy rate of 71.6% which is lower than the URA's island wide occupancy rate for business park of 74.3%. It is noted in the Techquest Purchase Agreement that Ascendas Land shall provide rental guarantee for a period of 24 months commencing on completion of the Techquest Purchase Agreement for the vacant space as well as leases expiring in FY2006. Hence, the rental income accruing to A-REIT for the next 24 months is guaranteed.
- (iii) *Warehouse space*: LogisHub@Clementi has an occupancy rate of 52.7% which is lower than the URA's island wide occupancy rates for warehouse space of 86.2%. Ascendas Tuas has informed A-REIT that a prospective tenant has accepted its offer on 25 July 2005 to take up some of the vacant space and possession is expected to take place in September 2005. This will bring LogisHub@Clementi's occupancy rate to be approximately 71.0%, which is lower than the URA's island wide occupancy rates for warehouse space.

For LogisHub@Clementi, it is noted in the LogisHub Purchase Agreement that Ascendas Tuas shall provide rental guarantee for 24 months commencing on completion of the LogisHub Purchase Agreement for the vacant space as well as leases expiring in FY2006. Hence, the rental income accruing to A-REIT for the next 24 months is guaranteed.

- (iv) *Single-user factory space*: Hamilton Sundstrand Building, Hoya Building, 138 Depot Road and Thales Building are built-to-suit properties (the “**Built-to-Suit Properties**”) and all of them, except 138 Depot Road, are or will be single-user properties (i.e. a single tenant). Their occupancy rates of 100% exceed the URA's island wide occupancy rate for single-user factory space of 91.7%. For 138 Depot Road, if HP takes up the option to occupy the remaining vacant space, it will also be a single-user property and have an occupancy rate of 100%.
- (v) *Multiple-user factory space*: Techview is a multiple-user property (i.e. multiple tenants). Techview's occupancy rate of 87.0% is higher than the URA's island wide occupancy rate for multiple-user factory space of 82.0%.

Based on our review of the full valuation reports for the Built-to-Suit Properties from the Ascendas Properties Independent Valuers, we have also noted the following:

- (i) There are no termination clauses in the lease agreements between the anchor tenants of the Built-to-Suit Properties (being HP, Hamilton Sundstrand Pacific Aerospace Pte Ltd, Hoya Medical Singapore Pte. Ltd., Thales Avionics Asia Pte Ltd) (the “**Anchor Tenants**”) and the Ascendas Vendors (or Trustee upon the completion of the Ascendas Acquisitions). Hence, there are no rights to terminate the lease prior to the lease expiry date, except in the event that (a) JTC gives notice to require the subletting to be terminated which is a right of JTC for all of the Built-to-Suit Properties, or (b) the Built-to-Suit Properties (excluding Hoya Building) are damaged by fire, Ascendas Vendors (or Trustee upon the completion of the Ascendas Acquisitions) may in its

absolute discretion terminate the lease within a specified period after the damage has been sustained, or (c) Hoya Building is damaged by fire or act of God, either Ascendas Land (or Trustee upon the completion of the Ascendas Acquisitions) or the Anchor Tenant has such right of termination within a specified period after the damaged has been sustained.

- (ii) The Anchor Tenants are required to make a minimum investment ranging from \$5.5 million to \$50.0 million on plant and machinery within a specified period on the respective Built-to-Suit Properties.
- (iii) The rental rates for the Anchor Tenants for their respective lease terms have been negotiated and agreed between the Anchor Tenants and Ascendas Vendors prior to the Trustee entering into the respective Ascendas Option Agreements with the Ascendas Vendors.

The Manager has confirmed that the Anchor Tenants are not related to the Ascendas Vendors. We further noted that LogisHub@Clementi, Techquest and Techview are multi-tenanted buildings and all their Existing Tenancy Agreements (as defined in the respective Ascendas Purchase Agreements) would be assigned to the Trustee upon the completion of the Ascendas Acquisitions.

(e) Rental Guarantees for 138 Depot Road, LogisHub@Clementi, Techquest and Techview

We noted from the 138 Depot Road Purchase Agreement that if HP does not take up the option to lease the remaining vacant space on or before 1 November 2005, Ascendas Tuas shall provide rental guarantee for a period of six months or 18 months commencing on completion of the 138 Depot Road Purchase Agreement for the vacant space.

We noted from the LogisHub@Clementi's, Techquest's and Techview's full valuation reports dated 18 July 2005 and in the respective Ascendas Purchase Agreements that rental guarantees for a period of 24 months will be provided by Ascendas Tuas, Ascendas Land and Ascendas KBV respectively for the vacant units and/or currently occupied units due to expire in FY2006.

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 rental guarantee has been factored into the aforementioned properties' valuation.

(f) Financial effects of the Ascendas Acquisitions

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

Income and Distribution Statement

Forecast for the Financial Year Ending 31 March 2006

	Existing Properties (S\$'000)	Techview (S\$'000)	Techquest (S\$'000)	Logishub (S\$'000)	Hamilton (S\$'000)	Hoya (S\$'000)	Thales ⁽⁴⁾ (S\$'000)	After Ascendas properties (S\$'000)	Other properties ⁽¹⁾ (S\$'000)	After the Acquisitions (S\$'000)
Gross revenue	203,772	4,337	595	1,444	895	278	249	211,570	8,156	219,726
Property operating expenses	(45,967)	(1,822)	(340)	(778)	(9)	(30)	(134)	(49,080)	(2,609)	(51,689)
Net property income	157,805	2,515	255	666	886	248	115	162,490	5,547	168,037
Non-property expenses	(38,072)	(570)	(57)	(137)	(233)	(41)	(68)	(39,178)	(1,156)	(40,334)
Net investment income	119,733	1,945	198	529	653	207	47	123,312	4,391	127,703
Non-tax deductible expenses	10,474	170	16	40	69	12	13	10,794	341	11,135
Net investment income available for distribution	130,207	2,115	214	569	722	219	60	134,106	4,732	138,838
Weighted average number of Units in issue ('000) ⁽²⁾	1,163,793	14,711	1,463	3,524	6,015	1,044	—	1,190,550	30,411	1,220,961
Units on issue ('000) ⁽²⁾⁽³⁾	1,166,457	29,485	2,931	7,062	12,057	2,092	—	1,220,084	60,951	1,281,035
Earnings per Unit (cents)	10.28							10.36		10.47
DPU (cents) ⁽²⁾⁽³⁾	11.18							11.26		11.37

Notes:

- (1) Other Properties refer to Changi Property, Cityneon Design Centre, 1 Jalan Kilang, NESS Building, NNB Industrial Building, 11 Tampines Street 92 and SENKEE Logistics Hub.
- (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 2006 as the New Units are only entitled to distribution income from the date they are issued.
- (3) Assuming that the EFR Acquisitions are completed on 15 October 2005, that the Thales Acquisition is completed on 1 January 2006, and that there is no change to the current mode of payment of the Management Fee *i.e.* the Base Fee in the form of Units and cash in equal proportions for the first 19 of the Existing Properties and in the form of cash for all the subsequent acquisitions, and the Performance Fee in the form of Units in respect of the Enlarged Portfolio.
- (4) Thales Acquisition is expected to be completed in January 2006. Accordingly, it does not form part of the funding requirement of the Equity Fund Raising. However, as the Thales Acquisition is expected to be completed in the financial year ending 31 March 2006, the financial impact of the Thales Acquisition has been included in the Forecast from its expected completion date (on the basis that it is wholly funded from available bank debt facilities). The expected annualised pro forma DPU accretion of the Thales Building assuming that it is wholly funded with available bank debt facilities is expected to be 0.02 cents.
- (5) The 138 Depot Road Acquisition will not have any financial impact on the Forecast because this Acquisition is only expected to complete in April 2006. This Acquisition will be wholly funded from available bank debt facilities. The annualised pro forma DPU accretion of the 138 Depot Road Acquisition assuming that it is wholly funded with available bank debt facilities is expected to be 0.19 cents.

The pro forma financial information of A-REIT (set out in of **Appendix 4** of this Circular) assumes that all of the Acquisitions (including the Ascendas Acquisitions), were completed on 1 April 2005 and the Properties were held and operated for the whole year through to 31 March 2006. Hence, financial effects based on such pro form 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 Ascendas Acquisitions) based on the profit forecast as shown in the table above, which will be more relevant to the Unitholders. The forecast has been reviewed by the Independent Accountants and should be read together with their report contained in **Appendix 3** of this Circular as well as the assumptions and sensitivity which accompany the forecast statement of net investment income and distribution income for the financial year ending 31 March 2006 in **Appendix 2** of this Circular. The profit forecast for the Ascendas Acquisitions have been provided by the Manager and we have not independently verified this financial information.

Based on the profit forecast, the financial effects on the earnings per Unit and DPU of the Ascendas Acquisitions are accretive.

(g) The Proposed Issue of the Techview Consideration Units

We wish to highlight the following Manager's rationale for issuing the Techview Consideration Units which have been extracted from page 24 of this Circular.

"The Manager believes that it is appropriate for the Ascendas Companies to be permitted to maintain their aggregate direct proportionate Unitholdings (in percentage terms) as at the Latest Practicable Date prior to the commencement of the Equity Fund Raising. In addition, the Manager has determined that the payment of the Required Portion in Units rather than cash is an appropriate method of giving the Ascendas Companies the opportunity to maintain their aggregate proportionate direct Unitholdings. The number of Techview Consideration Units to be issued is subject to the restriction that, the number of Techview Consideration Units, when aggregated with the number of Units which the Ascendas Companies directly own immediately following the completion of the Equity Fund Raising, as a proportion (in percentage terms) of the total number of Units on issue immediately after the completion of the Equity Fund Raising and the issue of such Techview Consideration Units, shall not exceed the Existing Ascendas Percentage.

The Manager believes that in allowing the Ascendas Companies to maintain their aggregate proportionate direct Unitholdings at the pre-placement level, a certain degree of stability will be maintained in A-REIT as an investment vehicle as interests of the Ascendas Companies will remain aligned with those of the Unitholders. In addition, the support shown by A-REIT's largest Unitholder to this transaction will greatly assist the successful completion of the Equity Fund Raising.

The issue of the Techview Consideration Units will also reduce the underwriting fee payable to the Lead Manager and Underwriter as no such fee will be payable by A-REIT in respect of the Techview Consideration Units. In the event that the Techview Approval is 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 as Techview Consideration Units, and A-REIT would have to incur up to an additional S\$0.4 million in underwriting fees."

We noted that Ascendas KBV will be receiving the Techview Consideration Units at the Issue Price. Based on the rationale of issuing the Techview Consideration Units as highlighted above and that the new Units issued under the Equity Fund Raising will be issued to, *inter alia*, the public, and hence Ascendas KBV will be receiving the new Units at the same price as the new Units that are issued to the public, the concept of the proposed issue of the Techview Consideration Units does not appear to be unreasonable.

However, as the Issue Price and the actual number of Techview Consideration Units, which will depend on the Issue Price, to be issued to Ascendas KBV will be determined by the Manager and the Lead Manager and the Underwriter closer to the date of commencement of the Equity Fund Raising, our evaluation process could not include an analysis of the Issue Price and the number of Techview Consideration Units and thus we will not be able to make any specific comments on the Issue Price and the number of Techview Consideration Units. In addition, our opinion excludes any future impact of the Issue Price, yet to be determined.

(h) 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 the 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 the SGX-ST to apply 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 the Property Fund 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 Ascendas Acquisitions.

8. OTHER CONSIDERATIONS

(a) **The JTC Letter of Offers for 138 Depot Road, Hamilton Sundstrand Building and Thales Building, and the JTC Lease for Hoya 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 JTC Letter of Offers for 138 Depot Road, Hamilton Sundstrand Building and Thales Building and the JTC Lease for Hoya Building which have been extracted from section C of **Appendix 6** of this Circular.

"138 Depot Road

Ascendas Tuas has accepted a letter of offer dated 28 July 2004 from JTC relating, *inter alia*, to allocation of land for the construction of 138 Depot Road. Under the said letter of offer from JTC, it is stated that there will be certain restrictions on resale, including a restriction that in the case of any proposed assignment, the lessee shall first make an offer of the assignment to the anchor tenant of 138 Depot Road and if the anchor tenant of 138 Depot Road does not accept the offer, then the lessee may, subject to prior written consent of JTC, assign the land and the remaining term of the lease, together with the subletting to the anchor tenant of 138 Depot Road and other sublettings to a party approved by JTC in writing. 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.

Hamilton Sundstrand Building

Ascendas Tuas has accepted a letter of offer dated 12 January 2005 from JTC relating, *inter alia*, to allocation of land for the construction of the Hamilton Sunstrand Building. Under the said letter of offer from JTC, it is stated that there will be certain restrictions on resale,

including a restriction that in the case of any proposed assignment, in view of the fixed investment on the land by Hamilton Sundstrand Pacific Aerospace Pte Ltd and the built and lease nature of the anchor subletting, the lessee shall first make an offer of the assignment to the Hamilton Sundstrand Pacific Aerospace Pte Ltd and if Hamilton Sundstrand Pacific Aerospace Pte Ltd does not accept the offer, then the lessee may, subject to prior written consent of JTC, assign the land and the remaining term of the lease, together with the subletting to Hamilton Sundstrand Pacific Aerospace Pte Ltd and other sublettings to a party approved by JTC in writing. 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.

Hoya Building

The existing JTC registered instrument of lease for Hoya Building, which will be transferred to the Trustee on completion of the purchase of Hoya Building, contains certain restrictions on resale, including a right of first refusal in favour of JTC for a surrender of the demised premises and the remaining term of the lease free from all encumbrances except for the sublease to Hoya Medical Singapore Pte. Ltd., its assigns or parties approved by JTC and other subleases with JTC's approval, at the prevailing market rate based only on the building and excluding the value of the leasehold land. If JTC does not accept the lessee's offer, the lessee shall then offer the demised premises and the remaining term of the lease to Hoya Medical Singapore Pte. Ltd. on terms and conditions to be agreed between the lessee and Hoya Medical Singapore Pte. Ltd. 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.

Thales Building

Ascendas Tuas has accepted a letter of offer dated 11 April 2005 from JTC relating, *inter alia*, to allocation of land for the construction of Thales Building. Under the said letter of offer from JTC, it is stated that there will be certain restrictions on resale, including a restriction that in the case of any proposed assignment, in view of the fixed investment on the land by Thales Avionics Asia Pte Ltd and the built and lease nature of the anchor subletting, the lessee shall first make an offer of the assignment to Thales Avionics Asia Pte Ltd and if Thales Avionics Asia Pte Ltd does not accept the offer, then the lessee may, subject to prior written consent of JTC, assign the land and the remaining term of the lease, together with the subletting to the Thales Avionics Asia Pte Ltd and other sublettings to a party approved by JTC by writing. 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."

(b) Effect On The Weighted Average Lease Term to Expiry

We wish to highlight one of the benefits to Unitholders which has been extracted from page 15 of this Circular.

"The Weighted Average Lease Term to Expiry is expected to decrease marginally from 7.1 years to 7.0 years after the Acquisitions. This is due to a number of the Acquisitions being acquisitions of multi-tenanted properties with typical lease terms of three years on average. There is potential for positive rental reversions when the leases in these multi-tenanted properties become due for renewal. Given that industrial property rental rates in Singapore appear to have bottomed out and are expected to improve going forward, these rental reversions and potential further improvement in occupancy rates may provide future growth in earnings and distributions for Unitholders."

In relation to the Ascendas Acquisitions, the Manager has informed that the Weighted Average Lease Term to Expiry is expected to decrease marginally from 7.1 years before the Ascendas Acquisitions to 6.9 years after the Ascendas Acquisitions.

(c) Asset Enhancement Profits

We wish to highlight one of the principal terms of the LogisHub Purchase Agreement which has been extracted from page 123 of this Circular.

“The LogisHub Purchase Agreement provides that in the event that the Trustee at its absolute discretion undertakes to carry out or procure to be carried out any works at LogisHub@Clementi during the Specified Period (as defined in the LogisHub Purchase Agreement) which will result in a Specified Increase in GFA (as defined in the LogisHub Purchase Agreement), the Trustee will pay Ascendas Tuas 50% of the net profit (as calculated under the LogisHub Purchase Agreement).

It is the Manager’s intention to compensate Ascendas Tuas for some of the potential benefit received by the Trustee in future in relation to the unutilized plot ratio. The unutilized plot ratio has not been factored into the purchase price, and accordingly, the agreement provides for both parties to share in the net profit, if any, from optimizing the gross floor area of the building, should the Trustee in its sole discretion decide that such works are in the interests of A-REIT. The Manager is of the view that the aforesaid arrangements entered into by the Trustee are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.”

(d) Asset Enhancement Agreement

We wish to highlight one of the principal terms of the Thales Purchase Agreement which has been extracted from page 125 of this Circular.

“The Thales Purchase Agreement provides that the Trustee and Ascendas Tuas shall enter into the Thales Asset Enhancement Agreement on completion of the Thales Purchase Agreement. If the Thales Tenant exercises its option under the Thales Lease Agreement with Ascendas Tuas to request for the Thales Additional Space at Thales Building (which must be exercised no later than 1 June 2007), the Trustee and Ascendas Tuas shall comply with, perform and be bound by the provisions of the Thales Asset Enhancement Agreement.

The Thales Asset Enhancement Agreement shall include, *inter alia*, the following principal terms:

- (i) the Trustee shall enter into the Thales Variation of Lease with the Thales Tenant to include the Thales Additional Space as part of the demised premises at Thales Building and the Thales Variation of Lease shall take effect from the date of issuance of the temporary occupation permit for the Thales Additional Space.
- (ii) the Trustee shall pay to Ascendas Tuas the Thales Additional Space Sum for the Thales Additional Space together with the applicable goods and services tax, as follows:
 - (A) where the Thales Tenant exercises the Thales Additional Space Option (as defined in the Thales Purchase Agreement) for 1,500 sqm of Thales Additional Space, the Thales Additional Space Sum of S\$1.59 million; and
 - (B) where the Thales Tenant exercises the Thales Additional Space Option (as defined in the Thales Purchase Agreement) for 2,250 sqm of Thales Additional Space, the Thales Additional Space Sum of S\$2.31 million,

the payment of the Thales Additional Space Sum to be made as follows:

- (I) 90.0% of the Thales Additional Space Sum to be paid on the date of issue of the TOP for the Thales Additional Space;
- (II) 7.5% of the Thales Additional Space Sum to be paid on the date of signing of the Thales Variation of Lease by the Thales Tenant;

- (III) 1.25% of the Thales Additional Space Sum to be paid on the date of issue of the CSC for the Thales Additional Space; and
- (IV) 1.25% of the Thales Additional Space Sum to be paid on the date of expiry of the relevant defects liability period for the Thales Additional Space or upon sale of Thales Building, whichever is the earlier.

Pursuant to the terms of the Thales Purchase Agreement, the Thales Tenant would be required to pay an additional rental in relation to the Thales Additional Space that would result in the net income yield of the property exceeding the initial property yield forecast for the first year following completion of the acquisition.

The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders”

(e) Changes to the Designs and Specifications of 138 Depot Road, Hamilton Sundstrand Building and Thales Building

We noted from 138 Depot Road Purchase Agreement, Hamilton Purchase Agreement and Thales Purchase Agreement that where the tenants as specified in these agreements request for any changes to the Designs and Specifications (defined in the respective Ascendas Option Agreements) and are agreeable to an increase in the rent over and above the rent payable by these tenants under the Agreement for Lease and/or the Lease (defined in the respective Ascendas Option Agreements) as at the date of the respective Ascendas Option Agreements, such changes shall be approved by the respective Ascendas Vendors and the Trustee, and the purchase price shall be increased. The additional purchase price shall be determined in accordance with the provisions of the respective Ascendas Option Agreements.

However, the respective Ascendas Option Agreements restrict any increase in the purchase price to the maximum level whereby the net income yield of the respective property shall be at least equal to the initial property yield forecast for the first year following completion of the acquisition as disclosed in this Circular. We noted that the Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

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 and the issue of the Techview Consideration Units, the valuations of the Ascendas Properties carried out by the Ascendas Properties Independent Valuers, the property yields, the occupancy levels to be achieved and the financial effects of the Ascendas Acquisitions.

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 of the Latest Practicable Date. The 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 Ascendas Acquisitions;
- the purchase considerations of the Ascendas Properties are supported by the open market valuations determined by the Ascendas Properties Independent Valuers;
- the property yields generated by the Ascendas Properties are not significantly different from the range of property yields of 5.3% and 11.0%, the average property yield of 8.2% and the average property yield (excluding outliers) of 8.0% generated by A-REIT Transactions;

- the occupancy rates for Hamilton Sundstrand Building, Hoya Building and Thales Building exceeds the relevant URA's island wide occupancy rates. Although the occupancy rates for 138 Depot Road, LogisHub@Clementi Techquest and Techview are lower than the relevant URA's island wide occupancy rates, the relevant Ascendas Vendors will be providing rental guarantees for vacant units and/or currently occupied units due to expire in FY2006;
- the rental guarantees provided for 138 Depot Road, LogisHub@Clementi, Techquest and Techview will ensure an income during the guarantee period even if the guarantee units in 138 Depot Road, LogisHub@Clementi, Techquest and Techview are not rented out. Further if A-REIT is able to lease the guarantee units in 138 Depot Road, LogisHub@Clementi, Techquest and Techview at rental prices higher than the guaranteed rent, it will be able to increase its property income;
- based on the profit forecast, the financial effects on the earnings per Unit and DPU of the Ascendas Acquisitions are accretive;
- taking into account of the rationale of issuing the Techview Consideration Units and that the new Units issued under the Equity Fund Raising will be issued to, *inter alia*, the public, and hence Ascendas KBV will be receiving the new Units at the same price as the new Units that are issued to the public, the concept of the proposed issue of the Techview Consideration Units does not appear to be unreasonable. However, as the Issue Price and the actual number of Techview Consideration Units, which will depend on the Issue Price, to be issued to Ascendas KBV will be determined by the Manager and the Lead Manager and the Underwriter closer to the date of commencement of the Equity Fund Raising, our evaluation process could not include an analysis of the Issue Price and the number of Techview Consideration Units and thus we will not be able to make any specific comments on the Issue Price and the number of Techview Consideration Units. In addition, our opinion below excludes any future impact of the Issue Price, yet to be determined;
- the due diligence process undertaken by the Manager; and
- the following considerations which have been noted in the respective Ascendas Purchase Agreements:
 - the profit sharing arrangement with Ascendas Tuas in respect of certain asset enhancement works at LogisHub@Clementi that may be undertaken at the Trustee's sole discretion if the Trustee decides that such works are in the interests of A-REIT;
 - for the Thales Additional Space, the Thales Tenant would be required to pay an additional rental that would result in the net income yield of the property exceeding the initial property yield forecast for the first year following completion of the acquisition; and
 - if the Anchor Tenants of 138 Depot Road, Hamilton Sundstrand Building and Thales Building request for any changes to the Designs and Specifications of the respective property, any increase in purchase price of the respective property will be restricted to the maximum level whereby the net income yield of the respective property shall be at least equal to the initial property yield forecast for the first year following completion of the acquisition.

Having considered the factors set out above, and subject to the assumptions and qualifications set out herein, we are of the view that the Ascendas Acquisitions and the issue of the Techview Consideration Units are on normal commercial terms and will not be prejudicial to the interest of the A-REIT and its minority Unitholders. Accordingly, we advise the Non-Interested Directors to recommend that Unitholders vote in favour of the Ascendas Acquisitions and the issue of the Techview Consideration Units. However, we wish to highlight each Unitholder may have different investment objectives and considerations and hence should seek their own professional advice.

This letter is addressed to the Non-Interested Directors and the Trustee for their benefit, in connection with and for the purpose of their consideration of the Ascendas Acquisitions and the issue of the Techview Consideration Units, and the recommendation made by the Non-Interested Directors to the Unitholders shall remain the responsibility of the Non-Interested Directors. Whilst a copy of this letter may be reproduced in this Circular, neither A-REIT nor the Trustee 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

Aaron Lam
Executive Director

PRINCIPAL TERMS OF THE OPTION AGREEMENTS AND THE PURCHASE AGREEMENTS AND OTHER INFORMATION ON CERTAIN PROPERTIES

A. PRINCIPAL TERMS OF THE OPTION AGREEMENTS

Option Agreements for the Ascendas Properties

1. 138 Depot Road

(a) Conditions Precedent for Exercise of Option

Under the 138 Depot Road Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Tuas, to exercise its put option, in both cases to require the other party to enter into the 138 Depot Road Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee (1) for the 138 Depot Road Acquisition and (2) (if required by the Trustee) for the issuance of New Units to fund (whether in whole or in part) the 138 Depot Road Acquisition;
- (ii) the issuance of the TOP for 138 Depot Road;
- (iii) the signing of a lease agreement by Ascendas Tuas and the 138 Depot Road Tenant;
- (iv) the signing of an agreement for lease between JTC and Ascendas Tuas containing *inter alia*, confirmation from JTC that the Declared GPR (as defined under the 138 Depot Road Purchase Agreement) has been met; and
- (v) the signing of the lease novation agreement by Ascendas Tuas, the Trustee and the 138 Depot Road Tenant.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the 138 Depot Road Option Agreement means (i) 1 September 2006, (ii) such later date (later than the date set out in (i)) as the Trustee may in its absolute discretion specify in writing to Ascendas Tuas in the event of delay in fulfilling any of the Relevant Conditions in (a)(ii) to (v) above, or (iii) such earlier or later date as the Trustee and Ascendas Tuas may mutually agree in writing.

2. Hamilton Sundstrand Building

(a) Conditions Precedent for Exercise of Option

Under the Hamilton Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Tuas to exercise its put option, in both cases to require the other party to enter into the Hamilton Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) approval of Unitholders given at an extraordinary general meeting of Unitholders to be convened by the Trustee for the Hamilton Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the Hamilton Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects;
- (iii) the issuance of the TOP for Hamilton Sundstrand Building;
- (iv) the signing of the lease between Ascendas Tuas and Hamilton Sundstrand Pacific Aerospace Pte Ltd as the tenant;

- (v) signing of the JTC Agreement for Lease by JTC and Ascendas Tuas containing, *inter alia*, confirmation from JTC that the Declared GPR (as defined under the Hamilton Purchase Agreement), has been met; and
- (vi) the signing of the lease novation agreement between the Trustee, Ascendas Tuas and Hamilton Sundstrand Pacific Aerospace Pte Ltd.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Hamilton Option Agreement means (i) 31 October 2005, (ii) such later date (later than the date set out in (i)) as the Trustee may in its absolute discretion specify in writing to Ascendas Tuas in the event of delay in fulfilling any of the Relevant Conditions set out in (a)(iii) to (vi) above, or (iii) such earlier or later date as the Trustee and Ascendas Tuas may mutually agree in writing, provided always that any extension of the Target Date shall not be later than 30 April 2006.

3. Hoya Building

(a) Conditions Precedent for Exercise of Option

Under the Hoya Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Land, to exercise its put option, in both cases to require the other party to enter into the Hoya Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions by the Target Date:

- (i) the approval of the Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee for the Hoya Acquisition; and
- (ii) A-REIT securing sufficient financing to undertake the Hoya Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Hoya Option Agreement means (i) the date which is 16 weeks from the date of the Hoya Option Agreement or (ii) such other date as the Trustee and Ascendas Land may mutually agree in writing.

4. LogisHub@Clementi

(a) Conditions Precedent for Exercise of Option

Under the LogisHub Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Tuas, to exercise its put option, in both cases to require the other party to enter into the LogisHub Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee for the LogisHub Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the LogisHub Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (iii) the Trustee serving written notice on Ascendas Tuas not later than four weeks after the date of the LogisHub Option Agreement or such other period as the Trustee and Ascendas Tuas may agree upon acting reasonably and having regard to the circumstances that it is satisfied on inspection and investigation as to the results of its due diligence on LogisHub@Clementi and the Existing Tenancy Agreements (as defined in the LogisHub Purchase Agreement).

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the LogisHub Option Agreement means (i) the date which is 16 weeks from the date of the LogisHub Option Agreement or (ii) such other date as the Trustee and Ascendas Tuas may mutually agree in writing.

5. Techquest

(a) Conditions Precedent for Exercise of Option

Under the Techquest Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Land, to exercise its put option, in both cases to require the other party to enter into the Techquest Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee for the Techquest Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the Techquest Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (iii) the Trustee serving written notice on Ascendas Tuas not later than four weeks after the date of the Techquest Option Agreement or such other period as the Trustee and Ascendas Land may agree upon acting reasonably and having regard to the circumstances that it is satisfied on inspection and investigation as to the results of its due diligence on Techquest and the Existing Tenancy Agreements (as defined in the Techquest Purchase Agreement).

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Techquest Option Agreement means (i) the date which is 16 weeks from the date of the Techquest Option Agreement or (ii) such other date as the Trustee and Ascendas Land may mutually agree in writing.

6. Techview

(a) Conditions Precedent for Exercise of Option

Under the Techview Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas KBV, to exercise its put option, in both cases to require the other party to enter into the Techview Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of the Unitholders to be convened by the Trustee for the Techview Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the acquisition of Techview and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (iii) the Trustee serving written notice on Ascendas KBV not later than four weeks after the date of the Techview Option Agreement or such other period as the Trustee and Ascendas KBV may agree upon acting reasonably and having regard to the circumstances that it is satisfied on inspection and investigation as to the results of its due diligence on Techview and the Existing Tenancy Agreements (as defined in the Techview Purchase Agreement).

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Techview Option Agreement means (i) the date which is 16 weeks from the date of the Techview Option Agreement or (ii) such other date as the Trustee and Ascendas KBV may mutually agree in writing.

7. Thales Building

(a) Conditions Precedent for Exercise of Option

Under the Thales Option Agreement, the right of the Trustee to exercise its call option and the right of Ascendas Tuas to exercise its put option, in both cases to require the other party to enter into the Thales Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (unless having been waived by the Trustee in writing) by the Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of Unitholders to be convened by the Trustee for the Thales Acquisition;
- (ii) A-REIT securing sufficient financing to undertake the Thales Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects;
- (iii) the issuance of the TOP for Thales Building;
- (iv) the signing of the lease between Ascendas Tuas and Thales Avionics Asia Pte Ltd as the tenant;
- (v) signing of the JTC Agreement for Lease by JTC and Ascendas Tuas containing *inter alia*, confirmation from JTC that the Declared GPR (as defined under the Thales Purchase Agreement) has been met;
- (vi) signing of the lease novation agreement between Ascendas Tuas, the Trustee and Thales Avionics Asia Pte Ltd; and
- (vii) the Trustee and Ascendas Tuas reaching an agreement on the provisions of the Thales Asset Enhancement Agreement (as defined in the Thales Option Agreement)²³.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Thales Option Agreement means (i) 31 January 2006, (ii) such later date (later than the date set out in (i)) as the Trustee may in its absolute discretion specify in writing to Ascendas Tuas in the event of delay in fulfilling any of the Relevant Conditions in (a)(iii) to (vi) above, or (iii) such earlier or later date as the Trustee and Ascendas Tuas may mutually agree in writing, provided always that any extension of the Target Date shall not be later than 30 April 2006.

Option Agreements for Properties other than the Ascendas Properties

8. Changi Property²⁴

(a) Conditions Precedent for Exercise of Option

Under the Changi Property Option Agreement, the right of the Trustee to exercise its call option and the right of the vendor of the Changi Property to exercise its put option, in both cases to require the other party to enter into the Changi Property Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions by the Target Date:

- (i) A-REIT securing sufficient financing to undertake the Changi Property Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects;

²³ The agreement relates to the construction, completion and handover of the additional floor area which Ascendas Tuas is required to construct if Thales Avionics Asia Pte Ltd issues a written request to Ascendas Tuas in accordance with the terms and conditions of the lease agreement between Ascendas Tuas and Thales Avionics Asia Pte Ltd as the tenant.

²⁴ The vendor of this property has on 25 August 2005 entered into a memorandum of understanding with the Manager for the sale of this property to A-REIT. The parties are in an advanced stage of negotiation and the Manager expects that the put and call option agreement for the sale and purchase of this property will be executed by the Trustee and the vendor within a week from the date of this Circular. A-REIT will make an announcement on SGXNET promptly after the put and call option agreement has been executed.

- (ii) A-REIT completing due diligence on the Changi Property (including legal and building due diligence) and the Existing Tenancy Agreements (as defined in the Changi Property Purchase Agreement) and obtaining results which must be satisfactory to the Trustee;
- (iii) the Trustee obtaining the JTC Approvals on terms and conditions satisfactory in all respects to the Trustee; and
- (iv) The vendor of the Changi Property obtaining, at its own cost and expense, the JTC Lease duly executed by JTC and itself and which shall be duly stamped.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Changi Property Option Agreement means (i) the date which is 12 weeks from the date of the Changi Property Option Agreement or (ii) such earlier or later date as the Trustee and the vendor may mutually agree in writing.

9. 1 Jalan Kilang

(a) Conditions Precedent for Exercise of Option

Under the 1 Jalan Kilang Option Agreement, the right of the Trustee to exercise its call option and the right of Dynasty to exercise its put option, in both cases to require the other party to enter into the 1 Jalan Kilang Purchase Agreement, are conditional upon the fulfilment of the following Relevant Conditions by the Target Date:

- (i) A-REIT securing sufficient financing to undertake the 1 Jalan Kilang Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (ii) Dynasty obtaining at its own cost and expense the Head Lessor Approval (as defined in the 1 Jalan Kilang Option Agreement) on terms and conditions satisfactory in all respects to the Trustee.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the 1 Jalan Kilang Option Agreement means (i) the date which is 12 weeks from the date of the 1 Jalan Kilang Option Agreement or (ii) such earlier or later date as the Trustee and Dynasty may mutually agree in writing.

10. 11 Tampines Street 92

(a) Conditions Precedent for Exercise of Option

Under the 11 Tampines Street 92 Option Agreement, the right of the Trustee to exercise its call option and the right of Trivec, to exercise its put option, in both cases to require the other party to enter into the 11 Tampines Street 92 Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions by the Target Date:

- (i) A-REIT securing sufficient financing to undertake the 11 Tampines Street 92 Acquisition and the agreements for such financing have not been terminated and are unconditional in all respects; and
- (ii) the Trustee obtaining the HDB Approvals on terms and conditions satisfactory in all respects to the Trustee.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the 11 Tampines Street 92 Option Agreement means (i) the date which is 12 weeks from the date of the 11 Tampines Street 92 Option Agreement or (ii) such earlier or later date as the Trustee and Trivec may mutually agree in writing.

11. Cityneon Design Centre

(a) Conditions Precedent for Exercise of Option

Under the Cityneon Option Agreement, the right of the Trustee to exercise its call option and the right of Cityneon, the vendor of Cityneon Design Centre, to exercise its put option, in both cases to require the other party to enter into the Cityneon Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions by the Target Date:

- (i) A-REIT securing sufficient financing to undertake the Cityneon Acquisition and the agreements for such financing not having been terminated and being unconditional in all respects;
- (ii) A-REIT completing due diligence on the Property (including legal and building due diligence) and the Existing Tenancy Agreements (as defined in the Cityneon Purchase Agreement) and obtaining results which must be satisfactory to A-REIT;
- (iii) the Trustee obtaining the JTC Approvals on terms and conditions satisfactory in all respects to the Trustee; and
- (iv) Cityneon obtaining, at its own cost and expense, the JTC Lease duly executed by JTC and Cityneon and which shall be duly stamped.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the Cityneon Option Agreement means the date which is 16 weeks from the date of the Cityneon Option Agreement (or such other date as the Trustee and Cityneon may mutually agree in writing).

12. NESS Building

(a) Conditions Precedent for Exercise of Option

Under the NESS Option Agreement, the right of the Trustee to exercise its call option and the right of Freight Links to exercise its put option, in both cases require the other party to enter into the NESS Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions (which shall exclude any condition which the Trustee has confirmed in writing to Freight Links, as having been waived by the Trustee other than the Freight Links Express Holdings Shareholders' Approval, JTC Approvals, Unitholders' Approval (if required) and Financing Condition which cannot be waived without the consent of Freight Links) being fulfilled by the relevant NESS Target Date applicable to each Relevant Condition.

(b) Conditions Precedent to be satisfied by the First Target Date:

- (i) the approval of Unitholders given at an extraordinary general meeting of unitholders to be convened by the Trustee for (1) the NESS Acquisition (if such approval is required) and (2) (if required by the Trustee) for the issuance of New Units to fund (whether in whole or in part) the acquisition of NESS Building;
- (ii) the approval of the shareholders of Freight Links Express Holdings Limited for the sale of NESS Building together with the mechanical and electrical equipment to the Trustee at the purchase price;
- (iii) Freight Links obtaining written confirmation from NESS in a form reasonably acceptable to the Trustee that:
 - (1) NESS has no objection to the sale of NESS Building by Freight Links to the Trustee and waives its right of first refusal to purchase the Ness Building as set out in the JTC letter of offer;
 - (2) NESS has no objection to any mortgage of the NESS Building by the Trustee;
 - (3) NESS will be responsible at its own cost and expense to repair and maintain the NESS Building (excluding structural parts of NESS Building) to the reasonable

satisfaction of the landlord for the time being for the term of the Ness Lease (as defined in the NESS Purchase Agreement); and

(4) NESS will sign the lease with Freight Links not later than the Second Target Date.

(c) Conditions Precedent to be satisfied by the Second Target Date

- (i) A-REIT securing sufficient financing to undertake the acquisition for NESS Building and the agreements for such financing have not been terminated and are unconditional in all respects;
- (ii) the Trustee obtaining, the JTC Approvals on terms and conditions satisfactory in all respects to the Trustee and Freight Links, both acting reasonably;
- (iii) Freight Links obtaining, at its own cost and expense or cost and expense of NESS (as the case may be), the Ness Lease duly executed by Freight Links and NESS and which shall be duly stamped;
- (iv) Freight Links obtaining, at its own cost and expense, the JTC Agreement for Lease duly executed by JTC and Freight Links and which shall be duly stamped;
- (v) Freight Links obtaining, at its own cost and expense, the issuance of the CSC for the Ness Building;
- (vi) Freight Links procuring that the Rent Free Period (as defined in the NESS Purchase Agreement) shall expire by the Second Target Date; and
- (vii) Freight Links procuring, at its own cost and expense, the Parent Guarantee (as defined in the NESS Purchase Agreement) to be issued.

(d) Target Dates for fulfilment of Conditions Precedent

The Target Date under the NESS Option Agreement means the first Target Date or the Second Target Date, as the case may be, where:

- (i) the First Target Date means 30 December 2004 or such earlier or later date as the Trustee and Freight Links may agree in writing; and
- (ii) the Second Target Date means 1 October 2005 or such earlier or later date as the Trustee and Freight Links may mutually agree to in writing.

13. NNB Industrial Building

(a) Conditions Precedent for Exercise of Option

Under the NNB Option Agreement relating, the right of the Trustee to exercise its call option and the right of NNB to exercise its put option, in both cases to require the other party to enter into the NNB Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions by the Target Date:

- (i) A-REIT securing sufficient financing to undertake the NNB Acquisition and the agreements for such financing have not been terminated, and are not contingent in any respect whatsoever and are clear and unambiguous;
- (ii) the Trustee obtaining the JTC Approvals on terms and conditions satisfactory in all respects to the Trustee; and
- (iii) NNB obtaining, at its own cost and expense, the JTC Lease duly executed by JTC and NNB and which shall be duly stamped.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the NNB Option Agreement means the date which is 12 weeks from the date of the NNB Option Agreement (or such other date as the Trustee and NNB may mutually agree in writing).

14. SenKee Logistic Hub

(a) Conditions Precedent for Exercise of Option

Under the SENKEE Option Agreement, the right of the Trustee to exercise its call option and the right of SenKee to exercise its put option, in both cases to require the other party to enter into the SENKEE Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following Relevant Conditions by the Target Date:

- (i) the Trustee obtaining the JTC Approvals on terms and conditions satisfactory in all respects to the Trustee; and
- (ii) SenKee obtaining, at its own cost and expense, the JTC Lease duly executed by JTC and SenKee and which shall be duly stamped.

(b) Target Date for fulfilment of Conditions Precedent

The Target Date under the SENKEE Option Agreement means (i) 31 December 2005 or (ii) such earlier or later date as the Trustee and SenKee may mutually agree in writing.

B. PRINCIPAL TERMS OF THE PURCHASE AGREEMENTS

Purchase Agreements for the Ascendas Properties

1. 138 Depot Road

(a) Subject matter of purchase

If either the call option or put option under the 138 Depot Road Option Agreement is exercised and the Trustee enters into the 138 Depot Road Purchase Agreement with Ascendas Tuas, the Trustee will be required to purchase 138 Depot Road together with the integral plant and equipment located therein or thereon.

(b) Consideration

The purchase price of 138 Depot Road together with the plant and equipment will be computed in accordance with annexure B of the 138 Depot Road Purchase Agreement and will be between S\$41.165 million and S\$42.265 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$428,000 has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will have to pay the balance of the purchase price to Ascendas Tuas.

Where the tenant of 138 Depot Road requests for any changes to the Designs and Specifications (defined in the 138 Depot Road Option Agreement) and is agreeable to an increase in the rent over and above the rent payable by the tenant of 138 Depot Road under the Agreement for Lease and/or the Lease (both as defined in the 138 Depot Road Option Agreement) at the date of the 138 Depot Road Option Agreement, such changes shall be approved by Ascendas Tuas and the Trustee, and the purchase price shall be increased. The additional purchase price shall be determined in accordance with the provisions of the 138 Depot Road Option Agreement.

The 138 Depot Road Option Agreement restricts any increase in the purchase price to the maximum level whereby the net income yield of the property shall be at least equal to the initial property yield forecast for the first year following completion of the acquisition as disclosed in this Circular. The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

(c) Rental Guarantee

Ascendas Tuas shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the 138 Depot Road Purchase Agreement, which is applicable if (i) the tenant of 138 Depot Road has committed to take a lease of two additional floors in 138 Depot Road (in addition to the minimum lease area of 18,580 sqm) between 2 November 2005 to the Lease Commencement Date (as defined under the 138 Depot Road Option Agreement) and the purchase price of 138 Depot Road is S\$42.265 million or (ii) the tenant of 138 Depot Road as at the Lease Commencement Date has not committed to take a lease of any additional floors in 138 Depot Road (other than the minimum lease area of 18,580 sqm) and the purchase price of 138 Depot Road is S\$41.365 million. The rental guarantee is not applicable if the tenant of 138 Depot Road has committed to take a lease of two additional floors in 138 Depot Road (in addition to the minimum lease area of 18,580 sqm) on or before 1 November 2005 and the purchase price of 138 Depot Road is S\$41.165 million.

(d) CSC Security Deposit Amount

Ascendas Tuas shall on completion of the sale and purchase of 138 Depot Road pay the CSC Security Deposit Amount (as defined in the 138 Depot Road Purchase Agreement) as security for compliance by Ascendas Tuas of its obligations to, *inter alia*, obtain the certificate of statutory completion for 138 Depot Road and may in lieu of cash payment furnish to the Trustee a bank guarantee for the CSC Security Deposit Amount.

2. Hamilton Sundstrand Building

(a) Subject matter of purchase

If either the call option or put option under the Hamilton Option Agreement is exercised and the Trustee enters into the Hamilton Purchase Agreement with Ascendas Tuas, the Trustee will be required to purchase the Hamilton Sundstrand Building together with the integral plant and equipment located therein or thereon.

(b) Consideration

The purchase price of the Hamilton Sundstrand Building is S\$31.0 million, made up of S\$25.1 million for the building and S\$5.95 million for the specialised air-conditioning mechanical & electrical equipment, subject to adjustment (if any) in accordance with the provisions of the Hamilton Option Agreement. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005. It is intended that the specialised air-conditioning mechanical and electrical equipment of S\$5.95 million will be recorded in the balance sheet of A-REIT as a fixed asset and depreciated in line with tax depreciation rates.

An option fee of S\$310,000, together with goods and services tax thereon, has already been paid by the Trustee. Upon completion of the Hamilton Acquisition, the Trustee must pay the entire purchase price to Ascendas Tuas (less the option fee), together with goods and services tax thereon, and less the following payments:

- (i) CSC Security Deposit Amount (as defined in the Hamilton Purchase Agreement) payable under the Hamilton Purchase Agreement by Ascendas Tuas to the Trustee on completion of the sale and purchase of Hamilton Sundstrand Building, where Ascendas Tuas elects to pay the CSC Security Deposit Amount in cash in lieu of providing the Trustee with a bank guarantee pursuant to the Hamilton Purchase Agreement; and

- (ii) Defects Security Amount (as defined in the Hamilton Purchase Agreement) payable under the Hamilton Purchase Agreement by Ascendas Tuas to the Trustee on completion of the sale and purchase of Hamilton Sundstrand Building where Ascendas Tuas elects to pay the Defects Security Amount in cash in lieu of providing the Trustee with a bank guarantee pursuant to the Hamilton Purchase Agreement.

Where the tenant of the Hamilton Sundstrand Building requests for any changes to the Designs and Specifications (defined in the Hamilton Option Agreement) and is agreeable to an increase in the rent over and above the rent payable by the tenant under the Agreement for Lease and/or the Lease (both as defined in the Hamilton Option Agreement) as at the date of the Hamilton Option Agreement, such changes shall be approved by Ascendas Tuas and the Trustee, and the purchase price shall be increased. The additional purchase price shall be determined in accordance with the provisions of the Hamilton Option Agreement.

The Hamilton Option Agreement restricts any increase in the purchase price to the maximum level whereby the net income yield of the property shall be at least equal to the initial property yield forecast for the first year following completion of the acquisition as disclosed in this Circular. The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

3. Hoya Building

(a) Subject matter of purchase

If either the call option or put option under the Hoya Option Agreement is exercised and the Trustee enters into the Hoya Purchase Agreement with Ascendas Land, the Trustee will be required to purchase Hoya Building together with the integral mechanical and electrical equipment located therein or thereon (as listed in the Hoya Purchase Agreement).

(b) Consideration

The purchase price of Hoya Building together with the mechanical and electrical equipment is S\$5.3 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by Jones Lang LaSalle Property Consultants Pte Ltd as at 18 July 2005.

An option fee of S\$53,000 has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will have to pay the balance of the purchase price to Ascendas Land.

4. LogisHub@Clementi

(a) Subject matter of purchase

If either the call option or put option under the LogisHub Option Agreement is exercised and the Trustee enters into the LogisHub Purchase Agreement with Ascendas Tuas, the Trustee will be required to purchase LogisHub@Clementi together with the integral mechanical and electrical equipment located therein or thereon (as listed in the LogisHub Purchase Agreement).

(b) Consideration

The purchase price of LogisHub@Clementi together with the mechanical and electrical equipment is S\$18.07 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$180,700, together with goods and services tax thereon, has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will have to pay the balance of the purchase price to Ascendas Tuas.

(c) Asset Enhancement Profits

The LogisHub Purchase Agreement provides that in the event that the Trustee at its absolute discretion undertakes to carry out or procure to be carried out any works at LogisHub@Clementi during the Specified Period (as defined in the LogisHub Purchase Agreement) which will result in a Specified Increase in GFA (as defined in the LogisHub Purchase Agreement), the Trustee will pay Ascendas Tuas 50.0% of the net profit (as calculated under the LogisHub Purchase Agreement).

It is the Manager's intention to compensate Ascendas Tuas for some of the potential benefit received by the Trustee in future in relation to the unutilized plot ratio. The unutilized plot ratio has not been factored into the purchase price, and accordingly, the agreement provides for both parties to share in the net profit, if any, from optimizing the gross floor area of the building, should the Trustee in its sole discretion decide that such works are in the interests of A-REIT. The Manager is of the view that the aforesaid arrangements entered into by the Trustee are on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

(d) Rental Guarantee

Ascendas Tuas shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the LogisHub Purchase Agreement.

5. Techquest

(a) Subject matter of purchase

If either the call option or put option under the Techquest Option Agreement is exercised and the Trustee enters into the Techquest Purchase Agreement with Ascendas Land, the Trustee will be required to purchase Techquest together with the integral mechanical and electrical equipment located therein or thereon (as listed in the Techquest Purchase Agreement).

(b) Consideration

The purchase price of Techquest together with the mechanical and electrical equipment is S\$7.5 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$75,000, together with goods and services tax thereon, has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will pay the balance of the purchase price to Ascendas Land.

(c) Rental Guarantee

Ascendas Land shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the Techquest Purchase Agreement.

(d) Rental Incentives

Ascendas Land shall provide the Trustee with certain rental incentives on the terms and conditions as set out in the Techquest Purchase Agreement.

6. Techview

(a) Subject matter of purchase

If either the call option or put option under the Techview Option Agreement is exercised and the Trustee enters into the Techview Purchase Agreement with Ascendas KBV, the Trustee will be required to purchase Techview together with the integral mechanical and electrical equipment located therein or thereon (as listed in the Techview Purchase Agreement).

(b) Consideration

The purchase price of Techview together with the mechanical and electrical equipment is S\$76.0 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$760,000, together with goods and services tax thereon, has already been paid by the Trustee. Subject to the Techview Approvals being obtained by completion of the sale and purchase of Techview, (the Required Portion shall be settled by way of the allotment and issue of the Techview Consideration Units where the Required Portion shall be calculated in accordance with the provisions of the Techview Option Agreement. If the Techview Approvals are not obtained by completion of the sale and purchase of Techview under the Techview Purchase Agreement, the Required Portion will be satisfied by cash upon completion of the Techview Acquisition. If the Required Portion is less than the balance of the Purchase Price after deducting the option fee, the balance of the Purchase Price (less the Required Portion and the option fee) shall be paid by the Trustee to Ascendas KBV by way of cash on completion of the sale and purchase of Techview. If the Required Portion exceeds the Purchase Price (after deducting the option fee), Ascendas KBV shall pay such excess to the Trustee by way of cash on completion of the sale and purchase of Techview.

(c) Rental Guarantee

Ascendas KBV shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the Techview Purchase Agreement.

7. Thales Building

(a) Subject matter of purchase

If either the call option or put option under the Thales Option Agreement is exercised and the Trustee enters into the Thales Purchase Agreement with Ascendas Tuas, the Trustee will be required to purchase Thales Building together with the integral plant and equipment located therein or thereon (as listed in the Thales Purchase Agreement).

(b) Consideration

The purchase price of Thales Building together with the plant and equipment is S\$5.75 million subject to adjustment (if any) in accordance with the provisions of the Thales Option Agreement. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 July 2005.

An option fee of S\$57,500 has already been paid by the Trustee. Upon completion of the Thales Acquisition, the Trustee must pay the entire purchase price to Ascendas Tuas (less the option fee) and less the following payments:

- (i) CSC Security Deposit Amount (as defined in the Thales Purchase Agreement) payable under the Thales Purchase Agreement by Ascendas Tuas to the Trustee on completion of the sale and purchase of Thales Building, where Ascendas Tuas elects to pay the CSC Security Deposit Amount in cash in lieu of providing the Trustee with a bank guarantee pursuant to the Thales Purchase Agreement; and
- (ii) Defects Security Amount (as defined in the Thales Purchase Agreement) payable under the Thales Purchase Agreement by Ascendas Tuas to the Trustee on completion of the sale and purchase of Thales Building where Ascendas Tuas elects to pay the Defects Security Amount in cash in lieu of providing the Trustee with a bank guarantee pursuant to the Thales Purchase Agreement.

Where the Thales Tenant requests for any changes to the Designs and Specifications (defined in the Thales Option Agreement) and is agreeable to an increase in the rent over and above the rent payable by the Thales Tenant under the Agreement for Lease and/or the Lease (both as defined in the Thales Option Agreement) as at the date of the Thales Option Agreement, such changes shall be approved by Ascendas Tuas and the Trustee, and the purchase price shall be increased. The additional purchase price shall be determined in accordance with the provisions of the Thales Option Agreement.

The Thales Option Agreement restricts any increase in the purchase price to the maximum level whereby the net income yield of the property shall be at least equal to the initial property yield forecast for the first year following completion of the acquisition as disclosed in this Circular. The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

(c) Asset Enhancement Agreement

The Thales Purchase Agreement provides that the Trustee and Ascendas Tuas shall enter into the Thales Asset Enhancement Agreement on completion of the Thales Purchase Agreement. If the Thales Tenant exercises its option under the Thales Lease Agreement with Ascendas Tuas to request for the Thales Additional Space at Thales Building (which must be exercised no later than 1 June 2007), the Trustee and Ascendas Tuas shall comply with, perform and be bound by the provisions of the Thales Asset Enhancement Agreement.

The Thales Asset Enhancement Agreement shall include, *inter alia*, the following principal terms:

- (i) the Trustee shall enter into the Thales Variation of Lease with the Thales Tenant to include the Thales Additional Space as part of the demised premises at Thales Building and the Thales Variation of Lease shall take effect from the date of issuance of the temporary occupation permit for the Thales Additional Space.
- (ii) the Trustee shall pay to Ascendas Tuas the Thales Additional Space Sum for the Thales Additional Space together with the applicable goods and services tax, as follows:
 - (A) where the Thales Tenant exercises the Thales Additional Space Option (as defined in the Thales Purchase Agreement) for 1,500 sqm of Thales Additional Space, the Thales Additional Space Sum of S\$1.59 million; and
 - (B) where the Thales Tenant exercises the Thales Additional Space Option (as defined in the Thales Purchase Agreement) for 2,250 sqm of Thales Additional Space, the Thales Additional Space Sum of S\$2.31 million,

the payment of the Thales Additional Space Sum to be made as follows:

- (I) 90.0% of the Thales Additional Space Sum to be paid on the date of issue of the TOP for the Thales Additional Space;
- (II) 7.5% of the Thales Additional Space Sum to be paid on the date of signing of the Thales Variation of Lease by the Thales Tenant;
- (III) 1.25% of the Thales Additional Space Sum to be paid on the date of issue of the CSC for the Thales Additional Space; and
- (IV) 1.25% of the Thales Additional Space Sum to be paid on the date of expiry of the relevant defects liability period for the Thales Additional Space or upon sale of Thales Building, whichever is the earlier.

Pursuant to the terms of the Thales Purchase Agreement, the Thales Tenant would be required to pay an additional rental in relation to the Thales Additional Space that would result in the net income yield of the property exceeding the initial property yield forecast for the first year following completion of the acquisition.

The Manager is of the view that the aforesaid arrangement entered into by the Trustee is on normal commercial terms and will not be prejudicial to the interests of A-REIT and its minority Unitholders.

Purchase Agreements for Properties other than the Ascendas Properties

8. Changi Property²⁵

(a) Subject matter of purchase

If either the call option or put option under the Changi Property Option Agreement is exercised and the Trustee enters into the Changi Property Purchase Agreement with the vendor of the Changi Property, the Trustee will be required to purchase the Changi Property together with the integral mechanical and electrical equipment located therein or thereon (as listed in the Changi Property Purchase Agreement).

(b) Consideration

The purchase price of the Changi Property together with the mechanical and electrical equipment is S\$34.8 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 15 July 2005.

9. 1 Jalan Kilang

(a) Subject matter of purchase

If either the call option or put option under the 1 Jalan Kilang Option Agreement is exercised and the Trustee enters into the 1 Jalan Kilang Purchase Agreement with Dynasty, the Trustee will be required to purchase 1 Jalan Kilang together with the integral mechanical and electrical equipment located therein or thereon (as listed in 1 Jalan Kilang Purchase Agreement).

(b) Consideration

The aggregate purchase price of 1 Jalan Kilang together with the mechanical and electrical equipment is S\$18.65 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 August 2005.

An option fee of S\$80,000 has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will pay S\$16.735 million to Dynasty. The Trustee will pay the balance of the purchase price of S\$1.865 million to Dynasty at the end of the 25th month from (but excluding) the day of completion of the 1 Jalan Kilang Acquisition.

(c) Rental Guarantee

Dynasty shall provide the Trustee with a rental guarantee to the Trustee on the terms and conditions as set out in the 1 Jalan Kilang Purchase Agreement.

²⁵ The vendor of this property has on 25 August 2005 entered into a memorandum of understanding with the Manager for the sale of this property to A-REIT. The parties are in an advanced stage of negotiation and the Manager expects that the put and call option agreement for the sale and purchase of this property will be executed by the Trustee and the vendor within a week from the date of this Circular. A-REIT will make an announcement on SGXNET promptly after the put and call option agreement has been executed.

10. 11 Tampines Street 92

(a) Subject matter of purchase

If either the call option or put option under the 11 Tampines Street 92 Option Agreement is exercised and the Trustee enters into the 11 Tampines Street 92 Purchase Agreement with Trivec, the Trustee will be required to purchase 11 Tampines Street 92 together with the integral mechanical and electrical equipment located therein or thereon (as listed in the 11 Tampines Street 92 Purchase Agreement).

(b) Consideration

The aggregate purchase price of 11 Tampines Street 92 together with the mechanical and electrical equipment is S\$16.75 million, which includes S\$4.25 million to be paid by the Trustee to Trivec in accordance with the provisions of the 11 Tampines Street 92 Purchase Agreement and as set out in sub-paragraphs (ii) and (iii) below. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 18 August 2005.

An option fee of S\$80,000 has already been paid by the Trustee. The balance purchase price will be paid by the Trustee to Trivec as follows:

- (i) on completion of the sale and purchase of 11 Tampines Street 92, S\$12.42 million, less a deduction of the Income Support Amount (as defined in the 11 Tampines Street 92 Purchase Agreement) and the Extension Lease Agreement Initial Payment (as defined in the 11 Tampines Street 92 Purchase Agreement);
- (ii) an aggregate of S\$3.25 million to be paid by instalments on completion of the Asset Enhancement Works in accordance with the provisions of the 11 Tampines Street 92 Purchase Agreement; and
- (iii) at the end of the second year from Practical Completion (as defined in the 11 Tampines Street 92 Purchase Agreement) of the Asset Enhancement Works (as defined in the 11 Tampines Street 92 Purchase Agreement) or on the date that vacant space within the Extension (as defined in the 11 Tampines Street 92 Purchase Agreement) is fully tenanted on such lease terms and conditions acceptable to the Trustee, whichever is the later, S\$1.0 million, representing the balance of the purchase price.

(c) Asset Enhancement Works

The 11 Tampines Street 92 Purchase Agreement provides that Trivec must complete the asset enhancement works relating to the Extension (as defined in the 11 Tampines Street 92 Purchase Agreement) in accordance with the provisions of the 11 Tampines Street 92 Purchase Agreement.

(d) Income Support

On completion of the sale and purchase of 11 Tampines Street 92, Trivec will provide the Trustee with income support in respect of the Extension (as defined in the 11 Tampines Street 92 Purchase Agreement) for an income support amount of S\$300,000 relating to the Extension (as defined in the 11 Tampines Street 92 Purchase Agreement) in accordance with the provisions of the 11 Tampines Street 92 Purchase Agreement.

11. Cityneon Design Centre

(a) Subject matter of purchase

If either the call option or put option under the Cityneon Option Agreement is exercised and the Trustee enters into the Cityneon Purchase Agreement with Cityneon, the Trustee will be required to purchase Cityneon Design Centre and the integral mechanical and electrical equipment located therein or thereon (as listed in the Cityneon Purchase Agreement).

(b) Consideration

The aggregate purchase price of Cityneon Design Centre and the mechanical and electrical equipment relating thereto is S\$10.0 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by Jones Lang LaSalle Property Consultants Pte Ltd as at 18 July 2005.

An option fee of S\$50,000 has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will pay the balance of the purchase price to Cityneon.

(c) Rental Guarantee

Cityneon shall provide the Trustee with a rental guarantee on the terms and conditions as set out in the Cityneon Purchase Agreement.

12. NESS Building

(a) Subject matter of purchase

If either the call option or put option under the NESS Option Agreement is exercised and the Trustee enters into the NESS Purchase Agreement with Freight Links, the Trustee will be required to purchase NESS Building together with the integral mechanical and electrical equipment located therein or thereon (as listed in the NESS Purchase Agreement).

(b) Consideration

The purchase price of NESS Building together with the mechanical and electrical equipment is S\$21.0 million, subject to adjustment in accordance with the provisions of the NESS Option Agreement provided always that the purchase price after adjustment shall not exceed S\$22.0 million. Freight Links and the Trustee have agreed that the purchase price of the Property will be adjusted to S\$22.0 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by CB Richard Ellis (Pte) Ltd as at 16 August 2005.

An option fee of S\$0.21 million has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will pay the balance of the purchase price to Freight Links.

13. NNB Industrial Building

(a) Subject matter of purchase

If either the call option or put option under the NNB Purchase Agreement is exercised and the Trustee enters into the NNB Purchase Agreement with NNB, the Trustee will be required to purchase NNB Industrial Building and the integral mechanical and electrical equipment located therein or thereon (as listed in the NNB Purchase Agreement).

(b) Consideration

The aggregate purchase price of NNB Industrial Building and the mechanical and electrical equipment relating thereto is S\$12.0 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by CB Richard Ellis (Pte) Ltd as at 6 July 2005.

An option fee of S\$60,000 has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will have to pay the balance of the purchase price to NNB.

14. SENKEE Logistics Hub

(a) Subject matter of purchase

If either the call option or put option under the SENKEE Option Agreement is exercised and the Trustee enters into the SENKEE Purchase Agreement with SenKee, the vendor of SENKEE Logistics Hub, the Trustee will be required to purchase the SENKEE Logistics Hub

together with the integral mechanical and electrical equipment located therein or thereon (as listed in the SENKEE Purchase Agreement).

(b) Consideration

The purchase price of SENKEE Logistics Hub together with the mechanical and electrical equipment is S\$42.28 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by a full valuation conducted by DTZ Debenham Tie Leung (SEA) Pte Ltd as at 1 April 2005.

An option fee of S\$422,800 has already been paid by the Trustee. Upon completion of the acquisition, the Trustee will pay the balance of the purchase price to SenKee.

(c) Asset Enhancement Agreement for the Stage 2 Building: The Trustee and SenKee agree that they will, on completion of the sale and purchase of SENKEE Logistics Hub, enter into an asset enhancement agreement (the “**SENKEE Asset Enhancement Agreement**”) relating to construction and completion of the Stage 2 Building (as defined in the SenKee Purchase Agreement) by SenKee after completion of the sale and purchase of SENKEE Logistics Hub, subject to the terms and conditions of the agreed form of the SENKEE Asset Enhancement Agreement attached to the SENKEE Purchase Agreement or with such amendments as the Trustee and SenKee may mutually agree to.

(d) Purchase Consideration for the Stage 2 Building: The purchase consideration for the Stage 2 Building shall be paid by the Trustee to SenKee in accordance with the terms and conditions of the SENKEE Asset Enhancement Agreement and the Trustee will pay SenKee the price for the Stage 2 Building which shall be determined in accordance with the following formula and rounded to the nearest S\$10,000:

$$\frac{\text{NPI}}{\text{Y}}$$

Where:

“**NPI**” means an amount calculated by multiplying S\$105.912 per sqm per annum by the Net Lettable Area (as defined in the SENKEE Asset Enhancement Agreement), representing the total rent for the first year of a lease term of 10 years commencing on the Date of Practical Completion (as defined in the SENKEE Asset Enhancement Agreement) for the Stage 2 Building which the Trustee expects to receive from the Stage 2 Building and guaranteed by SenKee under the SENKEE Purchase Agreement.

“**Y**” means 7.3%.

(e) Rental Guarantee

SenKee shall provide the Trustee with a rental guarantee on the Stage 2 Building on the terms and conditions as set out in the SENKEE Purchase Agreement.

C. OTHER INFORMATION ON CERTAIN PROPERTIES

1. 138 Depot Road

Ascendas Tuas has accepted a letter of offer dated 28 July 2004 from JTC relating, *inter alia*, to allocation of land for the construction of 138 Depot Road. Under the said letter of offer from JTC, it is stated that there will be certain restrictions on resale, including a restriction that in the case of any proposed assignment, the lessee shall first make an offer of the assignment to the anchor tenant of 138 Depot Road and if the anchor tenant of 138 Depot Road does not accept the offer, then the lessee may, subject to prior written consent of JTC, assign the land and the remaining term of the lease, together with the subletting to the anchor tenant of 138 Depot Road and other sublettings to a party approved by JTC in writing. 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.

2. Hamilton Sundstrand Building

Ascendas Tuas has accepted a letter of offer dated 12 January 2005 from JTC relating, *inter alia*, to allocation of land for the construction of the Hamilton Sundstrand Building. Under the said letter of offer from JTC, it is stated that there will be certain restrictions on resale, including a restriction that in the case of any proposed assignment, in view of the fixed investment on the land by Hamilton Sundstrand Pacific Aerospace Pte Ltd and the built and lease nature of the anchor subletting, the lessee shall first make an offer of the assignment to Hamilton Sundstrand Pacific Aerospace Pte Ltd and if Hamilton Sundstrand Pacific Aerospace Pte Ltd does not accept the offer, then the lessee may, subject to prior written consent of JTC, assign the land and the remaining term of the lease, together with the subletting to Hamilton Sundstrand Pacific Aerospace Pte Ltd and other sublettings to a party approved by JTC in writing. 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.

3. Hoya Building

The existing JTC registered instrument of lease for Hoya Building, which will be transferred to the Trustee on completion of the purchase of Hoya Building, contains certain restrictions on resale, including a right of first refusal in favour of JTC for a surrender of the demised premises and the remaining term of the lease free from all encumbrances except for the sublease to Hoya Medical Singapore Pte. Ltd., its assigns or parties approved by JTC and other subleases with JTC's approval, at the prevailing market rate based only on the building and excluding the value of the leasehold land. If JTC does not accept the lessee's offer, the lessee shall then offer the demised premises and the remaining term of the lease to Hoya Medical Singapore Pte. Ltd. on terms and conditions to be agreed between the lessee and Hoya Medical Singapore Pte. Ltd. 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.

4. NNB Industrial Building

Under the JTC Agreement for Lease, JTC shall grant to NNB a 30-year leasehold estate commencing from 16 January 1996 (with an option for a further 30-year term). Such rights under the JTC Agreement for Lease will be assigned to the Trustee upon completion of the NNB Acquisition. Under the Certificate of Title Volume 601 Folio 121, JTC has been granted a state lease of 66 years commencing from 2 May 1999. The legal due diligence on the Property has revealed a discrepancy (of approximately three years and four months) in the commencement dates of the state lease to JTC and JTC's lease to NNB. This is *prima facie* a discrepancy in the title. JTC has given a confirmation on 8 July 2005 that there is no change in the contractual rights and obligations of JTC and NNB as set out in JTC Lease. JTC is aware of the discrepancy in the commencement dates of the state lease and JTC's lease to NNB and is working to regularise its title.

5. Thales Building

Ascendas Tuas has accepted a letter of offer dated 11 April 2005 from JTC relating, *inter alia*, to allocation of land for the construction of Thales Building. Under the said letter of offer from JTC, it is stated that there will be certain restrictions on resale, including a restriction that in the case of any proposed assignment, in view of the fixed investment on the land by Thales Avionics Asia Pte Ltd and the built and lease nature of the anchor subletting, the lessee shall first make an offer of the assignment to the Thales Avionics Asia Pte Ltd and if the Thales Avionics Asia Pte Ltd does not accept the offer, then the lessee may, subject to prior written consent of JTC, assign the land and the remaining term of the lease, together with the subletting to the Thales Avionics Asia Pte Ltd and other sublettings to a party approved by JTC in writing. 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, 13 September 2005 at Pan Pacific Singapore, Pacific 3, Level One, 7 Raffles Boulevard, Marina Square, Singapore 039595 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. ACQUISITION OF 138 DEPOT ROAD

That:

- (a) subject to and contingent upon the passing of Resolution 9, approval be and is hereby given for the acquisition of the land marked Pte Lot No. A1897601 and comprised in Government Resurvey Lot Nos. 2308K Pt and 2813T Pt Mukim 1 together with the building to be erected thereon as well as the plant and equipment relating thereto (“**138 Depot Road**”) by A-REIT from Ascendas (Tuas) Pte Ltd (“**Ascendas Tuas**”) for an aggregate consideration between S\$41.165 million and S\$42.265 million (the “**138 Depot Road Acquisition**”), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 29 July 2004 made between HSBC Institutional Trust Services (Singapore) Limited (as trustee of A-REIT) (the “**Trustee**”) and Ascendas Tuas (and as amended and supplemented by the supplemental deed dated 25 August 2005), and for payment of all fees and expenses relating to the 138 Depot Road Acquisition (as described in the circular dated 25 August 2005 (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, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the 138 Depot Road Acquisition.

ORDINARY RESOLUTION

2. ACQUISITION OF HAMILTON SUNDSTRAND BUILDING

That:

- (a) subject to and contingent upon the passing of Resolution 9, approval be and is hereby given for the acquisition of the land marked Pte Lot No. A1897603 at Changi North Rise and comprised in Government Resurvey Lot No. 4148W Pt Mukim 31 together with the building to be erected thereon as well as the plant and equipment relating thereto (“**Hamilton Sundstrand Building**”) by A-REIT from Ascendas Tuas for an aggregate consideration of S\$31.0 million subject to adjustment (if any) (the “**Hamilton Acquisition**”), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 26 July 2005 made between the Trustee and Ascendas Tuas, and for payment of all fees and expenses relating to the Hamilton Acquisition (as described in the Circular); and
- (b) the Manager, any director of the Manager, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Hamilton Acquisition.

ORDINARY RESOLUTION

3. ACQUISITION OF HOYA BUILDING

That:

- (a) subject to and contingent upon the passing of Resolution 9, approval be and is hereby given for the acquisition of the unexpired portion of the leasehold estate of 30 years commencing 16 May 2003 in respect of the whole of Lot 2399C Mukim 7 together with the building erected thereon (known as 455A Jalan Ahmad Ibrahim) as well as the plant and equipment relating thereto ("**Hoya Building**") by A-REIT from Ascendas Land (Singapore) Pte Ltd ("**Ascendas Land**") for an aggregate consideration of S\$5.3 million (the "**Hoya Acquisition**"), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 26 July 2005 made between the Trustee and Ascendas Land, and for payment of all fees and expenses relating to the Hoya Acquisition (as described in the Circular); and
- (b) the Manager, any director of the Manager, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Hoya Acquisition.

ORDINARY RESOLUTION

4. ACQUISITION OF LOGISHUB@CLEMENTI

That:

- (a) subject to and contingent upon the passing of Resolution 9, approval be and is hereby given for the acquisition of the unexpired portion of the leasehold estate of 30 years commencing 16 May 1993 (with an option for further 30 years) in respect of the whole of Lot 6300A Mukim 5 together with the building erected thereon (known as "LogisHub@Clementi", 2 Clementi Loop) as well as the plant and equipment relating thereto ("**LogisHub@Clementi**") by A-REIT from Ascendas Tuas for an aggregate consideration of S\$18.07 million (the "**LogisHub Acquisition**"), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 26 July 2005 made between the Trustee and Ascendas Tuas, and for payment of all fees and expenses relating to the LogisHub Acquisition (as described in the Circular); and
- (b) the Manager, any director of the Manager, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the LogisHub Acquisition.

ORDINARY RESOLUTION

5. ACQUISITION OF TECHQUEST

That:

- (a) subject to and contingent upon the passing of Resolution 9, approval be and is hereby given for the acquisition of the unexpired portion of the leasehold estate of 30 years commencing 16 June 1995 (with an option for a further 30 years) in respect of the whole of Lot 6864P Mukim 5 together with the building erected thereon (known as Techquest, No.7 International Business Park) as well as the plant and equipment relating thereto ("**Techquest**") by A-REIT from Ascendas Land for an aggregate consideration of S\$7.5 million (the "**Techquest Acquisition**"), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 26 July 2005 made between the Trustee and Ascendas Land, and for payment of all fees and expenses relating to the Techquest Acquisition (as described in the Circular); and

- (b) the Manager, any director of the Manager, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Techquest Acquisition.

ORDINARY RESOLUTION

6. ACQUISITION OF TECHVIEW

That:

- (a) subject to and contingent upon the passing of Resolution 9, approval be and is hereby given for the acquisition of the unexpired portion of the leasehold estate of 60 years commencing 9 July 1996 in respect of the whole of Lot 5471P Mukim 23 together with the building erected thereon (known as Techview, No. 1 Kaki Bukit View) as well as certain mechanical and electrical equipment relating thereto ("**Techview**") by A-REIT from Ascendas (KB View) Pte Ltd ("**Ascendas KBV**") for an aggregate consideration of S\$76.0 million (the "**Techview Acquisition**"), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 26 July 2005 made between the Trustee and Ascendas KBV, and for payment of all fees and expenses relating to the Techview Acquisition (as described in the Circular); and
- (b) the Manager, any director of the Manager, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Techview Acquisition.

ORDINARY RESOLUTION

7. ACQUISITION OF THALES BUILDING

That:

- (a) subject to and contingent upon the passing of Resolution 9, approval be and is hereby given for the acquisition of the land marked Pte Lot No. A1897604 at Changi North Rise and comprised in Government Resurvey Lot No. 4148W Pt Mukim 31 together with the building to be erected thereon as well as the plant and equipment relating thereto ("**Thales Building**") by A-REIT from Ascendas Tuas for an aggregate consideration of S\$5.75 million subject to adjustment (if any) (the "**Thales Acquisition**"), on the terms and conditions set out in the sale and purchase agreement appended to the put and call option agreement dated 26 July 2005 made between the Trustee and Ascendas Land, and for payment of all fees and expenses relating to the Thales Acquisition (as described in the Circular); and
- (b) the Manager, any director of the Manager, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Thales Acquisition.

EXTRAORDINARY RESOLUTION

8. THE ISSUE OF THE TECHVIEW CONSIDERATION UNITS

That:

- (a) subject to and contingent upon the passing of Resolution 6, pursuant to clause 5.2.6 of the trust deed constituting A-REIT (as amended) (the "**Trust Deed**"), approval be and is hereby given for A-REIT to offer and issue, in the manner described in the Circular, such number of

the Techview Consideration Units (as defined in the Circular) to Ascendas KBV at the Issue Price (as defined in the Circular) as would be required to satisfy the Required Portion (as defined in the Circular) that Ascendas KBV elects to receive in units in A-REIT (“Units”); and

- (b) the Manager, any director of the Manager, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the issue of the Techview Consideration Units.

EXTRAORDINARY RESOLUTION

9. 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 as would be required to raise up to S\$240.0 million in gross proceeds (the “**Equity Fund Raising**”); and
- (b) the Manager, any director of the Manager, the Trustee and any director of 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, the Trustee or, as the case may be, such director of the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Equity Fund Raising.

ORDINARY RESOLUTION

10. PLACEMENT OF NEW UNITS TO MGM SINGAPORE PTE. LTD.

That:

- (a) subject to and contingent upon the passing of Resolution 9, 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, the Trustee and any director of 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, the Trustee or, as the case may be, such director of 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.

BY ORDER OF THE BOARD

Ascendas-MGM Funds Management Limited
(Company Registration No. 200201987K)
(as manager of Ascendas Real Estate Investment Trust)

Tay Hsiu Chieh
Company Secretary
Singapore
25 August 2005

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 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.

ASCENDAS REAL ESTATE INVESTMENT TRUST
(Constituted in the Republic of Singapore
pursuant to a trust deed dated 9 October 2002 (as amended))

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.

**PROXY FORM
EXTRAORDINARY GENERAL MEETING**

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, 13 September 2005 at Pan Pacific Singapore, Pacific 3, Level One, 7 Raffles Boulevard, Marina Square, Singapore 039595 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 138 Depot Road Acquisition (Ordinary Resolution)				
2.	To approve the Hamilton Acquisition (Ordinary Resolution)				
3.	To approve the Hoya Acquisition (Ordinary Resolution)				
4.	To approve the LogisHub Acquisition (Ordinary Resolution)				
5.	To approve the Techquest Acquisition (Ordinary Resolution)				
6.	To approve the Techview Acquisition (Ordinary Resolution)				
7.	To approve the Thales Acquisition (Ordinary Resolution)				
8.	To approve the issue of the Techview Consideration Units (Extraordinary Resolution)				
9.	To approve the offer and issue of such number of New Units as would be required to raise up to S\$240.0 million in gross proceeds for the purpose of the Equity Fund Raising (Extraordinary Resolution)				
10.	To approve the placement of New Units under the Private Placement to MGM Singapore Pte. Ltd. (Ordinary 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 _____ 2005

Signature(s) of Unitholder(s)/Common Seal

Total number of Units held



IMPORTANT: PLEASE READ THE NOTES TO 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 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 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.

fold along this line (1)

Affix
Postage
Stamp

ASCENDAS REAL ESTATE INVESTMENT TRUST
c/o Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

fold along this line (2)

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.
8. 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.



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

www.a-reit.com

