

PARTICULARS TO BE INCLUDED  
IN AN OFFER INFORMATION STATEMENT

**OFFER INFORMATION STATEMENT**

A copy of this Offer Information Statement has been lodged with the Monetary Authority of Singapore (the "**Authority**"). The Authority assumes no responsibility for the contents of this Offer Information Statement. Lodgment of this Offer Information Statement with the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered, or in respect of which an invitation is made, for investment.

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

Date of lodgment: 21 February 2005

***In this Offer Information Statement, capitalised terms not otherwise defined herein have the meaning given to them in the Glossary on pages 20 to 22 of this Offer Information Statement.***

In the Offer Information Statement, provide the following information:

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(a) **the address of the registered office of the manager of the Fund (the “Manager”);**

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The registered office of the Manager, Ascendas-MGM Funds Management Limited, is at 75 Science Park Drive, #01-03, CINTech II, Singapore Science Park I, Singapore 118255.

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(b) **the business carried on and to be carried on by the Fund and the general development of the business since inception of the Fund, indicating any material change in the affairs of the Fund since the last annual report;**

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*Business carried on by the Fund and the general development of the business since inception of the Fund*

Ascendas Real Estate Investment Trust (“**A-REIT**”) is a business space and industrial real estate investment trust listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). It currently has a diversified portfolio of 32 properties in Singapore, namely The Alpha, The Aries, The Capricorn, The Gemini, Techplace I, Techplace II, Techlink, Honeywell Building, OSIM HQ Building, Ghim Li Building, Ultro Building, Changi Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building, TT International Tradepark, Nan Wah Building, Progen Building, 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 and Volex Building (the “**Existing Properties**”).

The Manager aims to achieve income stability and long-term growth in A-REIT’s portfolio with the objective of delivering consistent and growing returns to unitholders of A-REIT (“**Unitholders**”). The Manager will pursue its objective through a combination of the following strategies:

- **Organic growth strategy** - Growth potential in A-REIT’s property portfolio will be delivered through pro-active management of A-REIT’s properties in order to maintain or improve occupancy levels and net property income;
- **Acquisition growth strategy** - Quality properties that meet the Manager’s investment criteria such as those with strategic locations and financially strong tenants will be acquired in order to grow and enhance A-REIT’s property portfolio. In this regard, the Manager is continually identifying properties that meet its investment criteria for acquisition by A-REIT; and
- **Financing strategy** - Employing appropriate debt and equity financing policies to optimise its capital structure to maximise the value of Unitholders’ investments in A-

REIT.

The general development of the business of A-REIT since its inception is set out below:

| <b>Date</b>      | <b>Significant developments</b>  |
|------------------|--|
| 5 November 2002  | : A-REIT launched initial public offering of units in A-REIT (“Units”).  |
| 19 November 2002 | : A-REIT commenced trading on the SGX-ST.  |
| 19 February 2003 | : The Manager announced A-REIT’s financial results for the period from 19 November 2002 to 31 December 2002. A-REIT’s actual distributable income had exceeded the forecast for the same period by 5.4%.   |
| 16 April 2003    | : The Manager announced A-REIT’s financial results for the period from 19 November 2002 to 31 March 2003. A-REIT’s actual distributable income had exceeded the forecast for the same period by 7.8%.<br><br>A distribution of 2.78 cents per Unit was made by A-REIT to Unitholders for the period from 19 November 2002 to 31 March 2003.            |
| 17 July 2003     | : The Manager announced A-REIT’s financial results for the period from 1 April 2003 to 30 June 2003. A-REIT’s actual distributable income had exceeded the forecast for the same period by 13.6%.  |
| 16 October 2003  | : The Manager announced A-REIT’s half-year financial results for the period from 1 April 2003 to 30 September 2003. A-REIT’s actual distributable income had exceeded the forecast for the same period by 14.0%.<br><br>A distribution of 4.05 cents per Unit was made by A-REIT to Unitholders for the period from 1 April 2003 to 30 September 2003. |
| 15 January 2004  | : The Manager announced A-REIT’s financial results for the period from 1 October 2003 to 31 December 2003. A-REIT’s actual distributable income had exceeded the forecast for the same period by 17.0%.  |
| 4 March 2004     | : A-REIT issued 160,500,000 Units at an issue price of S\$1.16 per Unit to, <i>inter alia</i> , partly fund the acquisitions of Changi Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building and TT International Tradepark.   |
| 15 April 2004    | : The Manager announced A-REIT’s financial results for the financial year ended 31 March 2004. A-REIT’s actual distributable income had exceeded the forecast for the same period by 13.0%.  |

A distribution of 8.16 cents per Unit was made by A-REIT to Unitholders for the financial year ended 31 March 2004.

23 June 2004 : The Manager issued 82,142,857 Units at an issue price of S\$1.40 per Unit to, *inter alia*, partly fund the acquisitions of Progen Building and C & P Logistics Hub.

15 July 2004 : The Manager announced A-REIT's financial results for the period from 1 April 2004 to 30 June 2004. A-REIT's actual distributable income had exceeded the forecast for the same period by 1.0%.

14 October 2004 : The Manager announced A-REIT's unaudited financial results for the six months ended 30 September 2004. A-REIT's actual distributable income had exceeded the forecast for the same period by 4.0%.

A distribution of 4.46 cents per Unit was made by A-REIT to Unitholders for the period from 1 April 2004 to 30 September 2004.

1 December 2004 : A-REIT issued 179,292,903 Units at an issue price of S\$1.55 per Unit to, *inter alia*, partly fund the acquisitions of Infineon Building, Techpoint, Exklusiv Centre, CG Aerospace Building, Autron Building, SB Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building, Wisma Gulab, Steel Industries Building and Volex Building.

In conjunction with the above issue, 78,771,613 Units were also issued at an issue price of S\$1.55 per Unit as partial consideration for the acquisitions of Infineon Building and Techpoint.

17 January 2005 : The Manager announced A-REIT's financial results for the period from 1 October 2004 to 31 December 2004. A-REIT's distributable income had exceeded the forecast for the same period by 3.0%.

A distribution of 2.40 cents per Unit was made by A-REIT to Unitholders for the period from 1 October 2004 to 31 December 2004.

A-REIT has an opportunity to enlarge its portfolio with the purchase of Telepark, Kim Chuan Telecommunications Complex, KA Centre and KA Place (together, the "**Properties**"). The Manager is in favour of the proposed acquisitions of the Properties by A-REIT (the "**Acquisitions**") as it believes that the inclusion of the Properties in A-REIT's property portfolio will be beneficial to A-REIT and the Unitholders.

The Manager's rationale for the Acquisitions is set out in **Appendix 1** of this Offer Information Statement. In addition, detailed information about the Properties can be found in **Appendix 2** of this Offer Information Statement.

*Additional information about the Manager's management fees*

As sanctioned by an extraordinary resolution of Unitholders passed at an extraordinary general meeting held on 2 November 2004, the Manager may, in relation to each new property acquired by A-REIT, irrevocably elect at any time to receive the base component ("**Base Fee**") and performance component ("**Performance Fee**") of its management fees (the "**Management Fees**") payable under A-REIT's trust deed ("**Trust Deed**") in the form of cash and/or Units.

In respect of each of the Properties, the Manager intends to elect to receive its Base Fee entirely in cash and its Performance Fee entirely in Units.

In respect of the 13 properties acquired by A-REIT in November and December 2004 (namely, Infineon Building, Techpoint, Wisma Gulab, Autron Building, Exklusiv Centre, SB Building, Steel Industries Building, Volex Building, CG Aerospace Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building and MacDermid Building), the Manager also intends to elect to receive its Base Fee entirely in cash and its Performance Fee entirely in Units.

The change to the payment method of the Base Fee in respect of the aforementioned 13 properties and the Properties will be effective from 1 April 2005.

For all the other properties currently owned by A-REIT, the Manager will continue to receive its Base Fee in equal proportions of cash and Units. The Performance Fee will continue to be paid entirely in Units.

*Material changes in the affairs of the Fund since the last annual report*

Save as disclosed herein, there have been no material changes in the affairs of A-REIT since its annual report for the financial year ended 31 March 2004.

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**(c) the description of, and number of units being offered by the Fund;**

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The Manager proposes to issue up to 112,021,858 new Units (the "**New Units**") at an issue price of between S\$1.83 and S\$1.88 per New Unit for placement through Citigroup Global Markets Singapore Pte. Ltd. ("**Citigroup**") and UBS AG ("**UBS**" and together with Citigroup, the "**Underwriters**") to institutional and certain other investors (the "**Placement**") to raise a gross amount of S\$205.0 million to partly finance the Acquisitions.

The actual issue price per New Unit (the "**Issue Price**") will be determined following an accelerated book building process by agreement between the Manager and the Underwriters on a date currently expected to be 22 February 2005 (such date being subject to change). The actual number of New Units comprised in the Placement will depend on the Issue Price. At an Issue Price of S\$1.88 (being the top of the issue price range), 109,042,553 New Units will be issued; at an Issue Price of S\$1.83 (being the bottom of the issue price range), 112,021,858 New Units will be issued.

### *Status of the New Units*

Upon issue and allotment, the New Units will only be entitled to participate in the distributable income of A-REIT for the period from the date of their issue (the “**Issue Date**”) to 31 March 2005 whereas the existing Units are entitled to participate in A-REIT’s distributable income in respect of the whole of the current distribution period (1 January 2005 to 31 March 2005). From the next distribution period following the current distribution period, the New Units will rank *pari passu* in all respects with the existing Units, including the right to any distribution which may be paid for that distribution period, and all distributions thereafter.

As the New Units will not be entitled to participate in A-REIT’s distributable income for the period from 1 January 2005 to the day immediately prior to the Issue Date, it is necessary for the New Units to trade under a separate stock counter on the SGX-ST for the period commencing from the Issue Date to the last day of “cum-distribution” trading for both the New Units and the existing Units in respect of the current distribution period from 1 January 2005 to 31 March 2005, which is expected to be in April 2005. After the last day of “cum-distribution” trading, the New Units and the existing Units will be aggregated and traded under the existing A-REIT stock counter on the SGX-ST on the next Market Day, *i.e.* the first day of “ex-distribution” trading for both the New Units and the existing Units.

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- (d) **the offer price, any discount or commission given to the underwriter (if any), and the estimated net proceeds on an aggregate basis to be derived by the Fund from the sale of the units being offered; if it is not possible to state the offer price or the discount or commission, the method by which it is to be determined must be explained;**
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|--|---|---|
| Offer price  | : | Between S\$1.83 and S\$1.88 for each New Unit. The actual Issue Price will be determined following an accelerated book building process by agreement between the Manager and the Underwriters on a date currently expected to be 22 February 2005 (such date being subject to change) |
| Underwriting and selling commissions   | : | Up to S\$2.6 million payable to the Underwriters in relation to the Placement.  |
| Other fees and expenses (including professional fees and expenses)   | : | Approximately S\$0.3 million.   |
| Estimated net proceeds (being the gross proceeds from the Placement less the estimated maximum amount of underwriting and selling commissions as well as the other fees and expenses (including professional fees and expenses) incurred by A-REIT in connection with the Placement) | : | Approximately S\$202.1 million.   |

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- (e) **the range of the closing market price during the 90 days preceding the latest practicable date prior to the lodgment of the Offer Information Statement (“Latest Practicable Date”);**
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Range of closing market price during the : Between S\$1.55 per Unit and S\$1.97 per Unit  
90-day period preceding the Latest  
Practicable Date (2 November 2004 to 31  
January 2005)

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- (f) **the principal purposes for which the estimated net proceeds to be derived by the Fund from the sale of the units being offered are intended to be used and the approximate amount intended to be used for each such purpose; if any material amounts of other funds are to be used in conjunction with the proceeds for such purposes, the amounts and sources of such other funds;**
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*The principal purposes for which the estimated net proceeds to be derived by the Fund from the sale of the units being offered are intended to be used and the approximate amount intended to be used for each such purpose*

The total costs of the Acquisitions amount to S\$330.5 million, comprising the aggregate purchase price of the Properties (S\$316.3 million), applicable stamp duty (S\$9.5 million), the Manager’s acquisition fee in respect of the Properties (S\$3.2 million) and other fees and expenses (including professional fees and expenses) incurred or to be incurred by the Manager in connection with the Acquisitions (S\$1.5 million).

The Manager intends to use the net proceeds of the Placement to partly finance the Acquisitions.

*The amount and sources of such other funds to be used in conjunction with the proceeds derived by the Fund from the sale of the units*

The Manager will, in conjunction with the net proceeds of the Placement, incur additional borrowings to finance the Acquisitions. The amount of additional borrowings to be incurred by A-REIT for the purpose of the Acquisitions will represent the difference between the total costs of the Acquisitions as well as the refundable input tax payable by A-REIT to the Inland Revenue Authority of Singapore in respect of the aggregate purchase price of the Properties (S\$15.8 million) and (i) the deferred component of the purchase price of Telepark (S\$7.6 million) which is payable only at the end of the third year after the completion of the acquisition of Telepark and (ii) the net proceeds of the Placement. The Manager estimates that the additional borrowings to be incurred by A-REIT will be approximately S\$136.6 million.

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**(g) the place where the Fund was constituted and the date of constitution;**

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A-REIT was constituted in Singapore pursuant to the Trust Deed (dated 9 October 2002).

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**(h) the names and addresses of the directors of the Manager as at the Latest Practicable Date;**

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The names and addresses of the directors of the Manager (the “**Directors**”) are set out in **Appendix 3** of this Offer Information Statement.

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**(i) the unitholders’ fund and borrowings of the Fund, as of the Latest Practicable Date showing:**

- (i) in the case of the unitholders’ fund, the number of units issued and outstanding; or**
  - (ii) in the case of borrowings, the total amount of the borrowings outstanding, together with the rate of interest (whether fixed or floating) payable thereon;**
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**(i) Unitholders’ Fund**

As at the Latest Practicable Date, there were 1,050,637,379 Units issued and outstanding.

**(ii) Borrowings**

As at the Latest Practicable Date, A-REIT had the following loan facilities:

- (a) a S\$300.0 million term loan granted by a special purpose company, Emerald Assets Limited, which was fully drawn as at 31 December 2004;**
- (b) a S\$150.0 million uncommitted revolving credit facility granted by Oversea-Chinese Banking Corporation Limited, of which S\$76.0 million was drawn down as at 31 December 2004; and**
- (c) a S\$150.0 million uncommitted revolving credit facility granted by BNP Paribas. As at 31 December 2004, this facility has not been drawn down.**

The Manager has fixed the interest rate in respect of an aggregate amount of S\$260.0 million of A-REIT’s borrowings through interest rate swaps with a remaining weighted average term of 3.42 years at an average fixed interest rate of 2.42% per annum (exclusive of all margins), resulting in an average interest rate of 2.64% (including floating interest rates, margins and amortised/annual costs of A-REIT’s commercial mortgage backed securities medium term note programme).



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- (j) **the manner in which the units being offered are to be distributed, giving particulars of any outstanding or proposed underwriting, including the name and address of each underwriter;**
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Citigroup (which is located at 3 Temasek Avenue, #12-00 Centennial Tower Singapore 39190) and UBS (which is located at 5 Temasek Boulevard #18-00, Suntec Tower Five, Singapore 038985) have been appointed as the underwriters and placement agents for the Placement.

In accordance with the terms and conditions of the placement agreement dated 21 February 2005 entered into between the Manager and the Underwriters (the "**Placement Agreement**"), the Manager has agreed to issue, and the Underwriters have agreed to procure subscriptions for or place out, or failing which to subscribe for, at the Issue Price, the New Units to be issued pursuant to the Placement.

Under the Placement, the Underwriters may place New Units to institutional and certain other investors, including The Capital Group Companies, Inc. (a Substantial Unitholder) so as to enable it to maintain its proportionate unitholding at its pre-placement level (in percentage terms). The SGX-ST has waived the requirement under Rule 812 of its Listing Manual that Unitholders' approval be obtained for such a placement to The Capital Group Companies, Inc., subject to the conditions that the Manager certifies that it is independent of The Capital Group Companies, Inc. and announces any placement of New Units under the Placement to The Capital Group Companies, Inc.

In accordance with the aforementioned waiver from the SGX-ST, A-REIT will make an announcement of any placement of New Units under the Placement to The Capital Group Companies, Inc.

(k) the income, prospects and distributions of the Fund, together with:

- (i) the following information in respect of the Fund for the financial period commencing from 19 November 2002 (being the date on which units in the Fund were issued in connection with the initial public offering of units in the Fund) to 31 March 2004 (being the date on which the last audited balance sheet of the Fund was made up) in the following format:

| <b>Period</b>                     | <b>Net investment income before tax</b><br>(S\$'000) | <b>Taxable income available for distribution to Unitholders<sup>(1)</sup></b><br>(S\$'000) | <b>Extraordinary items</b><br>(S\$'000) | <b>Distribution per Unit</b><br>(cents) |
|-----------------------------------|--|--|---|---|
| 19 November 2002 to 31 March 2003 | 14,290   | 15,182   | Nil                                     | 2.78                                    |
| 1 April 2003 to 31 March 2004     | 40,591   | 45,536   | Nil                                     | 8.16                                    |

Note:

- (1) The taxable income available for distribution to Unitholders is derived by adjusting for the net effect of non-tax deductible/(chargeable) items from the net investment income before tax of A-REIT.

The following table sets out the same information for the period from 1 April 2004 to 31 December 2004 based on the unaudited financial statements of A-REIT for the said period:

| <b>Period</b>                    | <b>Net investment income before tax</b><br>(S\$'000) | <b>Taxable income available for distribution to Unitholders<sup>(1)</sup></b><br>(S\$'000) | <b>Extraordinary items</b><br>(S\$'000) | <b>Distribution per Unit</b><br>(cents) |
|----------------------------------|--|--|---|---|
| 1 April 2004 to 31 December 2004 | 51,869   | 54,906   | Nil                                     | 6.86                                    |

Note:

- (1) The taxable income available for distribution to Unitholders is derived by adjusting for the net effect of non-tax deductible/(chargeable) items from the net investment income before tax of A-REIT.

- (ii) a statement as to the financial and business prospects of the Fund, together with any material information which will be relevant thereto, including all special business factors or risks (if any) which are unlikely to be known or anticipated by the general public and which could materially affect profits; and

*Financial and business prospects*

Since the listing of A-REIT on the SGX-ST, the Manager has consistently sought to maximise A-REIT's income yield and capital growth through a three-point strategy of organic growth, yield-accretive acquisitions and optimising its capital structure. A-REIT has acquired properties which are yield-accretive and which have diversified its portfolio in the following

respects – asset class, industry sector, location, tenancy-mix and lease expiry profile.

### Significant Trends and Competitive Conditions of the Industrial Real Estate Market

According to the Ministry of Trade and Industry (“**MTI**”)<sup>1</sup>, Singapore’s gross domestic product (“**GDP**”) grew by 6.5% in the fourth quarter of 2004 while the manufacturing sector grew by 14.1% for the same period. The manufacturing sector continued to be a major contributor to Singapore’s GDP growth, with an increase of 13.9% in manufacturing output over 2003. Despite the current slowdown in the electronics sub-sector, which is expected to continue into 2005, on an overall basis, the manufacturing purchasing managers’ index as at December 2004<sup>2</sup> remains positive at 51.8.

The underlying strength in the manufacturing sector as well as the generally stable outlook for Singapore’s economy as a whole has continued to provide the necessary support for a stable industrial property market. This is reflected in renewals and new take-ups of approximately 76,878 square metres in A-REIT’s property portfolio for the nine months ended 31 December 2004.

According to the Urban Redevelopment Authority, the price index and rental index for overall industrial space rose by 0.5% and 0.9%, respectively<sup>3</sup>, during the fourth quarter of 2004. For the whole of 2004, prices and rental rates rose 1.2% and 1.6% respectively. The vacancy rate of factory space decreased from 12.4% in the third quarter to 12.0% in the fourth quarter of 2004 as the increase in occupied factory space was more than the increase in the supply of factory space during the relevant period. Similarly, the vacancy rate of warehouse space also decreased from 14.2% from the third quarter of 2004 to 14.0% for the fourth quarter of 2004 as the increase in occupied warehouse space was more than the increase in supply of warehouse space during the relevant period. According to JTC Corporation’s (“**JTC**”) estimates, the net allocation<sup>4</sup> for ready-built space achieved a turnaround into positive territory of 98,030 sqm in 2005 from a deficit of 40,090 sqm in 2004 whereas JTC’s business park space registered a decline of 53% in net allocation to 7,360 sqm in 2004 from 15,530 sqm in 2003.

With the increasingly competitive environment for global investments, JTC announced in December 2004 that it will reduce industrial land rent prices by up to one-third<sup>5</sup> with effect from 1 January 2005. This latest round of significant rate cuts is a clear signal to global investors that Singapore is working to lower business costs to make Singapore into a more attractive investment region. This move will also ensure that Singapore continues to remain as an attractive manufacturing location for global investments, which will help to underpin demand for industrial space in Singapore. A-REIT is expected to benefit from JTC’s industrial land rent reduction as about two-thirds of the properties owned by A-REIT are on held on land-rent basis. In addition, JTC has also lowered the posted rent for flatted factories, which could have an impact on the rents attainable with regards to Techplace I and Techplace II.

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<sup>1</sup> Source: MTI, Economic Survey of Singapore 2004 (released on 17 February 2005).

<sup>2</sup> Source: Singapore Institute of Purchasing & Materials Management, Monthly Business Bulletin (released on January 2005).

<sup>3</sup> Source: Urban Redevelopment Authority, Property Market Information (Commercial & Industrial Properties) Fourth Quarter 2004 (released on 28 January 2005).

<sup>4</sup> Source: JTC Corporation, press release on 26 January 2005.

<sup>5</sup> Source: JTC Corporation, press release on 22 December 2004.

With positive sentiment and continued growth in the high-end manufacturing sector, A-REIT has continued with its investment strategy of acquiring and investing in top grade properties. In the first nine months of A-REIT's current financial year, A-REIT has acquired 12 fully occupied properties and four multi-tenanted properties. Coupled with the effect of improved demand for industrial space, the occupancy rate of A-REIT's property portfolio has increased from 88.8% as at 31 March 2004 to 94.1% as at 31 December 2004.

#### Outlook for the Financial Year Ending 31 March 2005

Global economic growth in 2005 is expected to be stable. Singapore's economy grew by 8.4% in 2004, which was stronger than initially expected. MTI<sup>6</sup> expects this growth momentum of 2004 to continue into 2005 at more sustainable rates of 3 - 5%, as the local economy recovers to levels closer to its potential output.

Subject to the local economy maintaining its recovery and the expected benefits of the Acquisition, the Manager expects to exceed the distributable income of 9.30 cents per Unit for the financial year ending 31 March 2005 as forecast in the offer information statement dated 18 November 2004 relating to the issue and placement of 179,292,903 new Units to partly fund the acquisitions of certain properties by A-REIT.

*Other Material Information – special business factors or risks (if any) which are unlikely to be known or anticipated by the general public and which could materially affect profits*

**The Manager is an affiliate of Ascendas Land (Singapore) Pte Ltd (“Ascendas”), which is a wholly-owned subsidiary of Ascendas Pte Ltd. There are potential conflicts of interest between A-REIT, Ascendas and the Manager**

Ascendas, its subsidiaries and affiliates are engaged in the investment in, and the development and management of, industrial properties in Singapore. Three of the eight members of the Board of Directors of the Manager are representatives of Ascendas. In addition, the Manager has appointed a subsidiary of Ascendas, Ascendas Services Pte Ltd, as the property manager of A-REIT's properties. As a result, the strategy and activities of A-REIT may be influenced by the overall interests of Ascendas. There can be no assurance that conflicts of interest will not arise between A-REIT and Ascendas in the future, including in relation to the acquisition of properties and competition for tenants within the Singapore property market.

Related party transactions entered into by A-REIT, depending on the materiality of such transactions, may need to be publicly announced and/or approved by Unitholders as the case may be, and will be reviewed by the independent Directors, the Manager's audit committee and subsequently by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of A-REIT, the “Trustee”) (in accordance with, among other things, the Property Funds Guidelines in the Code on Collective Investment Schemes issued by the Authority (the “Property Funds Guidelines”).

#### **Conflicts related to the acquisition of properties from Ascendas**

The Manager may, on behalf of A-REIT, acquire assets from Ascendas or parties related to Ascendas in the future. In such cases, the Manager must obtain appraisals from independent parties and comply with all other requirements applicable to such transactions under the Property Funds Guidelines and the SGX-ST's Listing Manual. However, there can be no assurance that, with respect to the properties acquired in the future from Ascendas or parties

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<sup>6</sup> Source: MTI, Economic Survey of Singapore 2004 (released on 17 February 2005).

related to Ascendas, the negotiations with respect to the properties acquired, the purchase price of the properties and other terms and conditions relating to the purchase of the properties (in particular with respect to the representations, warranties and/or indemnities agreed to or not agreed to, as the case may be) will not be adverse to A-REIT or will reflect an arm's length acquisition of the properties by A-REIT.

#### **The amount A-REIT may borrow is limited, which may affect the operations of A-REIT**

Under the Code on Collective Investment Schemes issued by the Authority, A-REIT is generally only permitted to borrow up to 35% of its Deposited Property. In relation to A-REIT as a property fund, the Code on Collective Investment Schemes also provides that if (i) all the borrowings of the fund are rated at least A (including any sub-categories or gradations therein) by Fitch Inc., Moody's or Standard and Poor's or (ii) the credit rating of the fund is rated at least A (including any sub-categories or gradations therein) by Fitch Inc., Moody's or Standard and Poor's, the fund may borrow more than 35% of the fund's deposited property.

As at the Latest Practicable Date, the level of A-REIT's borrowings was approximately S\$453.0 million and A-REIT's Gearing was 25.3%. To partly finance the Acquisitions, the Manager may increase A-REIT's Gearing to up to approximately 28%. A-REIT's ability to incur further borrowings thereafter may therefore be limited to the extent of the maximum gearing limit of 35% imposed by the Code on Collective Investment Schemes.

Adverse business consequences of this limitation on borrowings on A-REIT may include:

- an inability to fund capital expenditure requirements in relation to A-REIT's existing portfolio or in relation to the acquisition of future properties by A-REIT to expand its portfolio;
- a decline in the value of the Deposited Property may cause the borrowing limit to be exceeded, thus affecting A-REIT's ability to make further borrowings; and
- cash flow shortages (including with respect to required distributions) which A-REIT might otherwise be able to resolve by borrowing funds.

#### **A-REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations**

A-REIT's success depends, in part, upon the continued service and performance of members of the Manager's senior management team and certain key senior personnel. These key personnel may leave the Manager in the future and compete with it and/or A-REIT. The loss of any of these key employees could have a material adverse effect on A-REIT's business, results of operations and financial condition.

#### **33% of the leases for the Existing Properties (in terms of net lettable area) are for periods of up to three years, which exposes the properties owned by A-REIT to significant rates of lease expiries each year**

33% of the lease agreements for the Existing Properties (in terms of net lettable area) are for tenancy periods of up to three years, which reflects the general practice in the Singapore property market for rental tenancies to take the form of a rolling three-year agreement. As a result, A-REIT's portfolio experiences lease cycles in which a significant number of leases expire each year. This exposes A-REIT to risks of reduced occupancy levels resulting from vacancies following the expiry of leases, which will in turn reduce A-REIT's gross revenue. In addition, the amount of rent and the terms on which lease renewals and new leases are agreed

may be less favourable than current leases. If a large number of tenants do not renew their leases in a year with a high rate of lease expiries, or if new tenants do not enter into leases on terms that are as or more favourable as the terms of the expiring leases, it could have a material adverse effect on the relevant property and affect A-REIT's financial performance and distributable income.

**The gross revenue earned from, and the value of, properties held by A-REIT may be adversely affected by a number of factors**

The gross revenue earned from, and the value of, A-REIT's properties may be adversely affected by a number of factors, including:

- vacancies following expiry or termination of leases that lead to reduced occupancy levels – this reduces rental income and the ability to recover certain operating costs such as service charges;
- the Manager's ability to provide adequate management, maintenance or insurance;
- the Manager's ability to collect rent on a timely basis or at all;
- tenants seeking the protection of bankruptcy laws which could result in delays in rental payments, or which could hinder or delay the sale of a property, or inability to collect rental payments at all or the termination of a tenant's lease;
- tenants failing to comply with the terms of their leases or commitments to lease;
- the national and international economic climate and real estate market conditions (such as the oversupply of, or reduced demand for, space, the Singapore government's release of land, changes in market rental rates and operating expenses of A-REIT's properties);
- the amount and extent to which A-REIT is required to grant rebates on rental rates to tenants due to market pressure;
- competition for tenants from other similar properties which may affect rental levels or occupancy levels at A-REIT's properties; and
- changes in laws and governmental regulations relating to real estate including those governing usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights relating to the relevant properties may also be restricted by legislative actions, such as revisions to building standards laws or city planning laws, or the enactment of new laws relating to condemnation and redevelopment.

**A-REIT may be adversely affected by the illiquidity of real estate investments**

Real estate investments, particularly investments in high value properties such as those in which A-REIT intends to invest, are relatively illiquid. Such illiquidity may affect A-REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, real estate market or other conditions. This could have an adverse effect on A-REIT's ability to make distributions to Unitholders.

- 
- (iii) **a statement by the Manager whether, in its reasonable opinion, the working capital available to the Fund as at the Latest Practicable Date is sufficient for present requirements and, if insufficient, how the additional working capital thought by the Manager to be necessary, is proposed to be provided;**
- 

The Manager confirms that in its reasonable opinion, after taking into account the loan facilities available to A-REIT and the estimated net proceeds from the Placement, the working capital available to A-REIT as at the Latest Practicable Date is sufficient for the present requirements of A-REIT.

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- (l) **the number of units of the Fund owned by each person who has an interest of not less than 5.0% of all the units in the Fund (“Substantial Unitholder”) (as recorded in the Register of Substantial Unitholders of the Fund) at the Latest Practicable Date;**
- 

The number of Units owned by each Unitholder who has an interest of not less than 5.0% of all the Units (as recorded in the Register of Substantial Unitholders of A-REIT) as at the Latest Practicable Date is set out in **Appendix 4** of this Offer Information Statement.

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- (m) **information on any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had in the last 12 months before the Latest Practicable Date, a material effect on the Fund’s financial position or profitability;**
- 

To the best of the Manager’s knowledge and belief, there are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which, in the opinion of the Manager, may have or have had in the last 12 months before the Latest Practicable Date, a material effect on the financial position or profitability of A-REIT.

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- (n) **the prices at which units of the Fund have been issued for cash, or traded, within the period commencing on the date after the listing date of the Fund to the Latest Practicable Date; for units which have been traded, give the price range and volume traded for each of those months; for units which have been issued during those months, state the number of units issued at each price; if any units have been issued for services, state the nature and value of the services and give the name and address of the person who received the units;**
- 

*Units issued for cash*

- (i) On 4 March 2004, 160,500,000 Units were issued at an issue price of S\$1.16 per Unit to, *inter alia*, partly finance the acquisitions of Changi Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building and TT International Tradepark.

- (ii) On 23 June 2004, 82,142,857 Units were issued at an issue price of S\$1.40 per Unit to, *inter alia*, partly finance the acquisitions of Nan Wah Building, Progen Building and C & P Logistics Hub.
- (iii) On 1 December 2004, 258,064,516 Units were issued at an issue price of S\$1.55 per Unit, comprising an aggregate of 179,292,903 Units issued to, *inter alia*, partly finance the acquisitions of Infineon Building, Techpoint, Exklusiv Centre, CG Aerospace Building, Autron Building, SB Building, Fedex Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, MacDermid Building, Wisma Gulab, Steel Industries Building and Volex Building and 78,771,613 Units issued as partial consideration for the acquisitions of Infineon Building and Techpoint.

Other than as aforesaid, no Units have been issued by A-REIT for cash within the period commencing on 20 November 2002 (being the date immediately after A-REIT was listed on the SGX-ST) to the Latest Practicable Date.

#### *Prices of Units traded*

The closing price range for the Units and the volume of Units traded on the SGX-ST (on a monthly basis) within the period commencing on 20 November 2002 (being the date immediately after A-REIT was listed on the SGX-ST) to the Latest Practicable Date are set out in **Appendix 5** of this Offer Information Statement.

#### *Units issued for in payment of the Management Fees*

Within the period commencing on 20 November 2002 (being the date immediately after A-REIT was listed on the SGX-ST) to the Latest Practicable Date:

- (i) 899,640 Units were issued to the Manager at an issue price of S\$0.8674 per Unit on 20 June 2003 as payment of the Base Fee for the period from 19 November 2002 to 18 May 2003;
- (ii) 807,535 Units were issued to the Manager at an issue price of S\$1.0337 per Unit on 5 December 2003 as payment of the Base Fee for the period from 19 May 2003 to 18 November 2003;
- (iii) 1,572,381 Units were issued to the Manager at an issue price of S\$1.2983 per Unit on 19 April 2004 as payment of the Performance Fee for the financial year ended 31 March 2004;
- (iv) 746,077 Units were issued to the Manager at an issue price of S\$1.4347 per Unit on 8 June 2004 as payment of the Base Fee for the period from 19 November 2003 to 18 May 2004; and
- (v) 904,373 Units were issued to the Manager at an issue price of S\$1.6981 per Unit on 6 December 2004 as payment of the Base Fee for the period from 19 May 2004 to 18 November 2004.

The aggregate value represented by the Units issued in payment of the Management Fees is S\$6.3 million.

The address of the Manager is 75 Science Park Drive, #01-03 CINTech II, Singapore Science Park I, Singapore 118255.



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- (o) **a summary of each material contract, other than a contract entered into in the ordinary course of business, to which the trustee of the Fund (in its capacity as trustee of the Fund) is a party, for the period commencing after the Fund was listed on Singapore Exchange Securities Trading Limited until the Latest Practicable Date, including the date of, parties to and general nature of the contract, and the amount of any consideration passing to or from the Fund;**
- 

There were no material contracts entered into by the Trustee or the Manager, other than contracts entered into in A-REIT's ordinary course of business, for the period commencing on 20 November 2002 (being the date immediately after A-REIT was listed on the SGX-ST) and ending on the Latest Practicable Date save for:

- (i) the loan and security documents entered into by the Trustee in connection with the borrowings described in paragraph (i) above;
- (ii) the placement agreement dated 18 February 2004 entered into between Citigroup, DBS Bank Ltd, J.P. Morgan (S.E.A.) Limited and the Manager, in connection with an issue of 160,500,000 Units in March 2004;
- (vi) the placement agreement dated 15 June 2004 entered into between Citigroup and the Manager in connection with an issue of 82,142,857 Units in June 2004;
- (vii) the placement agreement dated 18 November 2004 entered into between DBS Bank Ltd, Macquarie Securities (Singapore) Pte. Ltd. and the Manager in connection with an issue of 179,292,903 Units in December 2004; and
- (vi) the Placement Agreement.

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- (p) **the last available audited consolidated balance-sheet of the Fund;**
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The last audited balance sheet of A-REIT is set out in **Appendix 6** of this Offer Information Statement.

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- (q) **a table or statement indicating:**
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- (i) **the consolidated net tangible asset ("NTA") per unit of the Fund as of the date on which the last audited balance sheet was made up; and**

The NTA per Unit at 31 March 2004 (being the date on which the last audited balance sheet of A-REIT was made up) was S\$0.98.

- (ii) **the effect of the Placement on the NTA per unit.**

On the assumption that the Placement is undertaken to partly finance the Acquisitions, the pro forma financial effects of the proposed issue of the New Units on

the NTA per Unit as at 31 March 2004, as if A-REIT had purchased the Properties on 1 April 2003, and held and operated them through to 31 March 2004, are as follows:

|                              | Before the Placement <sup>(1)</sup> | Completion of the Placement                       |   |
|------------------------------|-------------------------------------|---|---|
|                              |                                     | Assuming an Issue Price of S\$1.83 <sup>(2)</sup> | Assuming an Issue Price of S\$1.88 <sup>(3)</sup> |
| <b>NAV (S\$'000)</b>         | 1,196,264                           | 1,398,364   | 1,398,364   |
| <b>Units on issue ('000)</b> | 1,050,637                           | 1,162,659   | 1,159,680   |
| <b>NTA per Unit (S\$)</b>    | 1.14                                | 1.203   | 1.206   |

Notes:

- (1) Based on A-REIT's balance sheet as at 31 March 2004 (being the date on which A-REIT's last audited balance sheet was made up) and adjusted to include A-REIT's distribution in respect of the period from 1 October 2003 to 31 March 2004, which was paid on 26 April 2004, and A-REIT's acquisitions of 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, Volex Building and Steel Industries Building (based on their respective purchase prices, including their respective costs of acquisition).
- (2) At an Issue Price of S\$1.83, 112,021,858 New Units will be issued under the Placement.
- (3) At an Issue Price of S\$1.88, 109,042,553 New Units will be issued under the Placement.

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(r) **particulars of all other material information relating to the units being offered and not disclosed pursuant to sub-paragraphs (a) to (q).**

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Save as disclosed in this Offer Information Statement, including the Appendices to this Offer Information Statement, the Manager is not aware of any other material facts relating to the Placement.

Dated 21 February 2005

-SGD-

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Tan Ser Ping  
Chief Executive Officer

-SGD-

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Chong Siak Ching  
Director

## GLOSSARY

In this Offer Information Statement, the following definitions apply throughout unless otherwise stated:

|                            |   |   |
|----------------------------|---|---|
| <b>A-REIT</b>              | : | Ascendas Real Estate Investment Trust   |
| <b>Acquisitions</b>        | : | The proposed acquisitions of the Properties by A-REIT   |
| <b>Ascendas</b>            | : | Ascendas Land (Singapore) Pte Ltd   |
| <b>Authority</b>           | : | Monetary Authority of Singapore   |
| <b>Base Fee</b>            | : | The base component of the Management Fees, being 0.5% per annum of the value of the Deposited Property  |
| <b>CDP</b>                 | : | The Central Depository (Pte) Limited  |
| <b>Citigroup</b>           | : | Citigroup Global Markets Singapore Pte. Ltd.  |
| <b>CTE</b>                 | : | Central Expressway  |
| <b>Deposited Property</b>  | : | The gross assets of A-REIT, including all its authorised investments held or deemed to be held upon the trusts under the Trust Deed   |
| <b>Directors</b>           | : | The directors of the Manager  |
| <b>Existing Properties</b> | : | The Alpha, The Aries, The Capricorn, The Gemini, Techplace I, Techplace II, Techlink, Honeywell Building, OSIM HQ Building, Ghim Li Building, Ultro Building, Changi Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building, TT International Tradepark, Nan Wah Building, Progen Building, 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 and Volex Building |
| <b>Existing Units</b>      | : | The 1,050,637,379 Units on issue as at the Latest Practicable Date  |
| <b>FY</b>                  | : | Financial year  |
| <b>GDP</b>                 | : | Gross domestic product  |
| <b>Gearing</b>             | : | The ratio of A-REIT's borrowings to the value of its Deposited Property   |
| <b>Issue Date</b>          | : | The date of issue of the New Units  |
| <b>Issue Price</b>         | : | The issue price of each New Unit to be issued under   |

|                                  |   |
|----------------------------------|---|
|                                  | the Placement   |
| <b>JTC</b>                       | : JTC Corporation   |
| <b>Latest Practicable Date</b>   | : 31 January 2005, being the latest practicable date prior to the lodgment of this Offer Information Statement                              |
| <b>Management Fees</b>           | : The Manager's management fees as provided for in the Trust Deed, comprising the Base Fee and the Performance Fee                          |
| <b>Manager</b>                   | : Ascendas-MGM Funds Management Limited, as manager of A-REIT   |
| <b>Market Day</b>                | : A day on which the SGX-ST is open for trading in securities   |
| <b>MRT</b>                       | : Mass Rapid Transit  |
| <b>MTI</b>                       | : Ministry of Trade and Industry  |
| <b>New Units</b>                 | : The new Units to be issued by A-REIT under the Placement  |
| <b>NTA</b>                       | : Net tangible assets   |
| <b>Performance Fee</b>           | : The performance component of the Management Fees, as set out in Clause 15.12 of the Trust Deed  |
| <b>PIE</b>                       | : Pan Island Expressway   |
| <b>Placement</b>                 | : The proposed placement of up to 112,021,858 New Units by the Underwriters to institutional and certain other investors at the Issue Price |
| <b>Placement Agreement</b>       | : The placement agreement dated 21 February 2005 entered into between the Underwriters and the Manager in connection with the Placement     |
| <b>Property Funds Guidelines</b> | : The Property Funds Guidelines in the Code on Collective Investment Schemes issued by the Authority  |
| <b>Properties</b>                | : Telepark, Kim Chuan Telecommunications Complex, KA Place, KA Centre and " <b>Property</b> " refers to any one of them                     |
| <b>Securities Account</b>        | : Securities account maintained by a Depositor with CDP   |
| <b>SGX-ST</b>                    | : Singapore Exchange Securities Trading Limited   |
| <b>SingTel</b>                   | : Singapore Telecommunications Limited  |
| <b>sqm</b>                       | : Square metre(s)   |

|  |   |
|--|---|
| <b>Substantial Unitholder</b>                | : A Unitholder with an interest in one or more Units constituting not less than 5.0% of all Units on issue                          |
| <b>Trust Deed</b>                            | : The trust deed constituting A-REIT dated 9 October 2002 entered into between the Trustee and the Manager (as amended)             |
| <b>Trustee</b>                               | : HSBC Institutional Trust Services (Singapore) Limited (formerly known as Bermuda Trust (Singapore) Limited), as trustee of A-REIT |
| <b>UBS</b>                                   | : UBS AG  |
| <b>Underwriters</b>                          | : Citigroup and UBS   |
| <b>Unit</b>                                  | : A unit representing an undivided interest in A-REIT   |
| <b>Unitholder</b>                            | : A Depositor whose Securities Account with CDP is credited with Units  |
| <b>Weighted Average Lease Term to Expiry</b> | : The weighted average lease term to expiry by gross rental income  |
| <b>S\$ and cents</b>                         | : Singapore dollars and cents   |
| <b>%</b>                                     | : Per centum or percentage  |

The term “Depositor” shall have the meaning ascribed to it 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, where applicable, include corporations.

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

Any reference in this Offer Information Statement 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 Offer Information Statement shall be a reference to Singapore time unless otherwise stated.

## RATIONALE FOR THE ACQUISITIONS

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

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

### 1. Increased Earnings and Distributions

The Manager believes that the Acquisitions will improve the earnings and distributions enjoyed by Unitholders because:

- (i) the Properties will be acquired at an attractive price relative to the cash flow they generate. Based on the Manager's projection, the Properties will generate a property yield (before acquisition costs) of approximately 7.46% for the financial year ending 31 March 2006; and
- (ii) the additional borrowings to be incurred to partly finance the Acquisitions will increase A-REIT's Gearing from 25.3% (as at the Latest Practicable Date) to approximately 28% upon the completion of the Acquisitions and this increase will enhance A-REIT's mix of equity and debt financing, thereby improving returns to Unitholders.

### 2. Competitive Strengths

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

- (i) **Strategic Locations:** The Properties are strategically located near densely populated areas and enjoy a high level of connectivity to the rest of Singapore due to their proximity to major transport arteries and public transportation hubs.
- (ii) **Strong Tenancy Profile:** The Properties are mainly occupied by tenants on relatively long leases with a Weighted Average Lease Term of Expiry of 16.9 years.
- (iii) **Quality Tenant Base:** Singapore Telecommunications Limited ("**SingTel**"), a leading pan-Asian telecommunications company and the largest listed company on the SGX-ST (by market capitalisation), is a major tenant of Telepark and the sole tenant of Kim Chuan Telecommunications Complex.

### 3. Enhanced Stability of Earnings and Distributions

The Properties' Weighted Average Lease Term to Expiry of 16.9 years will result in an increase in A-REIT's overall Weighted Average Lease Term to Expiry to 7.6 years as compared to a term of 6.0 years for the Existing Properties. The Manager believes that this improved lease expiry profile will help underpin the stability of A-REIT's earnings and distributions going forward

### 4. Enhanced Tenant Base

A-REIT enjoys a stable and diverse income stream because of its broad tenant base, which consists of more than 400 tenants. The Acquisitions are expected to benefit Unitholders

through the addition of quality tenants such as SingTel, a long-term tenant, thereby contributing to A-REIT's existing quality tenant base. At present, A-REIT's tenants include multi-national corporations such as Honeywell Pte Ltd, Siemens Pte Ltd and Infineon Technologies Asia Pacific Pte Ltd as well as companies listed on the SGX-ST such as OSIM International Ltd, Ultro Technologies Limited, TT International Limited, Venture Corporation Ltd, Freight Links Express Holdings Limited, Soilbuild Group Holdings Ltd, Progen Holdings Ltd, Autron Corporation Limited and RSH Limited and/or their subsidiaries.

The table below lists the top 10 tenants of A-REIT (in terms of contribution to gross rental income) after the Acquisitions.

| <b>Tenant</b>                              | <b>Percentage by Gross Rental Income</b> |
|--|--|
| Singapore Telecommunications Limited       | 11.8%                                    |
| C&P Holdings Pte Ltd                       | 11.0%                                    |
| TT International Limited                   | 3.6%                                     |
| Siemens Pte Ltd                            | 3.5%                                     |
| Infineon Technologies Asia Pacific Pte Ltd | 3.0%                                     |
| Honeywell Pte Ltd                          | 2.5%                                     |
| IDS Logistics Services Pte Ltd             | 2.3%                                     |
| Institute of High Performance Computing    | 2.3%                                     |
| Group Exklusiv Pte Ltd                     | 2.2%                                     |
| RSH Limited                                | 1.9%                                     |
| <b>Total</b>                               | <b>44.1%</b>                             |

## 5. Capital Management

The Acquisitions are proposed to be funded from the net proceeds of the Placement together with additional borrowings as A-REIT intends to take advantage of the cheaper cost of debt funding to enhance returns to Unitholders. Following the completion of the Placement and the Acquisitions, A-REIT's Gearing is expected to increase from 25.3% (as at the Latest Practicable Date) to approximately 28%, which is still below the maximum gearing level of 35% permitted under the Property Funds Guidelines.

## 6. Growth

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

The rent escalation provision in the leases at the relevant Properties is set out in **Appendix 2** of this Offer Information Statement.

## 7. Increased Market Capitalisation

Following the successful completion of the Placement and the Acquisitions, the market capitalisation of A-REIT is expected to increase to (i) approximately S\$2,127.7 million, based on a market price of S\$1.83 per Unit (being the bottom of the issue price range) or (ii) approximately S\$2,180.2 million, based on a market price of S\$1.88 per Unit (being the top of



the issue price range), given the total number of Units that would then be on issue. Unitholders are therefore also expected to benefit from the anticipated increase in the trading liquidity of the Units.

**8. Economies of Scale**

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

See **Appendix 2** of this Offer Information Statement for more information on the Properties.

## INFORMATION ON THE PROPERTIES

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

### 1. Telepark

Telepark is located at 5 Tampines Central 6 in a suburban business district in the east of Singapore. It is within walking distance to Tampines Mass Rapid Transit (“MRT”) station and is readily accessible via Pan Island Expressway (“PIE”) and East Coast Parkway.

The property comprises an eight-storey office building with a basement car park of 207 car park lots and a small portion of retail space. There are six passenger lifts and a goods lift with a capacity of five tonnes.

The total net lettable area is 24,252 sqm on a land area of 11,001 sqm.

### 2. Kim Chuan Telecommunications Complex

Kim Chuan Telecommunications Complex is located a short distance from Aljunied MRT Station and is easily accessible by PIE. It is also situated in close proximity to the MRT station along Upper Paya Lebar Road, which is currently under construction, and is expected to be completed in 2007.

The property comprises a 10-storey office building with 194 car park lots, five passenger lifts and a goods lift with a capacity of three tonnes.

The total net lettable area is 25,129 sqm on a land area of 17,048 sqm.

### 3. KA Place

KA Place is located at 159 Kampong Ampat in the east of Singapore and is accessible by PIE and Central Expressway (“CTE”).

The property comprises a seven-storey hi-tech industrial building with 42 car park lots, four parking lots for lorries, two passenger lifts and two goods lifts, each with a capacity of four tonnes.

The total net lettable area is 6,946 sqm on a land area of 3,817 sqm.

### 4. KA Centre

KA Centre is located at 150 Kampong Ampat in the east of Singapore and is accessible by PIE and CTE.

The property comprises a seven-storey hi-tech industrial building, two passenger lifts and two goods lifts, each with a capacity of four tonnes. It has 172 car park lots and 12 parking lots for lorries.

The total net lettable area is 13,509 sqm on a land area of 7,630 sqm.

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

| Name of Property                     | Appraised Value (\$ million) | Weighted Average Lease Term to Expiry (years) | Property Yield Before Costs FY 2006 (%) | Rent Escalation   | Net Lettable Area (sqm) | Lease Tenure   | Major Tenants  | Asset Class        | Land Lease Expiry |
|--------------------------------------|------------------------------|---|---|---|-------------------------|--|--|--------------------|-------------------|
| Telepark                             | 186.0                        | 18.2  | 7.53 <sup>(1)</sup>                     | Stepped rental increases annually with reviews at the beginning of year 8 and year 15 | 24,252                  | 20 years   | SingTel  | Business Park      | 2091              |
| Kim Chuan Telecommunications Complex | 100.0                        | 20.0  | 7.69                                    | Stepped rental increases annually with reviews at the beginning of year 8 and year 15 | 25,129                  | 20 years with an option to renew for a further 10 years  | SingTel  | Hi-Tech Industrial | 2091              |
| KA Place                             | 11.1                         | 0.9   | 7.92                                    | Not applicable as KA Place is a multi-tenanted property                               | 6,946                   | Not applicable as KA Place is a multi-tenanted property  | Roots Communications Pte Ltd, Groz – Beckert Singapore Pte Ltd                     | Hi-Tech Industrial | 2058              |
| KA Centre                            | 19.5                         | 1.0   | 5.32                                    | Not applicable as KA Centre is a multi-tenanted property                              | 13,509                  | Not applicable as KA Centre is a multi-tenanted property | Speedline Technologies Asia Pte Ltd, Comstor Pte Ltd, Pulse Electronic (S) Pte Ltd | Hi-Tech Industrial | 2058              |
| <b>Total/Average</b>                 | <b>316.6</b>                 | <b>16.9</b>                                   | <b>7.46</b>                             |   | <b>69,836</b>           |  |  |                    |                   |

Note:

- (1) The property yield of Telepark for the financial year ending 2006 is based on a property value of S\$178.4 million, being Telepark's purchase price of S\$186.0 million less the deferred settlement component of S\$7.6 million.

### NAMES AND ADDRESSES OF THE DIRECTORS

The names and addresses of the Directors are as follows:

| <b>Name</b>   | <b>Address</b>   |
|---|--|
| Mr Lew Syn Pau<br>(Chairman)                            | 20 Leonie Hill<br>#02-26 Block B<br>Leonie Tower<br>Singapore 239222       |
| Mr David Clarke<br>(Deputy Chairman)                    | Unit 5<br>13-15 Sutherland Crescent<br>Darling Point NSW 2027<br>Australia |
| Ms Chong Siak Ching                                     | 1 Matlock Rise<br>Singapore 358561   |
| Mr Gregory Goodman                                      | 5 Bradleys Road<br>Mosman NSW 2088<br>Australia                            |
| Mr Swee Kee Siong                                       | 1 Capricorn Drive<br>Singapore 579555                                      |
| Mr David Wong Cheong Fook<br>(Independent Director)     | 14 Joan Road<br>Singapore 298892   |
| Mr Benedict Kwek Gim Song<br>(Independent Director)     | 30 Mount Elizabeth #06-34<br>Singapore 228519                              |
| Mr Thai Chee Ken<br>(Independent Director)              | 118 Coronation Road West<br>Singapore 269342                               |
| Mr James T Hodgkinson<br>(Alternate to Mr David Clarke) | 17 Middle Head Road<br>Mosman NSW 2088<br>Australia                        |

**APPENDIX 4****NUMBER OF UNITS OWNED BY EACH SUBSTANTIAL UNITHOLDER**

Based on the Register of Substantial Unitholders maintained by the Manager, the Substantial Unitholders and their respective interests (direct and deemed) in the Units as at the Latest Practicable Date are as follows:

| <b>Substantial Unitholder</b>     | <b>Direct interest</b> | <b>Percentage of issued and outstanding Units</b> | <b>Deemed interest</b> | <b>Percentage of issued and outstanding Units</b> |
|-----------------------------------|------------------------|---|------------------------|---|
| Ascendas Land (Singapore) Pte Ltd | 231,559,613            | 22.1%   | -                      | -   |
| Ascendas Pte Ltd                  | -                      | -   | 237,173,986            | 22.6%   |
| MGM Singapore Pte. Ltd.           | 75,895,696             | 7.2%  | -                      | -   |
| The Capital Group Companies, Inc. | 75,668,100             | 7.2%  | -                      | -   |

APPENDIX 5

PRICE RANGE OF THE UNITS AND TRADING VOLUME ON THE SGX-ST

The table below sets forth with regard to the periods indicated (commencing on 20 November 2002, being the day immediately after A-REIT was listed on the SGX-ST, to the Latest Practicable Date) the highest and lowest closing prices of the Units and the total volume traded.

| Month  | Price Range (S\$ per Unit) |        | Volume Traded |
|--|----------------------------|--------|---------------|
|  | Highest                    | Lowest |               |
| November 2002  | 0.925                      | 0.895  | 63,600,000    |
| December 2002  | 0.89                       | 0.85   | 15,881,000    |
| January 2003   | 0.865                      | 0.79   | 10,966,000    |
| February 2003  | 0.84                       | 0.82   | 7,159,000     |
| March 2003   | 0.835                      | 0.81   | 6,474,000     |
| April 2003   | 0.86                       | 0.815  | 4,597,000     |
| May 2003   | 0.85                       | 0.815  | 8,932,000     |
| June 2003  | 0.95                       | 0.83   | 50,990,000    |
| July 2003  | 1.01                       | 0.94   | 39,109,000    |
| August 2003  | 1.00                       | 0.96   | 15,612,000    |
| September 2003   | 1.05                       | 0.965  | 34,763,000    |
| October 2003   | 1.06                       | 1.01   | 31,888,000    |
| November 2003  | 1.05                       | 1.00   | 7,301,000     |
| December 2003  | 1.15                       | 1.03   | 10,373,000    |
| January 2004   | 1.23                       | 1.16   | 8,907,000     |
| February 2004  | 1.23                       | 1.18   | 29,344,000    |
| March 2004   | 1.29                       | 1.21   | 34,198,000    |
| April 2004   | 1.39                       | 1.27   | 22,540,000    |
| May 2004   | 1.44                       | 1.33   | 54,753,000    |
| June 2004  | 1.50                       | 1.42   | 33,593,000    |
| July 2004  | 1.52                       | 1.44   | 22,601,000    |
| August 2004  | 1.50                       | 1.42   | 16,181,000    |
| September 2004   | 1.57                       | 1.52   | 16,729,000    |
| October 2004   | 1.62                       | 1.54   | 17,641,000    |
| November 2004  | 1.82                       | 1.55   | 39,929,000    |
| December 2004  | 1.74                       | 1.67   | 49,340,000    |
| January 2005<br>(including the Latest<br>Practicable Date) | 1.97                       | 1.69   | 30,484,000    |

Source: Bloomberg

## LAST AUDITED BALANCE SHEET OF A-REIT

**Balance Sheet as at 31 March 2004**

|   | <b>S\$'000</b>   |
|---|------------------|
| <b>Non-current assets</b>               |                  |
| Investment properties                   | <u>996,431</u>   |
| <b>Current assets</b>                   |                  |
| Trade and other receivables             | 20,343           |
| Cash and cash equivalents               | <u>3,938</u>     |
|   | <u>24,281</u>    |
| <b>Current liabilities</b>              |                  |
| Trade and other payables                | <u>(39,212)</u>  |
| <b>Net current (liabilities)/assets</b> | <u>(14,931)</u>  |
| <b>Non-current liabilities</b>          |                  |
| Other payables                          | (26,050)         |
| Interest-bearing borrowings             | <u>(263,800)</u> |
|   | <u>(289,850)</u> |
| <b>Net assets</b>                       | <u>691,650</u>   |
| Represented by:                         |                  |
| Unitholders' funds                      |                  |
| Issued equity                           | 666,691          |
| Issue costs                             | (22,850)         |
| Revaluation reserves                    | 30,188           |
| Accumulated profits                     | <u>17,621</u>    |
| Total Unitholders' funds                | <u>691,650</u>   |
| <b>Units on issue ('000)</b>            | <u>707,207</u>   |
| <b>Net asset value per Unit</b>         | <u>S\$0.98</u>   |