

## **CIRCULAR DATED 19 JANUARY 2004**

### **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

Singapore Exchange Securities Trading Limited ("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 Proposed Issue and the Equity Fund Raising (both as defined herein) and for the listing and quotation of the 160,500,000 New 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 the Proposed Issue, the Equity Fund Raising or the Acquisitions (as defined herein).

If you have sold or transferred all your units in Ascendas Real Estate Investment Trust ("A-REIT"), 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.



#### **ASCENDAS REAL ESTATE INVESTMENT TRUST**

*(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 ISSUE OF 160,500,000 NEW UNITS AND A CONSEQUENTIAL ADJUSTMENT TO THE DISTRIBUTION PERIOD OF A-REIT;
- (2) THE APPROVAL OF A PLACEMENT OF UP TO 15,416,452 NEW UNITS TO ASCENDAS LAND (SINGAPORE) PTE LTD, A SUBSTANTIAL UNITHOLDER (AS DEFINED HEREIN);
- (3) THE APPROVAL OF A PLACEMENT OF UP TO 6,353,229 NEW UNITS TO MGM SINGAPORE PTE. LTD., A SUBSTANTIAL UNITHOLDER; AND
- (4) THE APPROVAL OF A PLACEMENT OF NEW UNITS TO THE OTHER SUBSTANTIAL UNITHOLDERS AS AT THE LATEST PRACTICABLE DATE (AS DEFINED HEREIN).

#### **JOINT LEAD MANAGERS AND UNDERWRITERS FOR THE EQUITY FUND RAISING**



#### **IMPORTANT DATES AND TIMES**

Last date and time for lodgment of Proxy Form : 8 February 2004 at 10.00 a.m.  
Date and time of Extraordinary General Meeting : 10 February 2004 at 10.00 a.m.  
Place of Extraordinary General Meeting : The Auditorium, 2 Shenton Way, SGX Centre 1  
#02-00 Podium Level, Singapore 068804

*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 35 to 41 of this Circular.*

## **OVERVIEW**

Ascendas-MGM Funds Management Limited (the "Manager") has identified Changi International Logistics Centre, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building and TT International Tradepark as being suitable for acquisition by A-REIT, at an aggregate purchase price of S\$285.4 million. The aggregate appraised value of the Properties, as determined by the Independent Valuers, is S\$285.6 million. The total acquisition costs of the Properties (excluding the estimated fees and expenses to be incurred by A-REIT in respect of the Equity Fund Raising) are estimated to be S\$298.3 million.

## **BENEFITS TO UNITHOLDERS**

The Manager believes that the Acquisitions will offer Unitholders the following benefits:

### **1. INCREASED EARNINGS AND DISTRIBUTIONS**

Assuming the successful completion of the Acquisitions by 31 March 2004, A-REIT's forecast distribution per Unit for the financial year ending 31 March 2005 is 8.79 cents per Unit\* which is an increase of 7.33% over the forecast distribution of 8.19 cents per Unit based on the Existing Properties.

### **2. ENHANCED STABILITY OF INCOME AND DISTRIBUTIONS**

The Acquisitions will extend the weighted average lease term to expiry of A-REIT's portfolio to 4.6 years from the current term of 2.9 years based on the Existing Properties. The Manager believes this improvement in the lease expiry profile of A-REIT will enhance the stability of A-REIT's income and distributions going forward.

### **3. COMPETITIVE STRENGTHS**

The Properties offer competitive strengths in the form of strategic locations in Singapore, strong tenancy profiles and a quality tenant base.

### **4. IMPROVED INCOME DIVERSIFICATION**

The Acquisitions will reduce A-REIT's reliance on any one particular property, such that no single asset will account for more than 13.1% of total net property income as compared to 18.6% based on the Existing Properties.

### **5. ENHANCED TENANT BASE**

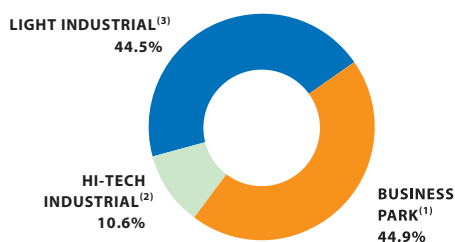
The Acquisitions are expected to further diversify A-REIT's income by tenant and increase the number of long-term tenants in A-REIT's properties. A-REIT enjoys a diverse income stream because of its broad tenant base which, after the Acquisitions, will consist of more than 350 tenants. The strength of A-REIT's tenant base and further income diversification will be enhanced by the addition of tenants such as IDS Logistics Services Pte. Ltd., Siemens Pte Ltd, T.T. International Tradepark Pte Ltd (a wholly-owned subsidiary of T.T. International Limited) and Zuellig Pharma Pte Ltd to A-REIT's core of blue chip tenants that include Honeywell Pte Ltd, OSIM International Ltd, Ultron Technologies Limited and Venture Corporation Ltd.

\* Based on the assumptions set out in this Circular.

## 6. ASSET CLASS DIVERSIFICATION

The Acquisitions will introduce a new asset class, “Distribution and Logistics Centres”, which further diversifies and enhances A-REIT’s portfolio by broadening A-REIT’s ability to offer space to other industry sectors.

### ASSET CLASS DIVERSIFICATION BY VALUE – EXISTING PROPERTIES

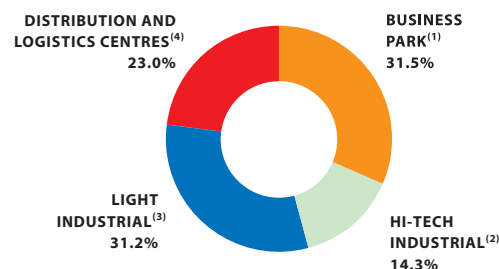


(1) The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building and Ulro Building.

(2) Techlink Building and Siemens Center.

(3) Techplace I, Techplace II, OSIM HQ Building and Ghim Li Building.

### ASSET CLASS DIVERSIFICATION BY VALUE – A-REIT’S ENLARGED PORTFOLIO



(1) The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building and Ulro Building.

(2) Techlink Building and Siemens Center.

(3) Techplace I, Techplace II, OSIM HQ Building and Ghim Li Building.

(4) CILC, IDS Logistics Corporate Headquarters, Trivec Building and TT International Tradepark

## 7. GROWTH

The Acquisitions provide for growth through contractual stepped rental increases which, combined with the Manager’s ability to continue to improve cash flows as leases expires, underpin future growth in earnings and distributions for Unitholders.

## 8. CAPITAL MANAGEMENT

An optimal mix of debt and equity financing will be employed to result in a conservative Gearing level that allows for future expansion. This strategy ensures that A-REIT has the capacity to acquire additional properties when the opportunities arise.

## 9. INCREASED MARKET CAPITALISATION

Following the successful completion of the Proposed Issue and the Acquisitions, the market capitalisation of A-REIT is expected to increase to approximately S\$841.6 million given the 707,207,175 Units that would then be in issue (based on the market price of the Units as at the Latest Practicable Date).

## 10. ECONOMIES OF SCALE

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

## PREFERENTIAL 3-FOR-20 OFFERING TO EXISTING UNITHOLDERS

A preferential offering of 82,006,076 New Units to the Singapore Registered Unitholders on a non-renounceable basis of three New Units for every twenty of the Existing Units held as at the Books Closure Date (fractions of a Unit to be disregarded) at the Issue Price.

## NOTICE OF BOOKS CLOSURE DATE

Notice is hereby given that, subject to the approvals sought at the EGM being obtained, the Books Closure Date (on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the provisional allocation of Singapore Registered Unitholders under the Preferential Offering and the Unitholders who are entitled to the Advance Distribution) will be Monday, 16 February 2004 at 5.00 p.m. This date is three Market Days after the Units commence trading ex-entitlements to provisional allocations under the Preferential Offering on Thursday, 12 February 2004 at 9.00 a.m.

PROPERTY	VALUATION (\$M)	PURCHASE PRICE (\$M)	NET LETTABLE AREA AS AT 31 DECEMBER 2003 (SQM)	NET PROPERTY INCOME (\$M)	PROPERTY <sup>(1)</sup> YIELD (%)
Changi International Logistics Centre	45.6 <sup>(4)</sup>	45.6	39,787	3.9	8.6
IDS Logistics Corporate Headquarters	50.0 <sup>(5)</sup>	50.0	21,883	4.1	8.2
Siemens Center	66.0 <sup>(6)</sup>	65.8	28,377	4.4	8.3 <sup>(2)</sup>
Trivec Building	32.0 <sup>(4)</sup>	32.0	22,817	2.7	8.4
TT International Tradepark	92.0 <sup>(7)</sup>	92.0	44,835	6.5	7.9 <sup>(3)</sup>
<b>TOTAL</b>	<b>285.6</b>	<b>285.4</b>	<b>157,699</b>	<b>21.6</b>	<b>8.2</b>

<sup>(1)</sup> Property yield before costs. See pages 10 and 11 of this Circular for more details.

<sup>(2)</sup> The property yield for Siemens Center is based on a property value of S\$53.50 million, being its acquisition price of S\$65.75 million excluding the deferred settlement component of an aggregate of S\$12.25 million.

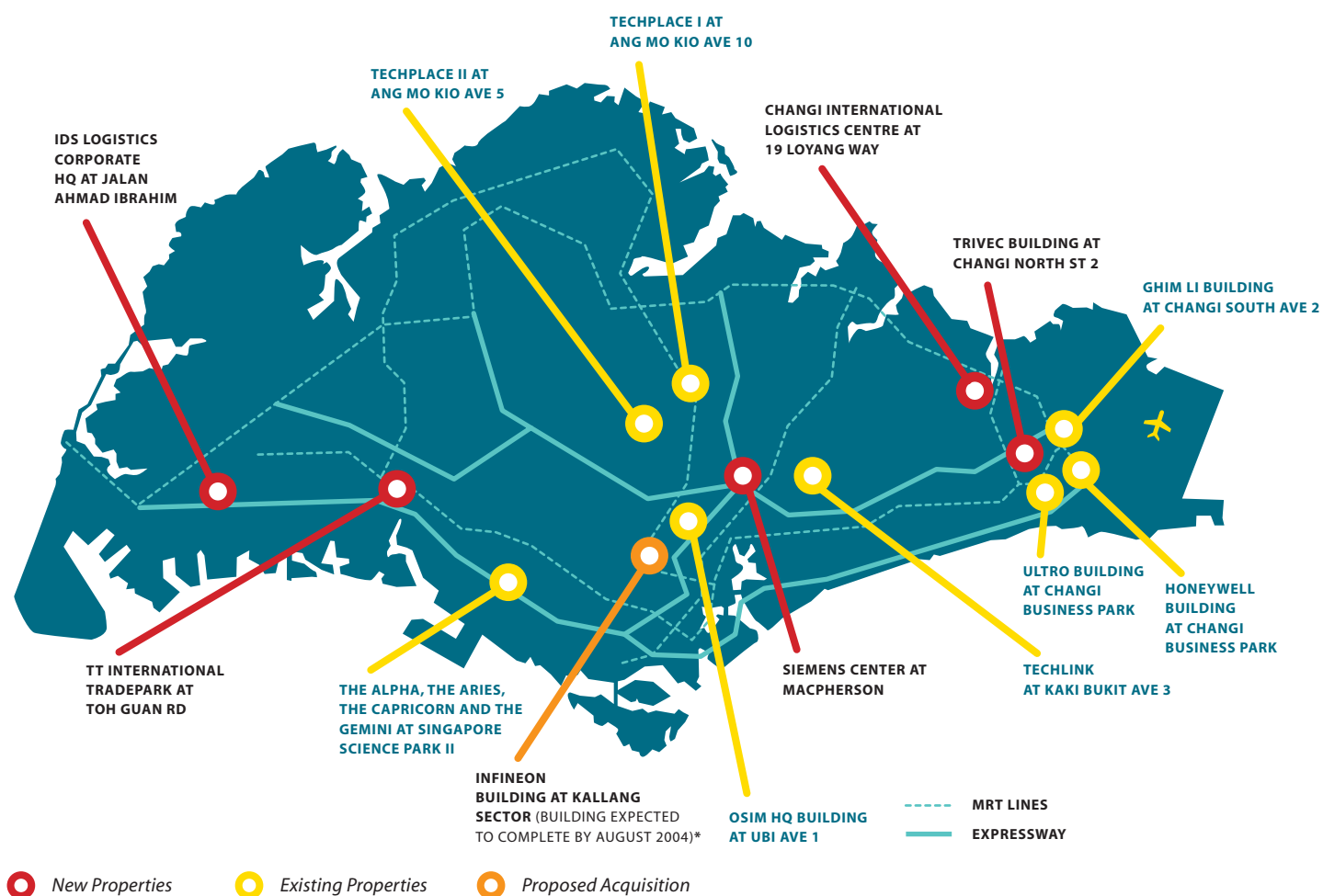
<sup>(3)</sup> The property yield for TT International Tradepark is based on a property value of S\$83.2 million, being its acquisition price of S\$92.0 million excluding the deferred settlement component of S\$8.8 million.

<sup>(4)</sup> As at 1 December 2003.

<sup>(5)</sup> As at 1 November 2003.

<sup>(6)</sup> As at 10 December 2003.

<sup>(7)</sup> As at 14 November 2003.



\* A-REIT has an option to acquire the Infineon Building

## CHANGI INTERNATIONAL LOGISTICS CENTRE



19 Loyang Way

### *Description*

A multi-tenanted distribution facility with a four-storey office building and a two-storey warehouse in the front block and a eight-storey office building and a four-storey warehouse in the rear block.

### *Net lettable area*

39,787 sqm

### *Title*

Leasehold of 30 years commencing 16 October 1990, with an option to renew for a further 30 years.

### *Average occupancy<sup>(1)</sup>*

81%

### *Major tenant*

Zuellig Pharma Pte Ltd

## IDS LOGISTICS CORPORATE HEADQUARTERS



279 Jalan Ahmad Ibrahim

### *Description*

A four-storey logistics centre with an ancillary office building, and a single-storey rack clad building which incorporates an automated storage and retrieval system.

### *Net lettable area*

21,883 sqm

### *Title*

Leasehold of 30 years commencing 1 September 1998, with an option to renew for a further 28 years.

### *Average occupancy<sup>(1)</sup>*

100%

### *Major tenant*

IDS Logistics Services Pte. Ltd.

<sup>(1)</sup> For the month ended 31 December 2003.

## SIEMENS CENTER

## TRIVEC BUILDING

## TT INTERNATIONAL TRADEPARK



60 MacPherson Road

### *Description*

An industrial office/research facility comprising a total of three buildings, two towers of 15 storeys and eight storeys respectively as well as a two-storey annex building with amenities.

### *Net lettable area*

28,377 sqm

### *Title*

Leasehold of 30 years commencing 16 December 2001, with an option to renew for a further 30 years (subject to confirmation by JTC on the further term).

### *Average occupancy<sup>(1)</sup>*

82%

### *Major tenant*

Siemens Pte Ltd

No. 3 Changi North Street 2

### *Description*

A part three-storey and part four-storey multi-tenanted industrial cum logistics building.

### *Net lettable area*

22,817 sqm

### *Title*

Leasehold of 60 years commencing 16 November 1996.

### *Average occupancy<sup>(1)</sup>*

100%

### *Major tenants*

Trivec Singapore Pte Ltd  
3Com Asia Pacific Rim Pte Ltd

10 Toh Guan Road

### *Description*

A 10-storey office building and a six-storey warehouse with an automated storage and retrieval system.

### *Net lettable area*

44,835 sqm

### *Title*

Leasehold of 30 years commencing 16 October 1995, with an option to renew for a further 30 years.

### *Average occupancy<sup>(1)</sup>*

100%

### *Major tenant*

T.T. International Tradepark Limited  
(a subsidiary of TT International Limited)


## IMPORTANT DATES FOR UNITHOLDERS

### EVENT

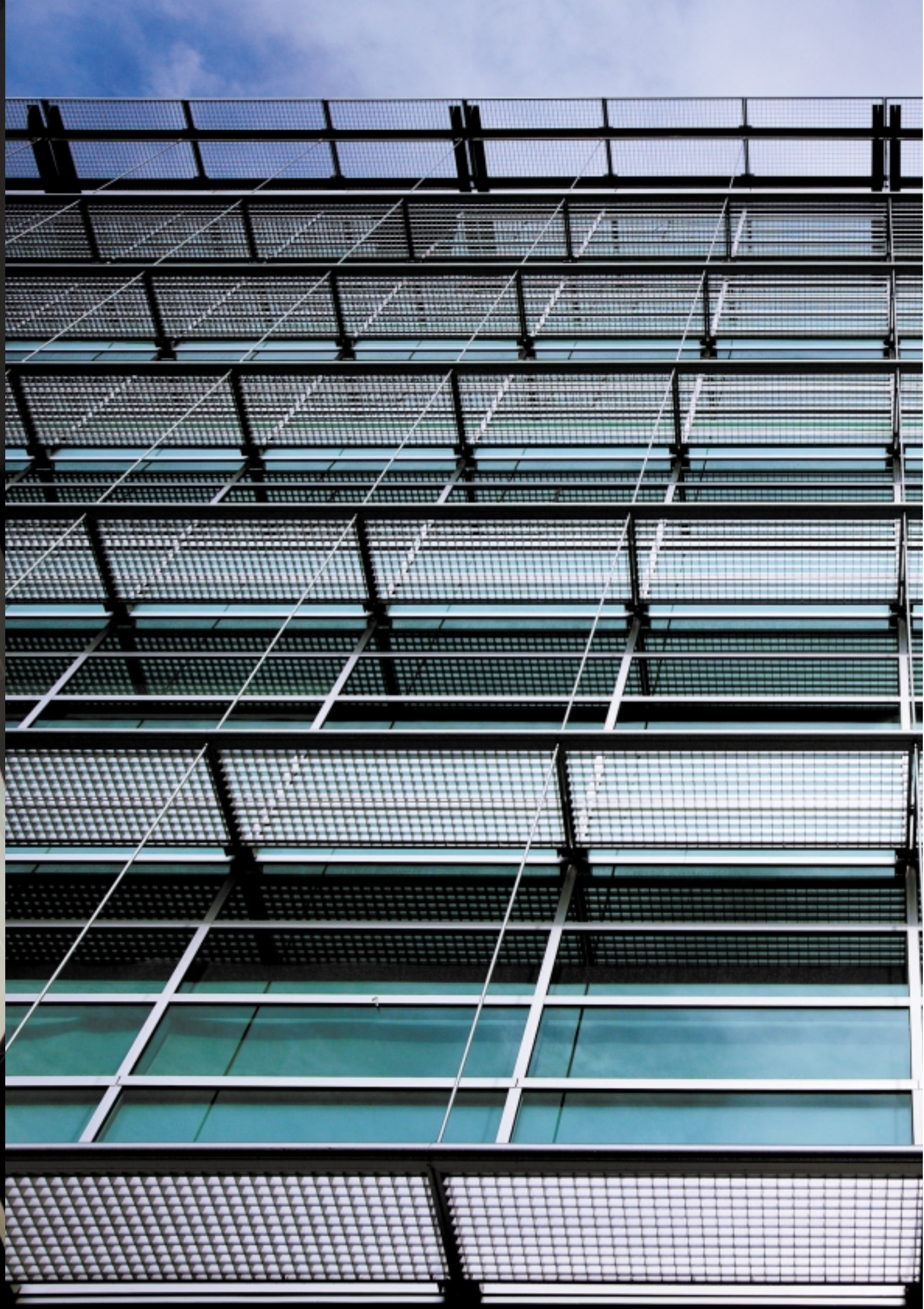
Last date and time for lodgement of Proxy Forms  
Date and time of Extraordinary General Meeting

### DATE AND TIME

: 8 February 2004 10.00 a.m.  
: 10 February 2004 10.00 a.m.



SIEMENS





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## CORPORATE INFORMATION

<b>Directors of Ascendas-MGM Funds Management Limited (the Manager of Ascendas Real Estate Investment Trust)</b>	:	Mr Lew Syn Pau (Chairman) Mr David Clarke (Deputy Chairman) Ms Chong Siak Ching Mr Gregory Goodman Mr Swee Kee Siong Mr David Wong Cheong Fook (Independent Director) Mr Benedict Kwek Gim Song (Independent Director) Mr Thai Chee Ken (Independent Director) Mr James T Hodgkinson (Alternate Director to Mr David Clarke)
<b>Registered Office of Ascendas-MGM Funds Management Limited</b>	:	75 Science Park Drive #01-03 CINTECH II Singapore Science Park I Singapore 118255
<b>Trustee of Ascendas Real Estate Investment Trust</b>	:	Bermuda Trust (Singapore) Limited 20 Raffles Place #13-01/05 Ocean Towers Singapore 048620
<b>Joint Lead Managers and Underwriters</b>	:	Citigroup Global Markets Singapore Pte. Ltd. 1 Temasek Avenue #39-02 Millenia Tower Singapore 039192  DBS Bank Ltd 6 Shenton Way DBS Building Tower One Singapore 068809  J.P. Morgan (S.E.A.) Limited 168 Robinson Road 17th Floor Capital Tower Singapore 068912
<b>Legal Adviser for the Acquisitions and the Equity Fund Raising, and to the Manager</b>	:	Allen & Gledhill 36 Robinson Road #18-01 City House Singapore 068877
<b>Legal Advisor to the Trustee of Ascendas Real Estate Investment Trust</b>	:	Shook Lin & Bok 1 Robinson Road #18-00 AIA Tower Singapore 048542
<b>Unit Registrar and Unit Transfer Office</b>	:	Lim Associates (Pte) Ltd 10 Collyer Quay #19-08 Ocean Building Singapore 049315

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

**Expert for the Review of Profit  
Forecast Assumptions** : KPMG Corporate Finance Pte Ltd  
16 Raffles Quay  
#22-00 Hong Leong Building  
Singapore 048581

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

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

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

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## KEY HIGHLIGHTS OF THE ACQUISITIONS, 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 35 to 41 of this Circular.*

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

### OVERVIEW OF THE ACQUISITIONS

Ascendas-MGM Funds Management Limited, the manager of A-REIT (the “**Manager**”), is continually identifying properties that provide attractive cash flows and yields to acquire in executing its strategy of seeking to capitalise on opportunities in the Singapore business space and light industrial property sectors. The Manager has identified:

- Changi International Logistics Centre (“**CILC**”);
- IDS Logistics Corporate Headquarters;
- Siemens Center;
- Trivec Building; and
- TT International Tradepark,

(collectively, the “**Properties**”) as being suitable for acquisition by A-REIT at an aggregate purchase price of S\$285.4 million (the “**Acquisitions**”). The aggregate appraised value of the Properties, as determined by the Independent Valuers, is S\$285.6 million. The total acquisition costs of the Properties (excluding the estimated fees and expenses to be incurred by A-REIT in respect of the Equity Fund Raising (as defined below)) are estimated to be S\$298.3 million. (See paragraph 2.5 of the Letter to Unitholders for further details.)

The total estimated acquisition costs are expected to be financed partly by additional borrowings of up to S\$132.0 million and partly by the issue of 160,500,000 New Units (the “**Proposed Issue**”) for placement by Citigroup Global Markets Singapore Pte. Ltd. (“**Citigroup**”), DBS Bank Ltd (“**DBS Bank**”) and J.P. Morgan (S.E.A.) Limited (“**JPMorgan**”, and together with Citigroup and DBS Bank, the “**Joint Lead Managers and Underwriters**”) to existing A-REIT unitholders (“**Unitholders**”) and new investors (the “**Equity Fund Raising**”) at a price to be determined between the Manager and the Joint Lead Managers and Underwriters closer to the date of commencement of the Equity Fund Raising (the “**Issue Price**”). (See paragraphs 2.6 and 3 in the Letter to Unitholders for further details.)

The proceeds of the Equity Fund Raising may be used, at the Manager’s absolute discretion, to partly finance the 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 Acquisitions, the Equity Fund Raising is not subject to or conditional upon completion of the Acquisitions.

The Manager’s analysis of the Acquisitions and the Proposed Issue demonstrates that Unitholders stand to enjoy several key benefits (see below). On this basis, the Manager recommends that Unitholders vote to approve the requisite resolutions to allow the Proposed Issue to take place in order that funds can be raised for the completion of the Acquisitions.

## **BENEFITS TO UNITHOLDERS**

The Manager believes that the Acquisitions will offer Unitholders, *inter alia*, the following benefits (see paragraph 2.7 of the Letter to Unitholders for further details):

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

The Manager believes that Unitholders will enjoy higher earnings and distributions as a result of the Acquisitions. Assuming the successful completion of the Acquisitions by 31 March 2004, A-REIT's forecast distribution per Unit ("DPU") for the financial year ending 31 March 2005 is 8.79 cents per Unit, which is an increase of 7.33% over the forecast distribution of 8.19 cents per Unit based on the Existing Properties. The increase in forecast DPU results from:

- the acquisition of the Properties at an attractive price relative to the cash flows that they generate; and
- the improvement of A-REIT's capital structure through enhancing its mix of equity and debt financing.

### ***Enhanced Stability of Income and Distributions***

The Acquisitions will extend the weighted average lease term to expiry of A-REIT's portfolio to 4.6 years from the current term of 2.9 years based on the Existing Properties. The Manager believes this improvement in the lease expiry profile of A-REIT will enhance the stability of A-REIT's income and distributions going forward.

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

The Manager believes the Properties offer competitive strengths in the form of strategic locations in Singapore, strong tenancy profiles and a quality tenant base.

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

The Acquisitions will reduce A-REIT's reliance on any one particular property in its portfolio such that no single property will account for more than 13.1% of A-REIT's total net property income (as compared to 18.6% based on the current portfolio comprising the Existing Properties).

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

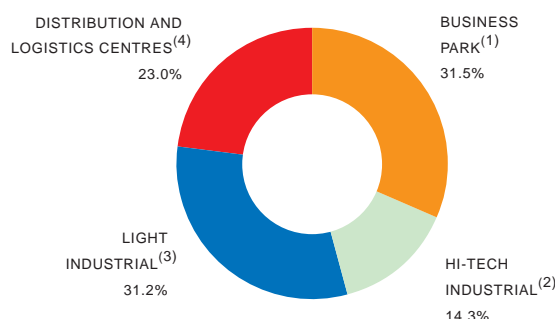
The Acquisitions are expected to benefit Unitholders through further diversification of A-REIT's income by tenant and an increase in the number of long-term tenants in A-REIT's properties. A-REIT enjoys a diverse income stream because of its broad tenant base which, after the Acquisitions, will consist of more than 350 tenants. The Acquisitions will strengthen A-REIT's tenant base and further enhance its income diversification through the addition of tenants such as IDS Logistics Services Pte. Ltd., Siemens Pte Ltd, T.T. International Tradepark Pte Ltd (a wholly-owned subsidiary of TT International Limited) and Zuellig Pharma Pte Ltd. These new tenants also add to A-REIT's core of blue chip tenants that already include multi-national corporations such as Honeywell Pte Ltd as well as leading companies listed on the SGX-ST such as OSIM International Ltd, Ultron Technologies Limited and Venture Corporation Ltd.

Following completion of the Acquisitions, A-REIT's top 10 tenants in terms of gross rental income will make up 38.5% of the portfolio income with the majority on long-term leases compared with 28.6% before the Acquisitions.

### **Asset Class Diversification**

The Acquisitions will introduce a new asset class, “Distribution and Logistics Centres”, to A-REIT’s portfolio. The additional asset class further diversifies and enhances A-REIT’s portfolio by broadening A-REIT’s ability to offer space to other industry sectors.

#### **Asset Class Diversification by Value — A-REIT’s Enlarged Portfolio**



Notes:

- (1) The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building and Ultro Building.
- (2) Techlink Building and Siemens Center.
- (3) Techplace I, Techplace II, OSIM HQ Building and Ghim Li Building.
- (4) CILC, IDS Logistics Corporate Headquarters, Trivec Building and TT International Tradepark.

### **Growth**

The Acquisitions provide for growth through contractual stepped rental increases incorporated into the long-term leases at IDS Logistics Corporate Headquarters, Siemens Center and TT International Tradepark. 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.

### **Capital Management**

The Acquisitions are proposed to be funded through an optimal mix of debt and equity financing that will result in a conservative Gearing level that allows for future expansion. The Manager believes this strategy ensures that A-REIT has the capacity to acquire additional properties when the opportunities arise.

### **Increased Market Capitalisation**

Following the successful completion of the Proposed Issue and the Acquisitions, the market capitalisation of A-REIT is expected to increase to approximately S\$841.6 million given the 707,207,175 Units that would then be in issue (based on the market price of the Units as at the Latest Practicable Date). Unitholders are therefore expected to benefit from the anticipated increase in trading liquidity.

### ***Economies of Scale***

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

### **SUMMARY OF APPROVALS SOUGHT**

Given the benefits which Unitholders stand to gain as a result of the Acquisitions, the Manager recommends that Unitholders vote to approve at the Extraordinary General Meeting ("**EGM**") to be held at 10.00 a.m. on 10 February 2004 at The Auditorium, #02-00 Podium Level, 2 Shenton Way, SGX Centre 1, Singapore 068804 for the following (see paragraphs 1 and 5 of the Letter to Unitholders for further details):

- that A-REIT issues 160,500,000 New Units for the Proposed Issue; and
- that the Joint Lead Managers and Underwriters be granted the discretion to place, as part of the Equity Fund Raising, up to 15,416,452 New Units to Ascendas Land (Singapore) Pte Ltd ("**Ascendas**"), 6,353,229 New Units to MGM Singapore Pte. Ltd. ("**MGM Singapore**") and 11,388,864 New Units to the other Substantial Unitholders as at the Latest Practicable Date, namely, The Capital Group of Companies, Inc. ("**Capital Group**") and Prudential Asset Management (Singapore) Limited ("**Prudential**").

The Manager is of the view that the 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 their present percentage unitholdings in A-REIT since other Unitholders may also apply for additional Units under the Offering. Substantial Unitholders provide a degree of stability to A-REIT as an investment vehicle given the size of their unitholdings.

Ascendas, MGM Singapore and the Manager, who collectively hold 153,332,175 Units as at the Latest Practicable Date (representing 28.1% of the Existing Units), have undertaken to the Trustee (as trustee of A-REIT) and (in the case of Ascendas and MGM Singapore) the Manager to vote in favour of the proposal for the Proposed Issue and the proposal to allow a placement of New Units to Capital Group and Prudential.

The following table sets out the unitholdings of each of the identified Substantial Unitholders in the event that the relevant approvals are obtained at the EGM and each of the identified Substantial Unitholders subscribes for its provisional allocation of New Units under the Preferential Offering as well as the maximum number of New Units it would be permitted to subscribe for under the Private Placement:

	<b>Unitholdings as at the Latest Practicable Date</b>		<b>Unitholdings Assuming Subscriptions under the Preferential Offering Only<sup>(1)</sup></b>		<b>Unitholdings Assuming Subscriptions under Both the Preferential Offering and the Private Placement<sup>(2)</sup></b>	
Ascendas	107,375,000	19.64%	123,481,250	17.64%	138,897,702	19.64%
MGM Singapore	44,250,000	8.09%	50,887,500	7.20%	57,240,729	8.09%
Capital Group	40,860,000	7.47%	46,989,000	6.64%	52,857,507	7.47%
Prudential	38,463,000	7.04%	44,232,450	6.25%	49,754,806	7.04%

Notes:

(1) Assuming each of the identified Substantial Unitholders subscribes for its provisional allocation of New Units under the Preferential Offering.

(2) Assuming each of the identified Substantial Unitholders subscribes for its provisional allocation of New Units under the Preferential Offering and the maximum number of New Units it would be permitted to subscribe for under the Private Placement.



## INDICATIVE TIMETABLE

<u>Event</u>	<u>Date and Time</u>
Last date and time for lodgement of Proxy Forms	: 8 February 2004 at 10.00 a.m.
Date and time of EGM	: 10 February 2004 at 10.00 a.m.
<b><i>If the approvals sought at the EGM are obtained:</i></b>	
Last day of trading on a “cum” basis in respect of the Preferential Offering and the Advance Distribution	: 11 February 2004
Commence trading on an “ex” basis in respect of the Preferential Offering and the Advance Distribution	: 12 February 2004
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 and the Unitholders entitled to the Advance Distribution	: 16 February 2004
Commencement of the Equity Fund Raising	: 19 February 2004
Close of the ATM Offering	: 24 February 2004
Close of Preferential Offering	: 26 February 2004
Issue and commencement of trading of the New Units	: 5 March 2004
Completion of the Acquisitions	: Between March 2004 and April 2004
Date of payment of the Advance Distribution	: On or about 26 April 2004

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

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

## **Registered Office**

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

19 January 2004

To: The Unitholders of Ascendas Real Estate Investment Trust

Dear Sir/Madam

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

### **1.1 The Proposed Issue of New Units**

The Manager proposes to issue 160,500,000 New Units for placement by the Joint Lead Managers and Underwriters by way of the Equity Fund Raising. The 160,500,000 New Units comprised in the Proposed Issue will be placed by the Joint Lead Managers and Underwriters at the Issue Price. Based on the weighted average price of the Existing Units on the SGX-ST for 30 days prior to and including 19 December 2003 of S\$1.07 per Unit, the estimated gross proceeds of the Proposed Issue is expected to be S\$171.7 million and the estimated net proceeds is expected to be S\$166.5 million<sup>1</sup>. The actual quantum of gross proceeds that will be raised from the Proposed Issue will depend on the actual Issue Price to be determined by the Manager and the Joint Lead Managers and Underwriters closer to the date of the commencement of the Equity Fund Raising. An announcement will be made as and when the net proceeds of the Proposed Issue are applied towards partly financing the Acquisition.

The Trust Deed provides that the prior approval of Unitholders by Extraordinary Resolution is required for an issue of new Units if the number of such Units exceeds 20.0% of the outstanding Units prior to the issue. As the 160,500,000 New Units to be comprised in the Proposed Issue constitute approximately 29.4% of the Units currently in issue, the Manager is seeking the approval of Unitholders by Extraordinary Resolution for the Proposed Issue. Any subsequent issue of new Units after the Proposed Issue within the current financial year ending 31 March 2004 need not be approved by Unitholders if the number of Units comprised in such issue does not exceed 20.0% of the outstanding Units prior to the issue and the value of the Units comprised in such issue does not exceed 10.0% of the value of A-REIT's Deposited Property.

Approval in-principle has been obtained from the SGX-ST for the Proposed Issue and the Equity Fund Raising, and for the listing and quotation of the 160,500,000 New Units on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not an indication of the merits of the Proposed Issue, the Equity Fund Raising or the Acquisitions.

The Equity Fund Raising will comprise:

- 1.1.1** a preferential offering of 82,006,076 New Units to the Singapore Registered Unitholders on a non-renounceable basis of three New Units for every twenty of the Existing Units held as at the Books Closure Date (fractions of a Unit to be disregarded) at the Issue Price (the "**Preferential Offering**"); and

<sup>1</sup> Being the estimated gross proceeds less the estimated costs and expenses of the Equity Fund Raising of S\$5.2 million (see paragraph 3.4 below for further details).

- 1.1.2** an offering of 78,493,924 New Units (the “**Offering**”), at the Issue Price, by way of:
- (i) an offering of 16,050,000 New Units to retail investors in Singapore through the ATMs of the Participating Banks (the “**ATM Offering**”); and
  - (ii) a placement by the Joint Lead Managers and Underwriters of 62,443,924 New Units to retail and institutional investors (the “**Private Placement**”).

The proceeds of the Equity Fund Raising may be used, at the Manager’s absolute discretion, to partly finance the 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 Acquisitions, the Equity Fund Raising is not subject to or conditional upon the completion of any of the Acquisitions.

In conjunction with the Proposed Issue, the Manager intends to declare a distribution of A-REIT’s distributable income for the period from 1 October 2003 to the day immediately prior to the issue of the New Units<sup>2</sup> (the “**Advance Distribution**”). The purpose of this distribution is to ensure that A-REIT’s distributable income derived from investments acquired before the New Units are issued, is only distributed in respect of the Existing Units prior to the Proposed Issue. The next distribution following the Advance Distribution will comprise A-REIT’s distributable income for the period from the day the New Units are issued to 30 September 2004 and is expected to be paid in November 2004.

(See paragraph 3 below for further details about the Proposed Issue of New Units, the Equity Fund Raising and the Advance Distribution.)

## **1.2 Placement to Substantial Unitholders**

To facilitate the Equity Fund Raising, the Manager is also seeking the approval of Unitholders for the placement of New Units under the Private Placement portion of the Equity Fund Raising to the Substantial Unitholders as at the Latest Practicable Date, namely, Ascendas, MGM Singapore, Capital Group and Prudential. In the event that the Joint Lead Managers and Underwriters decide to place New Units to one or more of these Substantial Unitholders under the Private Placement, the number of New Units placed to the relevant Substantial Unitholders will be no more than what would be required to maintain their proportionate unitholdings at their pre-placement levels (in percentage terms) as at the Latest Practicable Date.

Unitholders’ approval for such placements is required as Rule 812(1) of the Listing Manual otherwise prohibits a placement of Units to Substantial Unitholders. The Trust Deed also requires that a placement of new Units to Ascendas (being a related party of the Manager) must be approved by way of Extraordinary Resolution of Unitholders. Each of Ascendas, MGM Singapore, Capital Group and Prudential is barred from voting on the resolutions to approve such a placement of New Units to itself. Also, the Associates (as defined in the Listing Manual) of each of these Substantial Unitholders, which in the case of Ascendas and MGM Singapore include the Manager, are prohibited from voting on the resolution to permit the placement of New Units under the Private Placement to the Substantial Unitholder whom they are Associates of. In addition, Ascendas and its related parties, and the directors and immediate family members of directors of such corporations are also barred from voting on the resolutions to approve the placement of New Units under the Private Placement to Ascendas.

As Ascendas owned 107,375,000 Units as at the Latest Practicable Date (comprising approximately 19.64% of the Existing Units), it is regarded as a controlling Unitholder of A-REIT. A placement of New Units to Ascendas (as a controlling Unitholder) would constitute an interested person transaction under Chapter 9 of the SGX-ST’s Listing Manual. If New Units are placed to Ascendas in such numbers as to maintain its unitholdings at the current level of 19.64%, there is a possibility (depending on the actual Issue Price) that the value of New Units placed to Ascendas will exceed 5.0% of the value of A-REIT’s latest audited net tangible assets. In such circumstances, Rule 906 of the Listing Manual also requires Unitholders’ approval for placement of New Units to Ascendas.

(See paragraph 4 below for further details about the placement of New Units to the identified Substantial Unitholders.)

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<sup>2</sup> The New Units are currently expected to be issued on 5 March 2004.

### 1.3 Extraordinary General Meeting

The Manager proposes to convene an EGM, to be held at 10.00 a.m. on Tuesday, 10 February 2004 at The Auditorium, #02-00 Podium Level, 2 Shenton Way, SGX Centre 1, Singapore 068804, to seek Unitholders' approval for the matters set out in paragraphs 1.1–1.2 above. The purpose of this Circular is to provide Unitholders with relevant information about each of these matters. Approval by way of an ordinary resolution of Unitholders is required in respect of the placement of New Units to MGM Singapore, Capital Group and Prudential and, in respect of the Proposed Issue and placement of New Units to Ascendas, approval by way of an Extraordinary Resolution is required.

The Notice of EGM, which is contained on pages 79 and 80 of this Circular, sets out the resolutions proposed to be passed at the EGM.

**Unitholders should note that each of the resolutions relating to the placement of New Units to the identified Substantial Unitholders is subject to and contingent upon the resolution relating to the Proposed Issue.**

## 2. THE PROPOSED ACQUISITIONS

### 2.1 Background

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

- CILC;
- IDS Logistics Corporate Headquarters;
- Siemens Center;
- Trivec Building; and
- TT International Tradepark.

Following negotiations between the Manager and the Vendors, the Trustee (as trustee of A-REIT), upon the Manager's recommendations, entered into the Option Agreements with the Vendors (and, in the case of Siemens Center, also with Cobalt Asset Management Ltd) for the sale and purchase of the Properties.

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

- 2.1.1 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
- 2.1.2 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.

### 2.2 Information about the Properties

#### 2.2.1 Description of the Properties

- (i) **CILC:** CILC is owned by Changi International Logistics Centre Ltd and is a multi-tenanted distribution facility with a gross floor area of 51,747 sqm and a net lettable area of 39,787 sqm. Constructed in two stages between the mid and late-1990s, the front block of the building incorporates a four-storey office facility and a two-storey warehouse while the rear block incorporates an eight-storey office facility and a four-storey warehouse. The building also possesses 32 loading bays, six cargo lifts, 80 car park lots and 56 lorry lots.

CILC is geared towards meeting the total needs of users of logistics services, such as consolidation/deconsolidation of freight, storage, inventory control, procurement, delivery, distribution and freight forwarding.

- (ii) **IDS Logistics Corporate Headquarters:** IDS Logistics Corporate Headquarters is owned and fully occupied by IDS Logistics Services Pte. Ltd. It comprises a four-storey logistics centre with an ancillary office building and a single-storey rack clad building which incorporates an Automated Storage and Retrieval System (“ASRS”). The net lettable area of IDS Logistics Corporate Headquarters is 21,883 sqm situated on a land area of 32,647 sqm.

The building will be leased back to IDS Logistics Services Pte. Ltd. for a period of 10 years following its acquisition by A-REIT.

- (iii) **Siemens Center:** Siemens Center is an industrial office/research facility comprising a total of three buildings: two towers of 15 storeys and eight storeys respectively as well as a two-storey annex building with amenities. The net lettable area of Siemens Center is 28,377 sqm situated on a land area of 17,386 sqm (subject to survey). There are 244 car park lots located in the basement. The main building is serviced by five passenger lifts and the ancillary building is serviced by two passenger lifts.

Siemens Pte Ltd occupies 82.0% or 23,233 sqm of the total net lettable area in Siemens Center and is the anchor tenant. The lease under which Siemens Pte Ltd occupies its premises within the building expires on 30 June 2018.

- (iv) **Trivec Building:** Trivec Building is owned by Trivec Singapore Pte Ltd and is a part three-/part four-storey industrial cum logistics building with a net lettable area of 22,817 sqm situated on a land area of 30,239 sqm (subject to survey). The building is fully supported by a central air-conditioning system and has an air-conditioned cafeteria, four cargo lifts, two passenger lifts, 18 loading bays as well as 101 car park lots.

Trivec Singapore Pte Ltd will lease back approximately 22,112 sqm of Trivec Building (constituting approximately 96.9% of the Property by lettable area) for two years upon A-REIT’s acquisition of the Property and 3Com Asia Pacific Rim Pte Ltd, an existing tenant, will lease the remainder of the Property. The area to be leased by Trivec Singapore Pte Ltd is currently occupied by third party tenants who will, following the acquisition of the Property by A-REIT, continue to occupy their premises as sub-tenants of Trivec Singapore Pte Ltd. The Manager intends to work closely with Trivec Singapore Pte Ltd to renew the leases with the sub-tenants.

There is potential to increase the gross floor area of Trivec Building as its existing plot ratio of 1.03 is below the allowable plot ratio of 1.60 for the Property. As part of the acquisition of Trivec Building, A-REIT has entered into an asset enhancement agreement dated 15 December 2003 with Trivec Singapore Pte Ltd under which Trivec Singapore Pte Ltd will construct approximately a minimum gross floor area of 58,584 square feet by way of additions and alterations to the existing Trivec Building and provide an income guarantee in respect of such additional area of S\$55,000 per month for 24 months. Trivec Singapore Pte Ltd will be responsible for all construction work and securing a tenant(s) for the additional space. A-REIT will be liable to pay S\$4.85 million (to be funded by debt) for the asset enhancement works at Trivec Building. Based on the income guarantee of S\$55,000 per month, the asset enhancements are expected to generate a net property yield of 8.4% in the first year after completion of the construction works.

- (v) **TT International Tradepark:** TT International Tradepark is owned by T.T. International Tradepark Pte Ltd and comprises a six-storey conventional warehouse which is partially air-conditioned and a fully air-conditioned circular 10-storey glass tower used as office space. The warehouse has an adjoining 30-metre high ASRS and provides approximately 14,500 pallet slots for storage purposes. The net lettable area of TT International Tradepark is 44,835 sqm situated on a land area of 20,444 sqm.

Completed in 1998, TT International Tradepark is designed to be a “One-stop Tradelogistics Centre” incorporating warehousing, logistics and freight forwarding services.

The building will be leased to T.T. International Tradepark Pte Ltd for a period of 10 years following its acquisition by A-REIT.

Further details about the Properties are set out in **Appendix 2** of this Circular.

## 2.2.2 Major Tenants

The table below sets out the major tenants of each of the Properties:

<b>Property</b>	<b>Major Tenants</b>
CILC	Zuellig Pharma Pte Ltd
IDS Logistics Corporate Headquarters	IDS Logistics Services Pte. Ltd.
Siemens Center	Siemens Pte Ltd
Trivec Building	3Com Asia Pacific Rim Pte Ltd and Trivec Singapore Pte Ltd
TT International Tradepark	T.T. International Tradepark Pte Ltd

## 2.2.3 Certain Financial Information Relating to the Properties

The following table sets out a summary of selected estimated financial information in relation to each of the Properties in the first year of ownership:

	<b>Gross Revenue</b>	<b>Property Operating Expenses</b>	<b>Net Property Income</b>	<b>Property Yield<sup>(1)</sup></b>
	<b>(S\$ million)</b>	<b>(S\$ million)</b>	<b>(S\$ million)</b>	<b>(%)</b>
CILC	6.5	2.6	3.9	8.6
IDS Logistics Corporate Headquarters	4.2	0.1	4.1	8.2
Siemens Center <sup>(2)</sup>	9.1	4.7	4.4	8.3
Trivec Building	4.9	2.2	2.7	8.4
TT International Tradepark <sup>(3)</sup>	6.6	0.1	6.5	7.9
<b>Total</b>	<b>31.3</b>	<b>9.7</b>	<b>21.6</b>	<b>8.2</b>

Notes:

- (1) Property yield is calculated based on the net property income over the property value of the property. For the Properties, the property yield is based on the respective purchase price of each of the Properties (excluding the estimated acquisition costs of the Properties, expenses to be incurred by A-REIT in respect of the Equity Fund Raising and, in the case of Siemens Center and TT International Tradepark, the deferred settlement components of their respective purchase prices).
- (2) The property yield for Siemens Center is based on a property value of S\$53.50 million, being its acquisition price of S\$65.75 million excluding the deferred settlement component of an aggregate of S\$12.25 million (see sub-paragraph 2.4.3(ii) below for more details regarding the deferred settlement component). Under the provisions of the Siemens Lease, the rent payable by Siemens Pte Ltd increases prior to A-REIT's payment of the deferred settlement component.

- (3) The property yield for TT International Tradepark is based on a property value of S\$83.2 million, being its acquisition price of S\$92.0 million excluding the deferred settlement component of S\$8.8 million (see sub-paragraph 2.4.5(ii) below for more details regarding the deferred settlement component). The rent payable by T.T. International Tradepark Pte Ltd under the lease agreement which it will enter into with A-REIT upon A-REIT's acquisition of TT International Tradepark increases contemporaneously with A-REIT's payment of the deferred settlement component.

The detailed forecast income statement for the Properties and the assumptions for the forecast information included in the above table are set out in **Appendix 3** of this Circular. The forecast has been reviewed by KPMG and KPMG Corporate Finance Pte Ltd and should be read together with their reports contained in **Appendices 4** and **5** of this Circular.

## 2.2.4 Asset Values

The following table sets out, in respect of each of the Properties:

- (i) the open market value as reflected in the Summary Valuation Reports issued by the Independent Valuers; and
- (ii) the estimated acquisition costs.

Property	Open Market Value/ Appraised Value	Purchase Price	Estimated Acquisition Costs
	(S\$ million)	(S\$ million)	(S\$ million)
CILC	45.6	45.6	2.3
IDS Logistics Corporate Headquarters	50.0	50.0	2.2
Siemens Center	66.0	65.8	3.0
Trivec Building	32.0	32.0	1.6
TT International Tradepark	92.0	92.0	3.8
<b>Total</b>	<b>285.6</b>	<b>285.4</b>	<b>12.9</b>

## 2.3 Certain Terms of the Option Agreements

Certain principal terms of each of the Option Agreements are set out below:

### 2.3.1 CILC Option Agreement

Under the CILC Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option and Changi International Logistics Centre Ltd's right to exercise its put option, in both cases to require the other party to enter into the CILC Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following conditions:

- (i) A-REIT securing sufficient financing to undertake the acquisition of CILC; and
- (ii) the Trustee obtaining the approval of Jurong Town Corporation ("**JTC**") for the sale of CILC by Changi International Logistics Centre Ltd to the Trustee (as trustee of A-REIT).

### 2.3.2 IDS Option Agreement

Under the IDS Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option and the right of IDS Logistics Services Pte. Ltd. to exercise its put option, in both cases to require the other party to enter into the IDS Purchase Agreement, are conditional upon:

- (i) the Trustee obtaining the approval of JTC for the sale of the IDS Logistics Corporate Headquarters by IDS Logistics Services Pte. Ltd. to the Trustee (as trustee of A-REIT) and the lease of the Property by A-REIT to IDS Logistics Services Pte. Ltd. upon completion of the sale and purchase of the Property; and

- (ii) IDS Logistics Services Pte. Ltd. obtaining from JTC the lease or the agreement for lease (as the case may be) of IDS Logistics Corporate Headquarters for a leasehold term of 30 years commencing from 1 September 1998 (with an option to renew for a further term of 28 years commencing from the expiry of the initial term), duly executed by JTC and IDS Logistics Services Pte. Ltd. and duly stamped, at the cost and expense of IDS Logistics Services Pte. Ltd.

### 2.3.3 Siemens Option Agreement

Under the Siemens Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option to require M+W Zander (S) Pte Ltd to enter into, and M+W Zander (S) Pte Ltd to procure that Cobalt Asset Management Ltd enters into, the Siemens Purchase Agreement with the Trustee, and M+W Zander (S) Pte Ltd's right to exercise its put option to require that the Trustee enters into the Siemens Purchase Agreement with M+W Zander (S) Pte Ltd and Cobalt Asset Management Ltd, are conditional upon the fulfilment of, *inter alia*, the following conditions:

- (i) A-REIT securing sufficient financing to undertake the acquisition of Siemens Center;
- (ii) the Trustee obtaining the approval of JTC for the sale of Siemens Center by Cobalt Asset Management Ltd to the Trustee (as trustee of A-REIT);
- (iii) M+W Zander (S) Pte Ltd procuring the approval of the holders of the Cobalt Notes for the sale of Siemens Center;
- (iv) M+W Zander (S) Pte Ltd obtaining or procuring to obtain from JTC the agreement for lease of Siemens Center for a leasehold term of 30 years commencing from 16 December 2001 ("**Initial Term**"), or as the case may be, for the Initial Term which provides an option for a further term of 30 years (or such lesser term as adjusted in accordance with the building agreement dated 22 January 2003 made between Cobalt Asset Management Ltd and JTC relating to the Property) commencing from the expiry of the Initial Term, duly executed by JTC and Cobalt Asset Management Ltd and duly stamped at the cost and expense of M+W Zander (S) Pte Ltd;
- (v) M+W Zander (S) Pte Ltd procuring at its own cost and expense all relevant parties to execute the Siemens Lease and which shall be stamped by 31 March 2004, or such earlier or later date as the parties may mutually agree; and
- (vi) M+W Zander (S) Pte Ltd procuring at its own cost and expense written confirmation from Siemens Pte Ltd or Siemens AG by 31 March 2004, or such earlier or later date as the parties may mutually agree, that Siemens AG will execute the Siemens AG Guarantee in favour of the Trustee on completion of the sale and purchase of the Property.

If the condition referred to in (i) above is not satisfied by 31 March 2004, or such earlier or later date as the parties may agree to, the refundable option fee paid of S\$0.65 million shall be applied towards payment of a non-refundable extension fee of S\$0.65 million, and the period for exercise of the option by the Trustee or by M+W Zander (S) Pte Ltd under the Siemens Option Agreement shall be extended from 31 March 2004 to 30 June 2004 (the "**Extended Option Period**").

If within the Extended Option Period, the Trustee or M+W Zander (S) Pte Ltd exercises its option under the Siemens Option Agreement, the extension fee of S\$0.65 million shall be applied towards payment of the deposit of S\$0.65 million under the Siemens Purchase Agreement. If within the Extended Option Period, A-REIT or M+W Zander (S) Pte Ltd does not exercise its option under the Siemens Option Agreement, the extension fee of S\$0.65 million shall be retained by M+W Zander (S) Pte Ltd. M+W Zander (S) Pte Ltd will not be entitled to exercise its option under the Siemens Option Agreement during the Extended Option Period unless the Trustee confirms that the condition referred to in (i) above is either satisfied or waived.



### 2.3.4 Trivec Option Agreement

Under the Trivec Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option and Trivec Singapore Pte Ltd's right to exercise its put option, in both cases to require the other party to enter into the Trivec Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following conditions:

- (i) A-REIT securing sufficient financing to undertake the acquisition of Trivec Building;
- (ii) the Trustee obtaining the approval of JTC for the sale of Trivec Building by Trivec Singapore Pte Ltd to the Trustee (as trustee of A-REIT) and the lease for a lease term not exceeding two years of approximately 22,112 sqm of the Property (constituting approximately 96.9% of the Property by lettable area) by A-REIT to Trivec Singapore Pte Ltd upon completion of the sale and purchase of the Property; and
- (iii) Trivec Singapore Pte Ltd obtaining from JTC, at its own cost and expense, the lease or agreement for lease of Trivec Building for a leasehold term of 60 years commencing from 16 November 1996, duly executed by JTC and Trivec Singapore Pte Ltd, and which shall be duly stamped.

### 2.3.5 TT Option Agreement

Under the TT Option Agreement, the right of the Trustee (as trustee of A-REIT) to exercise its call option and T.T. International Tradepark Pte Ltd's right to exercise its put option, in both cases to require the other party to enter into the TT Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following conditions:

- (i) TT International Limited, a company listed on the SGX-ST and the holding company of T.T. International Tradepark Pte Ltd, obtaining the approval of its shareholders for the sale of TT International Tradepark (in a meeting to be held by 13 February 2004);
- (ii) A-REIT securing sufficient financing to undertake the acquisition of TT International Tradepark;
- (iii) the Trustee obtaining the approval of JTC for the sale of TT International Tradepark by T.T. International Tradepark Pte Ltd to the Trustee (as trustee of A-REIT) and the lease of the Property by A-REIT to T.T. International Tradepark Pte Ltd upon completion of the sale and purchase of the Property; and
- (iv) T.T. International Tradepark Pte Ltd obtaining from JTC, at its own cost and expense, an agreement for lease of TT International Tradepark for a leasehold term of 30 years commencing from 16 October 1995 (with an option to renew for a further term of 30 years commencing from the expiry of the initial term), duly executed by JTC and T.T. International Tradepark Pte Ltd, and which shall be duly stamped.

## 2.4 Certain Terms of the Purchase Agreements

Certain principal terms of each of the Purchase Agreements are set out below:

### 2.4.1 CILC Purchase Agreement

- (i) **Subject matter of purchase:** If the CILC Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the CILC Purchase Agreement with Changi International Logistics Centre Ltd, the Trustee will be required to purchase CILC.

- (ii) **Consideration:** The purchase price of CILC is S\$45.6 million, and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the valuation report of Colliers International Consultancy Valuation (Singapore) Pte Ltd dated 1 December 2003.

A refundable deposit of S\$0.43 million has already been paid by A-REIT and the balance of S\$45.17 million will be paid upon completion of the sale and purchase of the Property.

#### 2.4.2 IDS Purchase Agreement

- (i) **Subject matter of purchase:** If the IDS Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the IDS Purchase Agreement with IDS Logistics Services Pte. Ltd., the Trustee will be required to purchase IDS Logistics Corporate Headquarters.

- (ii) **Consideration:** The aggregate purchase price of IDS Logistics Corporate Headquarters and the ASRS therein is S\$50.0 million and shall be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the valuation report of Colliers International Consultancy Valuation (Singapore) Pte Ltd dated 1 November 2003.

A refundable deposit of S\$0.5 million has already been paid by A-REIT, and the balance of S\$49.5 million will be paid upon completion of the sale and purchase of the Property. The above consideration includes the S\$10.0 million purchase price of the ASRS.

Although the Manager currently contemplates that A-REIT will acquire IDS Logistics Corporate Headquarters partly with the proceeds of the Equity Fund Raising, the Manager reserves the right to acquire IDS Logistics Corporate Headquarters regardless of the outcome of the EGM and may choose to do so before 31 March 2004 by funding the purchase using debt.

#### 2.4.3 Siemens Purchase Agreement

- (i) **Subject matter of purchase:** If the Siemens Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the Siemens Purchase Agreement with M+W Zander (S) Pte Ltd and Cobalt Asset Management Ltd, the Trustee will be required to purchase Siemens Center.

- (ii) **Consideration:** The purchase price of Siemens Center is S\$65.75 million subject to adjustment as stated below, and shall be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the valuation report of Colliers International Consultancy & Valuation (Singapore) Pte Ltd dated 10 December 2003.

A refundable deposit of S\$0.65 million has already been paid by A-REIT. Upon completion of the sale and purchase of the Property, the Trustee will have to pay S\$52.85 million (or if there is any adjustment of purchase price, the sum equivalent to the purchase price less the deposit and the further instalments), with three further instalments of S\$4.25 million, S\$4.25 million and S\$3.75 million respectively payable upon the expiry of three, four and five years after the date of completion of the sale and purchase of the Property. Payment of the further instalments will be accelerated if, *inter alia*, the Trustee does not pay any further instalment within 21 days of written notice from M+W Zander (S) Pte Ltd that the Trustee is in default of its payment obligations in respect of that further instalment.

The purchase price of S\$65.75 million is based on a specified net rental rate payable by Siemens Pte Ltd under the Siemens Lease. If the net rental rate agreed between Cobalt Asset Management Ltd and Siemens Pte Ltd is lower than the specified rate, the purchase price of the Property will be reduced accordingly. If the net rental rate agreed between Cobalt Asset Management Ltd and Siemens Pte Ltd is higher than the specified rate, the purchase price of the Property will be increased accordingly in accordance with the terms of the Siemens Option Agreement.

The tenure for the further term for the lease of the Property has to be confirmed by JTC after completion of the sale and purchase of the Property. In the event that the further term of the Property is less than 30 years, there shall be an adjustment of the purchase price of the Property based on a specified mode of adjustment.

#### 2.4.4 Trivec Purchase Agreement

- (i) **Subject matter of purchase:** If the Trivec Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the Trivec Purchase Agreement with Trivec Singapore Pte Ltd, the Trustee will be required to purchase Trivec Building.
- (ii) **Consideration:** The purchase price of Trivec Building is S\$32.0 million, and shall be wholly satisfied in cash. This purchase price was arrived at on a willing-buyer and willing-seller basis, and is supported by the valuation report of Jones Lang LaSalle Property Consultants Pte Ltd dated 1 December 2003.

A refundable deposit of S\$0.32 million has already been paid by A-REIT and the balance of S\$31.68 million will be paid upon completion of the sale and purchase of the Property.

Although the Manager currently contemplates that A-REIT will acquire Trivec Building partly with the proceeds of the Equity Fund Raising, the Manager reserves the right to acquire Trivec Building regardless of the outcome of the EGM and may choose to do so before 31 March 2004 by funding the purchase using debt.

#### 2.4.5 TT Purchase Agreement

- (i) **Subject matter of purchase:** If the TT Option Agreement is exercised and the Trustee (as trustee of A-REIT) enters into the TT Purchase Agreement with T.T. International Tradepark Pte Ltd, the Trustee will be required to purchase TT International Tradepark.
- (ii) **Consideration:** The aggregate purchase price of TT International Tradepark and the ASRS therein is S\$92.0 million. This price was arrived at on a willing-buyer and willing-seller basis, and is supported by the valuation report of CB Richard Ellis (Pte) Ltd dated 14 November 2003.

A refundable deposit of S\$0.88 million has already been paid by A-REIT. Upon completion of the sale and purchase of the Property, the Trustee will have to pay S\$82.32 million, with the balance of S\$8.8 million payable on the third anniversary of the date of completion of the sale and purchase of the Property. The above consideration includes the S\$4.0 million purchase price of the ASRS.

### 2.5 Estimated Acquisition Costs

**2.5.1** The current estimated aggregate acquisition costs of the Properties are S\$298.3 million comprising:

- (i) the aggregate purchase price of the Properties amounting to S\$285.4 million;
- (ii) stamp duty of S\$8.5 million;
- (iii) the Acquisition Fee of S\$2.8 million (being 1.0% of the aggregate purchase price of the Properties under the relevant Purchase Agreements, payable to the Manager pursuant to the Trust Deed); and

- (iv) S\$1.6 million, estimated to be the professional and other fees and expenses incurred by A-REIT in connection with the Acquisitions.

## 2.6 Method of Financing

The Manager currently proposes to finance the Acquisitions through:

- 2.6.1** the Equity Fund Raising, comprising a placement of 160,500,000 New Units by the Joint Lead Managers and Underwriters at the Issue Price on an underwritten basis. Based on the weighted average price of the Existing Units on the SGX-ST for the 30 days prior to and including 19 December 2003 of S\$1.07, the estimated gross proceeds of the Equity Fund Raising is expected to be S\$171.7 million. **The actual quantum of gross proceeds that will be raised from the Equity Fund Raising will depend on the Issue Price that is to be determined between the Manager and the Joint Lead Managers and Underwriters closer to the date of commencement of the Equity Fund Raising.** In this regard, the Trust Deed provides that the Issue Price must not constitute more than a 5.0% discount to the weighted average price for trades done on the SGX-ST on the day the placement agreement relating to the Proposed Issue is signed. The weighted average price shall be calculated based on the trades done for a full market day or, if trading in the listed Units is not available for a full market day, the weighted average price shall be calculated based on the trades done on the preceding market day up to the time the placement agreement is signed (see paragraph 3 below for further details of the Equity Fund Raising); and
- 2.6.2** additional borrowings to be incurred by A-REIT<sup>3</sup>. The actual amount to be borrowed will represent the difference between (a) the acquisition costs of the Properties as well as the costs and expenses of the Equity Fund Raising and (b) the gross proceeds of the Equity Fund Raising.

A-REIT has a three-year S\$150.0 million unsecured credit facility (the “**First Facility**”) from Oversea-Chinese Banking Corporation Limited, comprising a S\$80.0 million transferable term loan facility, a S\$65.0 million revolving credit facility and a S\$5.0 million banker’s guarantee facility, of which S\$145.0 million has been drawn down (S\$80.0 million from the transferable term loan facility and S\$65.0 million from the revolving credit facility).

In contemplation of the Acquisitions, the Trustee (as trustee of A-REIT) has obtained an additional S\$300.0 million unsecured credit facility (the “**Second Facility**”) from Oversea-Chinese Banking Corporation Limited, comprising a S\$200.0 million term loan facility and a S\$100.0 million uncommitted revolving credit facility.

A-REIT currently intends to borrow up to an additional S\$132.0 million under the term loan facility in the Second Facility.

## 2.7 Rationale for the Acquisitions

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

### 2.7.1 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 flows they generate. Based on the Manager’s forecasts, the Properties will generate a property yield (before acquisition costs) of approximately 8.2%, which is higher than the consolidated property yield for the Existing Properties; and

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<sup>3</sup> The Code on Collective Investment Schemes issued by the MAS permits property funds such as A-REIT to incur borrowings of up to 35.0% of their deposited property. The Code on Collective Investment Schemes also provide 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 at least A (including any sub-categories or gradations therein) as rated by Fitch Inc., Moody’s or Standard and Poor’s, the property fund may borrow more than 35.0% of the fund’s deposited property.

- (ii) the additional borrowings to be incurred to partly finance the Acquisitions will facilitate the enhancement of A-REIT's mix of equity and debt financing by increasing the Gearing of A-REIT from 23.4% to approximately 27.0% (on completion of the Acquisitions) and thereby improving returns to Unitholders.

The Acquisitions are expected to be completed by 31 March 2004 and therefore will have no material impact on A-REIT's results for the financial year ending 31 March 2004. Including the Acquisitions, A-REIT's forecast DPU for the financial year ending 31 March 2005 is 8.79 cents, representing an increase of 7.33% over the forecast distribution of 8.19 cents per Unit for the Existing Properties.

With the above forecast distribution, the New Units will provide a yield to investors of 8.21% compared to the implied yield per Unit on the Existing Properties of 7.65% (based in each case on an indicative Issue Price of S\$1.07 per New Unit).

The following tables set out A-REIT's forecast DPU and indicative distribution yields for the financial year ending 31 March 2005. The forecast has been reviewed by KPMG and KPMG Corporate Finance Pte Ltd and should be read together with their reports contained in **Appendices 4** and **5** of this Circular as well as the assumptions and sensitivity analysis which accompany the detailed forecast income and distribution statements in **Appendix 3** of this Circular.

### Forecast DPU

	Year ending 31 March 2005		
	Existing Properties	After the Acquisitions but Without Increased Gearing <sup>(1)(2)</sup>	After the Acquisitions and With Increased Gearing <sup>(1)(3)</sup>
DPU (cents)	8.19	8.53	8.79
DPU improvement over Existing Properties	—	4.15%	7.33%

Notes:

- (1) Based on an indicative Issue Price of S\$1.07 per New Unit and the issue of 160,500,000 New Units in the Equity Fund Raising.
- (2) Assuming that the additional borrowings incurred by A-REIT to partly fund the Acquisitions do not alter A-REIT's existing Gearing of 23.4%.
- (3) Assuming that the additional borrowings incurred by A-REIT to partly fund the Acquisitions increases A-REIT's Gearing to 27.0% on completion of the Acquisitions and 27.3% as at 31 March 2005. The assumed increased Gearing of 27.0% is the ratio of total borrowings of S\$272.3 million to A-REIT's Deposited Property of S\$1,009.7 million as at 31 March 2004 (assuming the completion of the Acquisitions by this date).

The table below illustrates the increase in A-REIT's forecast DPU and Gearing levels following completion of the Acquisitions and the Proposed Issue of 160,500,000 New Units based on an illustrative Issue Price range of S\$1.05 to S\$1.25 per Unit for the New Units.

### Forecast DPU and Gearing of A-REIT

Issue Price of the New Units (for illustrative purposes)	Year ending 31 March 2005			
	DPU	Yield	DPU Improvement over Existing Properties <sup>(1)</sup>	Gearing
	(cents)	(%)	(%)	(%)
(S\$) 1.05	8.778	8.4	7.2	27.7
1.06	8.786	8.3	7.3	27.5
1.07	8.793	8.2	7.3	27.3
1.08	8.801	8.1	7.4	27.2
1.09	8.808	8.1	7.5	27.0
1.10	8.816	8.0	7.6	26.9
1.11	8.823	7.9	7.7	26.7
1.12	8.831	7.9	7.8	26.6
1.13	8.838	7.8	7.9	26.4
1.14	8.846	7.8	8.0	26.2
1.15	8.853	7.7	8.1	26.1
1.16	8.861	7.6	8.2	25.9
1.17	8.868	7.6	8.3	25.8
1.18	8.876	7.5	8.3	25.6
1.19	8.883	7.5	8.4	25.5
1.20	8.891	7.4	8.5	25.3
1.21	8.898	7.4	8.6	25.1
1.22	8.906	7.3	8.7	25.0
1.23	8.913	7.3	8.8	24.8
1.24	8.920	7.2	8.9	24.7
1.25	8.928	7.1	9.0	24.5

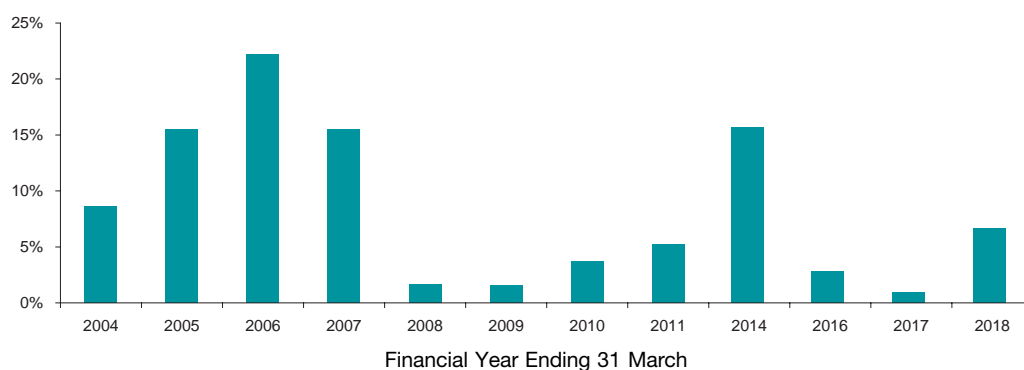
Note:

(1) Based on forecast DPU of 8.19 cents per Unit for the Existing Properties.

### 2.7.2 Enhanced Stability of Earnings and Distributions

The Properties' weighted average lease term to expiry of 8.1 years will result in an overall increase in A-REIT's overall weighted average lease term to expiry to 4.6 years, as compared to a term of 2.9 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.

### Weighted Average Lease Expiry Profile (by Income) — A-REIT's Enlarged Portfolio



#### 2.7.3 Competitive Strengths

The Manager believes that the Properties benefit from the following 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:
  - (a) CILC is located in Changi and is well serviced by the East Coast Parkway as well as the Pan Island Expressway. It is also within a short drive of Changi International Airport and Singapore Expo.
  - (b) IDS Logistics Corporate Headquarters is located within the Jurong Industrial Estate in the western part of Singapore. It can easily be reached via the Ayer Rajah Expressway and the Pan Island Expressway.
  - (c) Siemens Center is situated in MacPherson Road near the centre of Singapore, fronting the Pan Island Expressway. It is well serviced by major expressways such as the Ayer Rajah Expressway, the Central Expressway and the Pan Island Expressway.
  - (d) Trivec Building is situated within the Changi North Industrial Estate in the eastern part of Singapore and is accessible from both the East Coast Parkway and the Pan Island Expressway. Public transport facilities are readily available along Upper Changi Road East and Upper Changi Road North and it is within five minutes' drive of Changi International Airport and Singapore Expo.
  - (e) TT International Tradepark is located at the junction of Toh Guan Road and Boon Lay Way within the Jurong Industrial Estate sited in the western part of Singapore. Public transportation is available along the main thoroughfare and accessibility is enhanced by its close proximity to the Ayer Rajah Expressway and the Pan Island Expressway as well as the Jurong East MRT station and bus interchange.
- (ii) **Strong Tenancy Profile:** The Properties are mainly occupied by tenants on relatively long leases, as detailed below:
  - (a) Zuellig Pharma Pte Ltd has a number of leases over approximately 45.0% of the space in CILC with varying lease terms, the last of which runs until March 2010.
  - (b) IDS Logistics Corporate Headquarters is fully occupied by IDS Logistics Services Pte. Ltd. Upon the acquisition of IDS Logistics Corporate Headquarters by A-REIT, IDS Logistics Services Pte. Ltd. will lease back the Property for a term of 10 years commencing from the date of such acquisition.

- (c) Siemens Pte Ltd occupies 23,233 sqm or 82.0% of Siemens Center on a lease that runs until 30 June 2018.
- (d) TT International Tradepark is currently fully occupied by TT International Limited. Upon the acquisition of TT International Tradepark, T.T. International Tradepark Pte Ltd (a wholly-owned subsidiary of TT International Limited) will lease back the Property for a term of 10 years commencing from the date of such acquisition.

The current weighted average lease term to expiry for the Properties is shown in the table below:

	<b>Weighted Average Lease Term to Expiry</b>
	<b>(Years)</b>
CILC	3.5
IDS Logistics Corporate Headquarters	10.0
Siemens Center	14.6
Trivec Building	2.3
TT International Tradepark	10.0
<b>Total</b>	<b>8.1</b>

(iii) **Quality Tenant Base:** The major tenants in the Properties are well-established companies, as detailed below:

- (a) Zuellig Pharma Pte Ltd, the major tenant at CILC, is a leading multinational pharmaceutical and healthcare logistics distribution company with over 80,000 customers.
- (b) IDS Logistics Services Pte. Ltd., the sole occupier of IDS Logistics Corporate Headquarters, is a wholly-owned subsidiary of Li & Fung (Distribution) Ltd. IDS Logistics Services Pte. Ltd. owns and operates over three million square feet of space spread over 40 warehouses and depots and has over 1,500 employees.
- (c) Siemens Pte Ltd is a diversified multinational company. It conducts business in seven segments — automation and control, information and communications, lighting, medical, power, transportation, financing and real estate.
- (d) T.T. International Tradepark Pte Ltd (a wholly-owned subsidiary of TT International Limited, a company listed on the SGX-ST) is the sole occupier of TT International Tradepark. TT International Limited has four areas of business:
- trading and distribution of consumer electronic products;
  - sale of its own “AKIRA” brand of consumer electronics;
  - localised assembly and original design manufacturing activities; and
  - third-party warehousing and logistics services, which include handling, sorting, storing and labelling of inventory, inventory and warehouse monitoring and management, cargo transportation between port and warehouse and preparation of all necessary trade and customs documentation and permits.



## 2.7.4 Improved Income Diversification

The Acquisitions will provide an improvement to A-REIT's diversification by income by reducing A-REIT's reliance on any one particular property in its portfolio. Following completion of the Acquisitions, not more than 13.1% of A-REIT's net property income will be derived from any single property (as compared to 18.6% based on A-REIT's current portfolio comprising the Existing Properties).

## 2.7.5 Enhanced Tenant Base

The Acquisitions are expected to benefit Unitholders through further diversification of A-REIT's income by tenant and an increase in the number of long-term tenants in A-REIT's properties. A-REIT enjoys a diverse income stream because of its broad tenant base which, after the Acquisitions, will consist of more than 350 tenants. The Acquisitions will increase A-REIT's tenant base and further enhance its income diversification through the addition of tenants such as IDS Logistics Services Pte. Ltd., Siemens Pte Ltd, T.T. International Tradepark Pte Ltd (a wholly-owned subsidiary of TT International Limited) and Zuellig Pharma Pte Ltd. These new tenants also add to A-REIT's core of blue chip tenants that already include multi-national corporations such as Honeywell Pte Ltd as well as companies listed on the SGX-ST such as OSIM International Ltd, Ultron Technologies Limited and Venture Corporation Ltd.

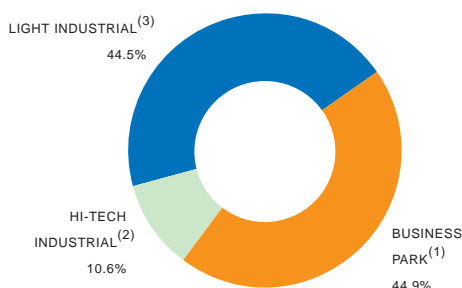
Following completion of the Acquisitions, A-REIT's top 10 tenants in terms of gross rental income will make up 38.5% of the portfolio income with the majority on long term leases compared with 28.6% before the Acquisitions. The table below lists the top 10 tenants of A-REIT after the Acquisitions.

<b>Tenant</b>	<b>Percentage by Net Property Income</b>
T.T. International Tradepark Pte Ltd	6.4%
Siemens Pte Ltd	6.1%
Honeywell Pte Ltd	4.4%
Zuellig Pharma Pte Ltd	3.9%
IDS Logistics Services Pte. Ltd.	3.8%
Trivec Singapore Pte Ltd	3.8%
Institute of High Performance Computing	3.7%
OSIM International Ltd	2.4%
Venture Corporation Ltd	2.3%
Ultron Technologies Limited	1.7%
<b>Total</b>	<b>38.5%</b>

## 2.7.6 Asset Class Diversification

The Acquisitions will introduce a new asset class, “Distribution and Logistics Centres”, to A-REIT’s portfolio. The additional asset class further diversifies and enhances A-REIT’s portfolio, thus providing current and future tenants with a wider variety of industrial space.

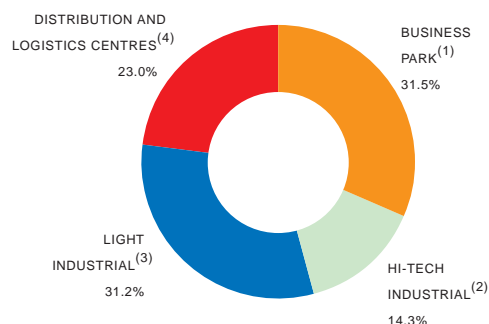
**Asset Class Diversification by Value  
— Existing Properties**



**Notes:**

- (1) The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building and Ultro Building.
- (2) Techlink Building.
- (3) Techplace I, Techplace II, OSIM HQ Building and Ghim Li Building.

**Asset Class Diversification by Value —  
A-REIT’s Enlarged Portfolio**



**Notes:**

- (1) The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building and Ultro Building.
- (2) Techlink Building and Siemens Center.
- (3) Techplace I, Techplace II, OSIM HQ Building and Ghim Li Building.
- (4) CILC, IDS Logistics Corporate Headquarters, Trivec Building and TT International Tradepark.

## 2.7.7 Growth

The Acquisitions provide for growth through stepped rental increase incorporated into the long-term leases at IDS Logistics Corporate Headquarters, Siemens Center and TT International Tradepark. 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 for the relevant Properties is shown in the table below:

Property	Rent Escalation
IDS Logistics Corporate Headquarters	Three-yearly market reviews with a ratchet clause and a cap of 15.0% on rental increases for the first review as well as a cap of 20.0% for subsequent reviews
Siemens Center	Year 3 to 8: 3.0% every two years Years 9 to 15: 1.5% per annum
TT International Tradepark	Stepped rental increases of 9.0% (year 4), 6.0% (year 7) and 9.0% (year 10)

## 2.7.8 Capital Management

The Acquisitions are proposed to be funded by a mix of funds from the issue of new Units and additional borrowings as A-REIT intends to take advantage of the cheaper cost of debt funding to enhance returns to Unitholders. Following completion of the Acquisitions and the Proposed Issue, A-REIT’s Gearing is expected to be 27.0% on completion of the Acquisitions and 27.3% as at 31 March 2005 (based on an indicative Issue Price of S\$1.07 per New Unit), which is still well below the maximum gearing level of 35.0% permitted under the Code on Collective Investment Schemes

issued by the MAS. By maintaining additional gearing capacity, the Manager believes that A-REIT will therefore have the ability to make further property acquisitions as the opportunities arise and to fund the acquisitions using debt.

### 2.7.9 Increased Market Capitalisation

Following the successful completion of the Proposed Issue and the Acquisitions, the market capitalisation of A-REIT is expected to increase from approximately S\$650.6 million to S\$841.6 million given the 707,207,175 Units that would then be in issue (based on the market price of the Units as at the Latest Practicable Date). Unitholders are therefore expected to benefit from the anticipated increase in trading liquidity.

### 2.7.10 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 the Manager will enjoy in their dealings with suppliers, as well as the resulting ability of the Manager to generate cost synergies.

## 2.8 Profit Forecast

The following table summarises A-REIT's forecast net property income and distributable income for the financial year ending 31 March 2005.

The forecast has been reviewed by KPMG and KPMG Corporate Finance Pte Ltd and should be read together with their reports contained in **Appendices 4** and **5** of this Circular as well as the assumptions and sensitivity analysis which accompany the detailed forecast income and distribution statements in **Appendix 3** of this Circular.

### Income and Distribution Statement

	Year ending 31 March 2005		
	Before the Acquisitions	The Properties	After the Acquisitions <sup>(1)</sup>
<b>(\$ million)</b>			
Gross revenue	67.9	31.3	99.2
Property operating expenses	(17.2)	(9.7)	(26.9)
Net property income	50.7	21.6	72.3
Non-property expenses	(10.0)	(5.5)	(15.5)
Net profit	40.7	16.1	56.8
Non-tax deductible expenses	4.3	1.3	5.6
Available for distribution	45.0	17.4	62.4
Weighted average number of Units ('000) <sup>(2)</sup>	549,575		710,106
Units in issue ('000) <sup>(2)</sup>	551,342		712,423
DPU (cents)	8.19		8.79

Notes:

- (1) Assuming that 160,500,000 New Units are issued pursuant to the Proposed Issue at an indicative Issue Price of S\$1.07 and that the additional borrowings incurred by A-REIT to partly fund the Acquisitions increase A-REIT's Gearing to 27.0% on completion of the Acquisitions and 27.3% as at 31 March 2005.
- (2) Includes Units issued to the Manager in part payment of its management fees, comprising the Base Fee (as defined in the Trust Deed) and Performance Fee (as defined in the Trust Deed).

## 2.9 Pro Forma Financial Effects of the Acquisitions

The pro forma financial effects of the Acquisitions on the DPU and NAV per Unit presented below are purely for illustration only and were prepared based on the Audited Financial Statements of A-REIT as at 31 March 2003, taking into account (a) the issue of 160,500,000 New Units under the Proposed Issue, (b) additional estimated borrowings of up to S\$132.0 million (see paragraph 2.6 above) and (c) the estimated acquisition costs and the costs of the Equity Fund Raising respectively set out in paragraph 2.5 above and paragraph 3.4 below.

### 2.9.1 Pro Forma DPU

The pro forma financial effects of the Acquisitions on the DPU for the financial year ended 31 March 2003, as if A-REIT had purchased the Properties on 1 April 2002, and held and operated the Properties through to 31 March 2003, are as follows:

	Completion of the Acquisition	
	Before <sup>(1)</sup>	After
Net profit (S\$'000)	41,448	57,508
Available for Distribution (S\$'000)	43,514	60,938
Units in issue ('000)	545,900	706,400
DPU (cents)	7.97	8.63

Note:

- (1) Assumes that A-REIT's existing portfolio (including OSIM Building, Ghim Li Building and Ultro Building) were held and operated for the whole financial year.

### 2.9.2 Pro Forma NAV per Unit

The pro forma financial effects of the Acquisitions on the NAV<sup>(1)</sup> per Unit as at 31 March 2003, as if A-REIT had purchased the Properties on 1 April 2002, and held and operated the Properties through to 31 March 2003, are as follows:

	Completion of the Acquisition	
	Before <sup>(2)</sup>	After <sup>(2)</sup>
NAV (S\$'000)	483,009	649,592
Units in issue ('000)	545,900	706,400
NAV per Unit (S\$)	0.88	0.92

Notes:

- (1) The financial effects are based on the assumptions that A-REIT's Gearing increases to 27.3%, that 160,500,000 New Units are issued to partly fund the Acquisitions and that the Properties are recorded in A-REIT's balance sheet at their respective purchase price (including the costs of acquisition).
- (2) After distribution of 100.0% of the pro forma distributable income for the period ended 31 March 2003.

### 2.9.3 Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of A-REIT as at 31 March 2003, as adjusted to reflect the issue of the 160,500,000 New Units under the Proposed Issue and additional estimated borrowings of S\$110.6 million (as the deferred settlements for two of the Properties do not require immediate debt funding, as described in footnote 2 of the following table). The information in the table should be read in conjunction with paragraph 2.6 above.

## Pro Forma Capitalisation of A-REIT

	As at 31 March 2003	
	Actual <sup>(1)</sup> S\$'000	As Adjusted S\$'000
Short-term debt:		
Secured debt	—	—
Unsecured debt	—	—
Total short-term debt	—	—
Long-term debt:		
Secured debt:	—	—
Unsecured debt <sup>(2)</sup>	172,800	283,351
Total long-term debt	<b>172,800</b>	<b>283,351</b>
Total debt	<b>172,800</b>	<b>283,351</b>
Unitholders' equity <sup>(3)</sup>	483,009	654,744
Expenses relating to the Equity Fund Raising	—	5,152
Total Unitholders' equity	<b>483,009</b>	<b>649,592</b>
Total capitalisation	655,809	932,943

### Notes:

- (1) Based on the Audited Financial Statements of A-REIT and adjusting for the distribution of A-REIT's distributable income for 2003, which was paid in June 2003, and for the acquisition of OSIM Building, Ghim Li Building and Ultro Building.
- (2) The deferred settlement sums of S\$8.8 million for TT International Tradepark and S\$12.25 million for Siemens Center do not require immediate debt funding.
- (3) Based on an indicative Issue Price of S\$1.07 per New Unit issued under the Proposed Issue. The actual Issue Price will be determined between the Manager and the Joint Lead Managers and Underwriters.

### 2.10 Interests of Directors and Substantial Unitholders

Based on information available to the Manager, none of the Directors of the Manager or the Substantial Unitholders has an interest, direct or indirect, in the Acquisitions.

### 2.11 Director's Service Contracts

No person is proposed to be appointed as a Director of the Manager in connection with the Acquisitions, the Purchase Agreements, or any other transaction contemplated in relation to the purchase of the Properties by the Trustee (as trustee of A-REIT) from the Vendors.

### 2.12 Infineon Building

As announced on 22 September 2003, the Trustee (as trustee of A-REIT) has entered into a conditional put and call option agreement with Ascendas for the sale and purchase of a property ("**Infineon Building**") located at Pte Lot A20639 in Kallang Sector, Singapore, at the price of S\$50.9 million (subject to adjustment based on final construction costs).

Presently under construction, the property is being developed by Ascendas and will be leased to Infineon Technologies Asia Pacific Pte Ltd for a 12-year period, for use as its Asia Pacific Headquarters. As is the case for the Properties, the Manager believes that the proposed acquisition of Infineon Building will extend A-REIT's lease expiry profile, increase its earnings base and continue producing secure and growing returns to Unitholders.

As the proposed acquisition of Infineon Building is a separate transaction from the Acquisitions and is targeted for completion only in August 2004, the mode of funding of the proposed acquisition has yet to be determined. The Manager is currently reviewing various financing options and will advise details in due course.

### **3. THE PROPOSED ISSUE OF NEW UNITS**

#### **3.1 Trust Deed Requirements for an Issue of New Units**

The Manager proposes to issue 160,500,000 New Units for placement by the Joint Lead Managers and Underwriters by way of the Equity Fund Raising. The Trust Deed provides that new Units may be issued, other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, without the prior approval of Unitholders in a meeting of Unitholders if, *inter alia*, the issue (together with any other issue of Units, other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, in the same financial year) would not, immediately after the issue, exceed 10.0% of the value of the Deposited Property or such other percentage as may, from time to time, be prescribed by the MAS, provided that the number of Units which would be represented by such percentage does not exceed the number of Units represented by 20.0% of the outstanding Units (or such other percentage of outstanding Units as may be prescribed by the SGX-ST).

The Trust Deed further provides that an issue of Units exceeding the above conditions will require specific prior approval of Unitholders by Extraordinary Resolution.

As the 160,500,000 New Units to be comprised in the Proposed Issue constitute approximately 29.4% of the Units currently in issue, the Manager is seeking the approval of Unitholders by Extraordinary Resolution for the Proposed Issue.

#### **3.2 The Equity Fund Raising**

The Equity Fund Raising will comprise:

- 3.2.1** a preferential offering of 82,006,076 New Units to the Singapore Registered Unitholders on a non-renounceable basis of three New Units for every twenty of the Existing Units held as at the Books Closure Date (fractions of a Unit to be disregarded) at the Issue Price; and
- 3.2.2** an offering of 78,493,924 New Units, at the Issue Price, by way of:
  - (i) an offering of 16,050,000 New Units to retail investors in Singapore through the ATMs of the Participating Banks; and
  - (ii) a placement of 62,443,924 New Units to retail and institutional investors.

The proceeds of the Equity Fund Raising may be used, at the Manager's absolute discretion, to partly finance the 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 Acquisitions, the Equity Fund Raising is not subject to or conditional upon the completion of any of the Acquisitions.

Save in respect of the New Units offered to Ascendas, MGM Singapore and the Manager under the Preferential Offering and, if approved, to Ascendas and MGM Singapore under the Private Placement, it is intended that the Equity Fund Raising will be underwritten by the Joint Lead Managers and Underwriters at the Issue Price.

Notice is hereby given that, subject to the approvals sought at the EGM being obtained, the Books Closure Date (on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the provisional allocation of Singapore Registered Unitholders under the Preferential Offering) will be Monday, 16 February 2004 at 5.00 p.m. This date is three Market Days after the Units commence trading ex-entitlements to provisional allocations under the Preferential Offering on Thursday, 12 February 2004 at 9.00 a.m.

### 3.3 Additional Information on the Equity Fund Raising

Singapore Registered Unitholders, including the Restricted Placees (such as the Directors of the Manager, their immediate family<sup>4</sup> and Substantial Unitholders), can accept their provisional allocations of New Units under the Preferential Offering in full or in part but may not apply for excess Units thereunder. Restricted Placees who are Singapore Registered Unitholders are permitted to accept their provisional allocations of New Units under the Preferential Offering as the SGX-ST has granted a waiver from the requirements under Rule 812(1) of the Listing Manual.

Acceptance of the provisional allocations of New Units may be effected via application forms or through the ATMs of the 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.**

Subject to the exceptions described below, Singapore Registered Unitholders (except those who are Restricted Placees) may also, in addition to accepting their provisional allocations of New Units under the Preferential Offering, apply for New Units under the ATM Offering and the Private Placement. Notwithstanding the foregoing:

- (i) each of Ascendas, MGM Singapore, Capital Group and Prudential (all of which were Substantial Unitholders as at the Latest Practicable Date) may apply, subject to the relevant Unitholders' approval being obtained at the EGM, for up to such number of New Units under the Private Placement as would be required to maintain its unitholdings at its pre-placement level (in percentage terms) as at the Latest Practicable Date; and
- (ii) the Directors of the Manager and their immediate family may apply for New Units under the ATM Offering as the SGX-ST's waiver of the requirements under Rule 812(1) of the Listing Manual (as described above) also extends to allowing such applications by the Directors and their immediate family.

The 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 CDP-registered addresses, the Preferential Offering will not be extended to Unitholders whose registered addresses with CDP are outside Singapore and who have not, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notice and documents. Unitholders whose registered addresses with CDP are outside Singapore and who wish to participate in the Preferential Offering will have to provide CDP with addresses in Singapore for the service of notice and documents at least five Market Days prior to the Books Closure Date.

In the event of an over-subscription for the New Units offered under the ATM Offering as at the close of the ATM Offering, the successful applicants for the New Units under the ATM Offering shall be determined by ballot.

New Units under the Preferential Offering which are not taken up by the Singapore Registered Unitholders for any reason will be aggregated and sold, at the discretion of the Joint Lead

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<sup>4</sup> The spouse, children, adopted children, step-children, siblings and parents of the Directors of the Manager.

Managers and Underwriters, to satisfy excess demand for New Units under the Offering to the extent that there is such excess demand.

In the event that the New Units offered under the ATM Offering are not fully taken up, the number of New Units that are not taken up will be made available to satisfy excess demand for New Units under the Private Placement to the extent that there is such excess demand.

### **3.4 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:

**3.4.1** up to S\$3.3 million<sup>5</sup>, estimated to be the underwriting and selling commissions and related expenses payable to the Joint Lead Managers and Underwriters in relation to the Equity Fund Raising; and

**3.4.2** S\$1.9 million<sup>6</sup>, estimated to be the professional and other fees and expenses incurred by A-REIT in connection with the Equity Fund Raising.

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

Ascendas, MGM Singapore and the Manager, who own an aggregate of 153,332,175 Units as at the Latest Practicable Date (comprising approximately 28.1% of the Existing Units), have each given an undertaking to the Joint Lead Managers and Underwriters, the Trustee (as trustee of A-REIT) and (in the case of Ascendas and MGM Singapore) the Manager to take up their respective provisional allocations of 16,106,250, 6,637,500 and 256,076 New Units under the Preferential Offering. Ascendas and MGM Singapore have also given an undertaking to the Joint Lead Managers and Underwriters, the Trustee and the Manager to take up 15,416,452 and 6,353,229 New Units respectively under the Private Placement to maintain their unitholdings following the completion of the Proposed Issue at the pre-placement levels of 19.64% and 8.09% respectively (both as at the Latest Practicable Date), subject to the requisite approval being obtained at the EGM for such a placement of the New Units to Ascendas and MGM Singapore.

### **3.6 Consequential Adjustment to the Distribution Period**

The IPO Prospectus states that A-REIT's policy is to distribute its distributable income (if any) on a semi-annual basis to Unitholders. The next distribution originally scheduled to take place is to be in respect of A-REIT's distributable income for the period from 1 October 2003 to 31 March 2004 (the "**Scheduled Distribution**"). However, in conjunction with the Proposed Issue, the Manager proposes to declare, in lieu of the Scheduled Distribution, the Advance Distribution in respect of A-REIT's distributable income for the period from 1 October 2003 to the day immediately prior to the date of issue of the New Units<sup>7</sup>. The next distribution following the Advance Distribution will comprise A-REIT's distributable income for the period from the day the New Units are issued to 30 September 2004 and is expected to be paid in November 2004. Semi-annual distributions will resume subsequently.

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<sup>5</sup> This figure comprises the underwriting and selling commissions payable to the Joint Lead Managers and Underwriters. No underwriting commission will be payable to the Joint Lead Managers and Underwriters in respect of New Units taken up by Ascendas, MGM Singapore and the Manager under the Preferential Offering and, if approved, by Ascendas and MGM Singapore under the Private Placement.

<sup>6</sup> This figure includes financial advisory fees, legal fees, fees for the Independent Accountants, the Independent Valuers and other professional fees and related expenses.

<sup>7</sup> The New Units are currently expected to be issued on 5 March 2004.



The Advance Distribution is being proposed as a means to ensure fairness to holders of the Existing Units. Under the Advance Distribution, A-REIT's distributable income up till the day immediately preceding the issue of the New Units (which, at that point, would have been entirely derived from the investments acquired before the New Units are issued) will only be distributed in respect of the Existing Units prior to the Proposed Issue.

**Notice is hereby given that, subject to the approvals sought at the EGM being obtained, the Books Closure Date (on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the Unitholders who are entitled to the Advance Distribution) will be 16 February 2004 at 5.00 p.m. This is three Market Days after the date the Units commence trading ex-entitlements to the Advance Distribution on 12 February 2004 at 9.00 a.m.**

### **3.7 Future Adjustments to the Distribution Period**

The Manager may acquire new properties for A-REIT from time to time. In order to finance the purchase of such new properties, the Manager may carry out future issues of new Units to raise the necessary finance for the acquisition of these new properties. In such instances, the Manager may make adjustments to A-REIT's distribution periods in respect of such future issues of new Units to ensure that holders of Units already issued and existing prior to such issues are not deprived of distributable income which is rightly due to them.

Subject to the following conditions:

- (i) there being at least one distribution period for each Financial Year of A-REIT's distributable income<sup>8</sup>; and
- (ii) the last distribution period for A-REIT's distributable income ends on the last day of the Financial Year,

the Trust Deed gives the Manager the discretion to adjust the distribution period for which A-REIT's distributable income is to be paid to Unitholders. As such, subject to the abovementioned conditions, the Manager will not be seeking Unitholders' approval for any such future adjustments of scheduled distributions carried out for the reason stated above and will simply make an announcement of any such adjustments.

### **3.8 Status of the New Units**

The New 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 day the New Units are issued to 30 September 2004 as well as all distributions thereafter. **For the avoidance of doubt, the New Units will not be entitled to participate in the Advance Distribution.**

## **4. PLACEMENT TO SUBSTANTIAL UNITHOLDERS**

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

As Rule 812(1) of the Listing Manual otherwise prohibits a placement of Units to the Substantial Unitholders, the Manager is seeking the approval of Unitholders for the placement of up to 33,158,545 New Units under the Private Placement to Substantial Unitholders as at the Latest Practicable Date, namely, Ascendas, MGM Singapore, Capital Group and Prudential. In the event that the Joint Lead Managers and Underwriters decide to place New Units to one or more of such Substantial Unitholders under the Private Placement, each such placement will comprise no more than that number of New Units as would be required to maintain the proportionate unitholdings of each of them at its pre-placement level (in percentage terms) as at the Latest Practicable Date.

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<sup>8</sup> Notwithstanding that the Trust Deed requires only one distribution period per Financial Year, the Manager's current intention is to schedule two distribution periods for each Financial Year.

## **4.2 Placement to Ascendas**

The Trust Deed requires that a placement of new Units to, *inter alia*, related parties of the Manager must be approved by way of an Extraordinary Resolution of Unitholders. The holding company of the Manager is Ascendas Investments Pte Ltd, and both Ascendas and Ascendas Investments Pte Ltd are wholly-owned subsidiaries of Ascendas Pte Ltd. Hence, Ascendas is a related party of the Manager and the placement of New Units to Ascendas would require the approval of Unitholders by way of Extraordinary Resolution.

A placement of New Units to Ascendas (as a controlling Unitholder) would also constitute an interested person transaction under Chapter 9 of the Listing Manual. If New Units are placed to Ascendas in such numbers as to maintain its unitholdings at the current level of 19.64%, there is a possibility (depending on the actual Issue Price) that the value of New Units placed to Ascendas exceeds 5.0% of the value of A-REIT's latest audited net tangible assets. In such circumstances, Rule 906 of the Listing Manual also requires Unitholders' approval for placement of New Units to Ascendas. Save for this proposed placement of New Units to Ascendas and as disclosed in the IPO Prospectus, there are no other transactions (each of a value equal to or greater than S\$100,000) entered into or proposed to be entered into by A-REIT with an "interested person" (as defined in Chapter 9 of the Listing Manual and excluding those items waived by SGX) in the current financial year.

## **4.3 Rationale for Placement to Substantial Unitholders**

The Manager is of the view that the Substantial Unitholders should be permitted to subscribe for New Units under the Private Placement so that their level of unitholdings (in percentage terms) as at the Latest Practicable Date is not diluted because of the Equity Fund Raising. The Manager believes that the size of the unitholdings of A-REIT's Substantial Unitholders provides a degree of stability to A-REIT as an investment vehicle. Allowing New Units to be placed to the Substantial Unitholders as at the Latest Practicable Date would help to maintain such stability, which ultimately is of benefit to all Unitholders.

The Manager is of the view that the Substantial Unitholders should not be treated differently from any other Unitholder, and should be given the opportunity to apply for additional New Units under the Private Placement so as to maintain their present percentage unitholding in A-REIT since other Unitholders may also apply for additional New Units under the Offering.

Further, the ability for the Joint Lead Managers and Underwriters to place New Units to these Substantial Unitholders as at the Latest Practicable Date would greatly facilitate the successful completion of the Equity Fund Raising.

## **5. RECOMMENDATIONS**

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

Given the current conditions in the Singapore stock market and the borrowing limit imposed by MAS on property funds such as A-REIT, the Manager considers that the Proposed Issue would be an efficient method of raising funds for A-REIT to acquire additional properties. Accordingly, the Manager recommends that Unitholders vote in favour of the resolution which will be proposed at the EGM to issue 160,500,000 New Units.

### **5.2 On the Placement to Substantial Unitholders**

Having regard to the rationale for the placement of New Units to the identified Substantial Unitholders set out in paragraph 4 above, the Manager is of the opinion that such a placement would be in the interests of A-REIT and its Unitholders. Accordingly, the Manager recommends that Unitholders vote in favour of the resolutions which will be proposed at the EGM to permit the placement of New Units under the Private Placement to Capital Group and Prudential.

Mr David Wong Cheong Fook, Mr Benedict Kwek Gim Song and Mr Thai Chee Ken, being the independent directors of the Manager, and who also form the majority of the members of the Manager's Audit Committee, believe that a placement of New Units under the Private Placement to Ascendas and MGM Singapore would be on normal commercial terms and would not be prejudicial to the interests of A-REIT or its Unitholders. Accordingly, the independent directors of the Manager recommend that Unitholders vote in favour of the resolutions which will be proposed at the EGM to permit the placement of New Units under the Private Placement to Ascendas and MGM Singapore.

## **6. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on pages 79 and 80 of this Circular, will be held at 10.00 a.m. on Tuesday, 10 February 2004 at The Auditorium, #02-00 Podium Level, 2 Shenton Way, SGX Centre 1, Singapore 068804 for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM.

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

## **7. UNDERTAKINGS TO VOTE**

Ascendas, MGM Singapore and the Manager believe that A-REIT and Unitholders will benefit from the Acquisitions and that the Proposed Issue and Equity Fund Raising would be an efficient method of fund raising for the purpose of the Acquisitions. As such, Ascendas, MGM Singapore and the Manager, who collectively hold 153,332,175 Units as at the Latest Practicable Date (representing 28.1% of the Existing Units), have undertaken to the Trustee (as trustee of A-REIT) and (in the case of Ascendas and MGM Singapore) the Manager to vote in favour of the resolution to approve the Proposed Issue.

Ascendas, MGM Singapore and the Manager have also undertaken to the Trustee (as trustee of A-REIT) and (in the case of Ascendas and MGM Singapore) the Manager to vote in favour of the resolutions to permit the placement of New Units to each of Capital Group and Prudential.

## **8. PROHIBITION ON VOTING**

Under Rule 812(2) of the Listing Manual, each of the identified Substantial Unitholders is prohibited from voting on the resolution to permit the placement of New Units to it by the Joint Lead Managers and Underwriters under the Private Placement. In addition, the Associates (as defined in the Listing Manual) of the identified Substantial Unitholders, which in the case of Ascendas and MGM Singapore includes the Manager, are prohibited from voting on the resolution to permit the placement of New Units under the Private Placement to the Substantial Unitholder whom they are Associates of.

Further, under Clause 5.2.6(c)(i) of the Trust Deed, each of the following persons is barred from voting on the resolutions to approve the placement of New Units under the Private Placement to Ascendas:

- (a) Ascendas;
- (b) the Manager;
- (c) the related parties of Ascendas (“**related parties**” shall refer to related corporations as defined in the Companies Act as well as Associates (as defined in the Glossary)); and
- (d) the directors and immediate family members of directors of the persons referred to in (a) to (c) above.

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

You 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 registered office of the Manager at 75 Science Park Drive, #01-03 CINTeCH II, Singapore Science Park I, Singapore 118255, not later than 10.00 a.m. on 8 February 2004, being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

## **10. 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 3** of this Circular have been stated by the Directors after due and careful enquiry.

## **11. CITIGROUP'S, DBS BANK'S AND JPMORGAN'S RESPONSIBILITY STATEMENT**

Each of Citigroup, DBS Bank and JPMorgan 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 sub-paragraphs 3.2 and 3.3 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 sub-paragraphs 3.2 and 3.3 above misleading in any material respect.

## **12. CONSENTS**

Each of KPMG, KPMG Corporate Finance Pte Ltd and the Independent Valuers 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 Report on the Profit Forecast Assumptions and the Summary Valuation Reports, and all references thereto, in the form and context in which they are included in this Circular.

## **13. DOCUMENTS ON DISPLAY**

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

- (i) the valuation reports on CILC, IDS Logistics Corporate Headquarters and Siemens Center dated 1 December 2003, 1 November 2003 and 10 December 2003 respectively, issued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd;
- (ii) the valuation report on Trivec Building dated 1 December 2003 and issued by Jones Lang LaSalle Property Consultants Pte Ltd;

- (iii) the valuation report on TT International TradePark dated 14 November 2003 and issued by CB Richard Ellis (Pte) Ltd;
- (iv) the Summary Valuation Reports;
- (v) the Option Agreements;
- (vi) the Purchase Agreements (appended to the Option Agreements);
- (vii) the Independent Accountants' Report on the Profit Forecast;
- (viii) KPMG Corporate Finance Pte Ltd's Report on the Profit Forecast Assumptions; and
- (ix) the written consents of KPMG, KPMG Corporate Finance Pte Ltd and the Independent Valuers referred to in paragraph 12 above.

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

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

Lew Syn Pau  
Chairman

## DISCLAIMERS

The value of Units and the income derived from them may fall as well as rise. Units in A-REIT 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), 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 3** of this Circular. Such yields will vary accordingly for investors who purchase Units in the secondary market at a market price higher or lower than the issue price range specified in this Circular. The major assumptions are certain expected levels of property rental income and property expenses over the relevant period, which are considered by the Manager to be appropriate and reasonable as at the date of the Circular. The forecast financial performance of A-REIT is not guaranteed and there is no certainty that any of it can be achieved. Unitholders should read the whole of this Circular for details of the forecasts, consider the assumptions used and make their own assessment of the future performance of A-REIT.

## GLOSSARY

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

<b>Acquisitions</b>	The proposed acquisition by A-REIT of the Properties
<b>Acquisition Fee</b>	The acquisition fee of S\$2.8 million (being 1.0% of the purchase price of the Properties under the Purchase Agreements) which the Manager will be entitled, under Clause 15.2.1 of the Trust Deed, to receive from A-REIT upon the completion of the Acquisitions
<b>Advance Distribution</b>	The proposed distribution of A-REIT's distributable income for the period from 1 October 2003 to the day immediately prior to the date the New Units are issued pursuant to the Proposed Issue, in lieu of the Scheduled Distribution
<b>A-REIT</b>	Ascendas Real Estate Investment Trust
<b>Ascendas</b>	Ascendas Land (Singapore) Pte Ltd
<b>ASRS</b>	Automated Storage and Retrieval System
<b>Associate</b>	Means and includes any corporation which in relation to the person concerned (being a corporation) is a holding company or a subsidiary of any such holding company or a corporation (or a subsidiary of a corporation) at least one-fifth of the issued equity share capital of which is beneficially owned by the person concerned or an Associate thereof under the preceding part of this definition. Where the person concerned is an individual or firm or other unincorporated body, the expression "Associate" means and includes any corporation directly or indirectly controlled by such person
<b>ATM</b>	Automated teller machine
<b>ATM Offering</b>	The proposed offering of 16,050,000 New Units to retail investors in Singapore through the ATMs of the Participating Banks
<b>Audited Financial Statements of A-REIT</b>	The audited financial statements of A-REIT for the period from 9 October 2002 (being its date of inception) to 31 March 2003
<b>Books Closure Date</b>	The time and date on which the Transfer Books and Register of Unitholders of A-REIT will be closed to determine the provisional allocations of Singapore Registered Unitholders under the Preferential Offering and the Unitholders who are entitled to the Advance Distribution, currently expected to be on 16 February 2004 at 5.00 p.m.
<b>Capital Group</b>	The Capital Group of Companies, Inc.
<b>CDP</b>	The Central Depository (Pte) Limited

<b>CILC</b>	The leasehold interest for 30 years commencing 16 October 1990 with an option to renew for a further term of 30 years commencing from the expiry of the initial term (on and subject to the terms and conditions in the lease of the property registered as instrument of lease I/66398M with the Singapore Land Authority) in respect of the whole of Lot 2079X Mukim 31 together with the building erected thereon held by Changi International Logistics Centre Ltd under the lease of the Property and includes certain mechanical and electrical equipment therein or thereon or relating thereto
<b>CILC Option Agreement</b>	The put and call option agreement relating to CILC dated 23 December 2003 entered into between Changi International Logistics Centre Ltd and the Trustee, as trustee of A-REIT
<b>CILC Purchase Agreement</b>	The sale and purchase agreement relating to CILC appended to the CILC Option Agreement and to be entered into between Changi International Logistics Centre Ltd and the Trustee, as trustee of A-REIT
<b>Citigroup</b>	Citigroup Global Markets Singapore Pte. Ltd.
<b>Cobalt Notes</b>	The S\$45,000,000 3.57% Notes due 2019 issued by Cobalt Asset Management Ltd on 4 February 2003
<b>DBS Bank</b>	DBS Bank Ltd
<b>Deposited Property</b>	The value of all the gross assets of A-REIT, including all its authorised investments held or deemed to be held upon the trusts under the Trust Deed
<b>Directors</b>	The directors of the Manager
<b>DPU</b>	Distribution per Unit (on an annualised basis)
<b>EGM</b>	The extraordinary general meeting of Unitholders to be held at 10.00 a.m. on 10 February 2004 at The Auditorium, #02-00 Podium Level, 2 Shenton Way, SGX Centre 1, Singapore 068804 to approve the matters set out in the Notice of EGM on pages 79 and 80 of this Circular
<b>Equity Fund Raising</b>	The proposed placement of 160,500,000 New Units by the Joint Lead Managers and Underwriters by way of the Preferential Offering and the Offering
<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 and Ultro Building
<b>Existing Units</b>	The 546,707,175 Units in issue as at the Latest Practicable Date
<b>Extraordinary Resolution</b>	A resolution proposed and passed as such by a majority consisting of 75.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed



<b>Financial Year</b>	The 12-month period ending on 31 March in each year
<b>Gearing</b>	The ratio of A-REIT's borrowings to its Deposited Property
<b>IDS Logistics Corporate Headquarters</b>	The leasehold interest for 30 years commencing 1 September 1998 with an option to renew for a further term of 28 years commencing from the expiry of the initial term in respect of Private Lot A19962 (formerly known as Private Lot A17657) comprised in Lot 2877W (derived from part of Lot 2282C) Mukim 7 as shown on the plan annexed to the building agreement relating to the property together with the building erected thereon held by IDS Logistics Services Pte. Ltd. under the lease of the property
<b>IDS ASRS Option Agreement</b>	The put and call option agreement relating to the sale and purchase of the ASRS at IDS Logistics Corporate Headquarters dated 20 November 2003 entered into between IDS Logistics Services Pte. Ltd. and the Trustee, as trustee of A-REIT
<b>IDS Option Agreement</b>	The put and call option agreement relating to IDS Logistics Corporate Headquarters dated 20 November 2003 entered into between IDS Logistics Services Pte. Ltd. and the Trustee, as trustee of A-REIT
<b>IDS ASRS Purchase Agreement</b>	The sale and purchase agreement relating to the sale and purchase of the ASRS at IDS Logistics Corporate Headquarters appended to the IDS ASRS Option Agreement and to be entered into between IDS Logistics Services Pte. Ltd. and the Trustee, as trustee of A-REIT
<b>IDS Purchase Agreement</b>	The sale and purchase agreement relating to IDS Logistics Corporate Headquarters appended to the IDS Option Agreement and to be entered into between IDS Logistics Services Pte. Ltd. and the Trustee, as trustee of A-REIT
<b>Independent Accountants</b>	KPMG
<b>Independent Valuers</b>	CB Richard Ellis (Pte) Ltd, Colliers International Consultancy and Valuation (Singapore) Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd
<b>IPO Prospectus</b>	The prospectus dated 5 November 2002 issued by the Manager in connection with the initial public offering of Units in November 2002
<b>Issue Price</b>	The price per Unit of the New Units to be issued under the Proposed Issue, which is to be agreed between the Manager and the Joint Lead Managers and Underwriters
<b>Joint Lead Managers and Underwriters</b>	Citigroup, DBS Bank and JPMorgan
<b>JPMorgan</b>	J.P. Morgan (S.E.A.) Limited
<b>JTC</b>	Jurong Town Corporation
<b>Latest Practicable Date</b>	15 January 2004, being the latest practicable date prior to the printing of this Circular
<b>Listing Manual</b>	The Listing Manual of the SGX-ST

<b>Manager</b>	Ascendas-MGM Funds Management Limited, as manager of A-REIT
<b>Market Day</b>	A day on which the SGX-ST is open for trading in securities
<b>MAS</b>	Monetary Authority of Singapore
<b>MGM Singapore</b>	MGM Singapore Pte. Ltd.
<b>NAV</b>	Net asset value
<b>NLA</b>	Net lettable area
<b>New Units</b>	The 160,500,000 new Units proposed to be issued by A-REIT for placement through the Joint Lead Managers and Underwriters under the Proposed Issue
<b>Offering</b>	The ATM Offering and the Private Placement
<b>Option Agreements</b>	The CILC Option Agreement, the IDS Option Agreement, the Siemens Option Agreement, the Trivec Option Agreement, the TT Option Agreement, the IDS ASRS Option Agreement, and the TT ASRS Letter of Undertaking
<b>Participating Banks</b>	DBS Bank Ltd (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited
<b>Preferential Offering</b>	The proposed preferential offering by the Joint Lead Managers and Underwriters of 82,006,076 New Units to the Singapore Registered Unitholders on a non-renounceable basis of three New Units for every twenty of the Existing Units held as at the Books Closure Date (fractions of a Unit to be disregarded)
<b>Private Placement</b>	The proposed placement of 62,443,924 New Units by the Joint Lead Managers and Underwriters to retail and institutional investors
<b>Properties</b>	CILC, IDS Logistics Corporate Headquarters, Siemens Center, Trivec Building and TT International TradePark, and “ <b>Property</b> ” refers to any one of them
<b>Proposed Issue</b>	The proposed issue of 160,500,000 New Units by A-REIT in connection with the Equity Fund Raising
<b>Prudential</b>	Prudential Asset Management (Singapore) Limited
<b>Purchase Agreements</b>	The CILC Purchase Agreement, the IDS Purchase Agreement, the Siemens Purchase Agreement, the Trivec Purchase Agreement, the TT Purchase Agreement, the IDS ASRS Purchase Agreement, and the TT ASRS Purchase Agreement

<b>Restricted Places</b>	<ul style="list-style-type: none"> <li>(a) The Directors of the Manager, and Substantial Unitholders</li> <li>(b) The spouse, children, adopted children, step-children, siblings and parents of (i) the Directors of the Manager and (ii) Substantial Unitholders</li> <li>(c) Substantial shareholders, related companies (as defined in Section 6 of the Companies Act, Chapter 50 of Singapore), associated companies and sister companies of the Substantial Unitholders</li> <li>(d) Corporations in which the Directors of the Manager and the Substantial Unitholders have an aggregate interest of at least 10.0%</li> <li>(e) Any person who, in the opinion of the SGX-ST, falls within categories (a) to (d)</li> </ul>
<b>Scheduled Distribution</b>	The original scheduled distribution of A-REIT's distributable income for the period from 30 September 2003 to 31 March 2004
<b>SGX-ST</b>	Singapore Exchange Securities Trading Limited
<b>Siemens AG</b>	Siemens AG, the holding company of Siemens Pte Ltd
<b>Siemens AG Guarantee</b>	The guarantee to be issued by Siemens AG in favour of the Trustee, as trustee of A-REIT, relating to the Siemens Lease on completion of the sale and purchase of Siemens Center
<b>Siemens Center</b>	The leasehold interest for 30 years commencing 16 December 2001 with an option to renew for a further term of 30 years (subject to confirmation by JTC) in respect of Private Lot A21234 comprised in Government Resurvey Lot 9167T Mukim 24 together with the building erected thereon held by Cobalt Asset Management Ltd under the lease of the Property and includes certain mechanical and electrical equipment in the Property
<b>Siemens Lease</b>	The lease agreement dated 1 July 2003 entered into between Cobalt Asset Management Ltd, Siemens Pte Ltd and M+W Zander (S) Pte Ltd, as amended by a side agreement dated 7 July 2003 appended to the Siemens Option Agreement
<b>Siemens Option Agreement</b>	The put and call option agreement relating to Siemens Center dated 9 January 2004 entered into between Cobalt Asset Management Ltd, M+W Zander (S) Pte Ltd and the Trustee, as trustee of A-REIT
<b>Siemens Purchase Agreement</b>	The sale and purchase agreement relating to Siemens Center appended to the Siemens Option Agreement and to be entered into between Cobalt Asset Management Ltd, M+W Zander (S) Pte Ltd and the Trustee, as trustee of A-REIT
<b>Singapore Registered Unitholders</b>	Unitholders as at the Books Closure Date other than those whose registered addresses with CDP are outside Singapore and who have not, at least five Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
<b>sqm</b>	Square metre(s)

<b>Substantial Unitholder</b>	A person with an interest in one or more Units constituting not less than 5.0% of all Units in issue
<b>Summary Valuation Reports</b>	The summary valuation reports on the Properties attached as Appendix 1 of this Circular
<b>Trivec Building</b>	The leasehold interest for 60 years commencing 16 November 1996 in respect of Private Lot A21524 formerly known as Private Lot A16688 comprised in Government Survey Lot 3971T (formerly known as Government Survey Lot 2568) Mukim 31 as shown on the plan annexed to the building agreement held by Trivec Singapore Pte Ltd under the lease of the Property
<b>Trivec Option Agreement</b>	The put and call option agreement relating to Trivec Building dated 5 December 2003 entered into between Trivec Singapore Pte Ltd and the Trustee, as trustee of A-REIT
<b>Trivec Purchase Agreement</b>	The sale and purchase agreement relating to Trivec Building appended to the Trivec Option Agreement and to be entered into between Trivec Singapore Pte Ltd and the Trustee, as trustee of A-REIT
<b>Trust Deed</b>	The trust deed dated 9 October 2002 (as amended) entered into between the Trustee and the Manager
<b>Trustee</b>	Bermuda Trust (Singapore) Limited, as trustee of A-REIT
<b>TT ASRS Letter of Undertaking</b>	The letter of undertaking relating to the sale and purchase of the ASRS at TT International Tradepark dated 21 November 2003 issued by TT International Limited to the Trustee, as trustee of A-REIT
<b>TT ASRS Purchase Agreement</b>	The sale and purchase agreement relating to the sale and purchase of the ASRS at TT International Tradepark appended to the TT ASRS Letter of Undertaking issued by TT International Limited to the Trustee, as trustee of A-REIT
<b>TT International Tradepark</b>	The leasehold interest for 30 years commencing 16 October 1995 with an option to renew for a further term of 30 years commencing from the expiry of the initial term in respect of Private Lot A17841 (previously known as Private Lot A15506) comprised in Lot 7908 T (derived from Lot 6689K) Mukim 5 as shown on the plan annexed to the building agreement relating to the Property together with the building erected thereon held by T.T. International Tradepark Pte Ltd under the lease of the Property
<b>TT Option Agreement</b>	The put and call option agreement relating to TT International Tradepark dated 21 November 2003 entered into between T.T. International Tradepark Pte Ltd and the Trustee, as trustee of A-REIT
<b>TT Purchase Agreement</b>	The sale and purchase agreement relating to TT International Tradepark appended to the TT Option Agreement and to be entered into between T.T. International Tradepark Pte Ltd and the Trustee, as trustee of A-REIT
<b>Unit</b>	A unit representing an undivided interest in A-REIT

<b>Unitholder</b>	A Depositor whose securities account with CDP is credited with Unit(s)
<b>Vendors</b>	IDS Logistics Services Pte. Ltd., Changi International Logistics Centre Ltd, M+W Zander (S) Pte Ltd, Trivec Singapore Pte Ltd and T.T. International Tradepark Pte Ltd
<b>Weighted average lease term to expiry</b>	The weighted average lease term to expiry by gross income
<b>S\$ and cents</b>	Singapore dollars and cents
<b>%</b>	Per centum or percentage

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

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

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

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

**APPENDIX 1**

**SUMMARY VALUATION REPORTS**

(i)	Summary Valuation Reports on Changi International Logistics Centre, IDS Logistics Corporate Headquarters and Siemens Center . . . . .	43
(ii)	Summary Valuation Report on Trivec Building . . . . .	52
(iii)	Summary Valuation Report on TT International Tradepark . . . . .	56

(i) **Summary Valuation Reports on Changi International Logistics Centre, IDS Logistics Corporate Headquarters and Siemens Center**

**APPENDIX II  
Independent Property Valuation  
Summary Reports**



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

18 December 2003

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

Bermuda Trust (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 THE FOLLOWING PROPERTIES:**

- 1) **19 LOYANG WAY "CHANGI INTERNATIONAL LOGISTICS CENTRE"  
SINGAPORE 508724 ("CILC")**
- 2) **279 JALAN AHMAD IBRAHIM  
SINGAPORE 639938 ("IDS")**
- 3) **60 MACPHERSON ROAD "THE SIEMENS CENTER"  
SINGAPORE 348615**

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 acquisition of the abovementioned properties (the "Properties").

We have been instructed to assess the Open Market Value of IDS as at 1 November 2003, CILC as at 1 December 2003 and The Siemens Center as at 10 December 2003 based on their respective ground lease terms, usage and tenancy agreements.

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

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

Our valuation has been made on the assumption that the owner sells the property in the open market without the benefit of a deferred term contract; lease back, joint venture or any similar arrangement which could serve to affect the value of the property.

Where applicable, information as to title particulars, land area, ownership and tenure has been obtained from searches carried out at the Singapore Land Authority. We have also relied on the information provided by Ascendas-MGM Funds Management Limited on matters such as lettable/gross floor area, tenancy details, ground lease expiry, ground rent, annual value, etc. All information provided as at 31 October 2003 is treated as correct and Colliers International Consultancy and Valuation (Singapore) Pte Ltd accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any other information provided were to materially change.

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

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

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



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

Building	Bal. Tenure	Approx. Site Area	Approx. Net Lettable Area	Valuation as at November/December 2003 respectively	Internal Rate of Return	Investment Yield	Terminal Yield
		(sqm)	(sqm)	(\$)	(%)	(%)	(%)
CILC	46.8yrs	30,145.9	39,787.00	45,600,000	9.87	8.00	10.33
IDS	52.8 yrs	32,646.9	21,883.14	50,000,000	11.01	8.00	8.30
The Siemens Center	58.0 yrs	17,386.0	28,377.00	66,000,000	13.45	7.50	8.67

Valuation certificates for these Properties are attached to this letter.

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

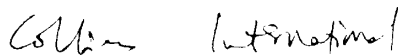
We have prepared this valuation summary which appears in the Circular and specially disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within the valuation reports and summary.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

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

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

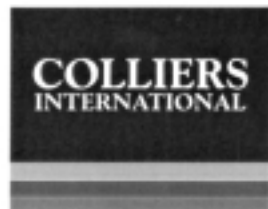
We hereby certify that our valuers undertaking these valuations are authorised to practise as valuers and have the necessary expertise and experience in valuing similar types of properties.

Yours faithfully



Colliers International Consultancy & Valuation (Singapore) Pte Ltd

Cynthia Ng  
Executive Director (Valuation)

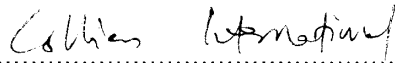


## VALUATION CERTIFICATE

- Date of Valuation** : 1 December 2003.
- Address of Property** : 19 Loyang Way  
"Changi International Logistics Centre"  
Singapore 508724
- Legal Description** : Lot 2079X (Pte Lot A11768), Mukim 31.
- Tenure** : 30+30-years from 16 October 1990 (we are instructed to value the balance un-expired term of approximately 46.9 years).
- Registered Lessee** : Changi International Logistics Centre Ltd.
- Brief Description** : A multi-tenanted distribution facility with a front 2-storey warehouse incorporating a 4-storey office annex (Phase I) and a 4-storey extension warehouse with a 8-storey ancillary office block (Phase II), located at Loyang Way, within Loyang Industrial Estate.
- The building is specifically designed for logistics warehouse storage (air-con and non air-con) and ancillary office use. The building is centrally air-conditioned and protected by 24-hour security and modern fire fighting systems. It is also equipped with state of the art technology of the Automated Storage and Retrieval System (ASRS) and Very-Narrow Aisles (VNA) System.
- There are 32 loading bays, 6 cargo lifts, 80 car park lots and 56 lorry lots provided within the compound.
- Site Area** : 30,145.90 sq metres or thereabouts
- Gross Floor Area** : Approximately 51,747.00 sq metres , according to URA (according to KPK Quantity Surveyors, the Gross Floor Area is 48,653.04 sq metres).

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Valuation (Singapore) Pte Ltd  
50 Raffles Place  
#18-01 Singapore Land Tower  
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- 
- Lettable Floor Area** : Approximately 39,787 sq metres (including 6,728 sq metres currently occupied by the Automated Storage and Retrieval System, ASRS)
- Temporary Occupation Permit Date** : Phase I 1992  
Phase II 1997
- Permitted Use** : For the purpose of providing off-airport air cargo activities, aviation spares and supplies distribution centre and other related activities supporting Changi Airport as a Regional hubbing centre only.
- Condition** : Fairly good.
- Tenancy Brief** : The property is approximately 92% let. The leases vary from 3 months to 5-year leases. The monthly gross rentals vary from \$0.70 psf to \$4.00 psf.
- Annual Land Rent** : \$12.23 per sq metres per annum. The annual rent is subject to revision on the 16 October every year, to the prevailing market rent, subject to a maximum increase not exceeding 7.6% of the preceding annual rent.
- Annual Value** : \$4,666,000/-
- 1998 Master Plan Zoning** : Light Industry with Plot Ratio of 2.5
- Open Market Value** : **S\$45,600,000/-**  
(Singapore Dollars Forty-Five Million and Six Hundred Thousand Only)



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

SS/CN/we

*This valuation report is subject to the attached Limiting Conditions*



**VALUATION CERTIFICATE**

Colliers International Consultancy & Valuation (Singapore) Pte Ltd  
50 Raffles Place  
#10-01 Singapore Land Tower  
Singapore 048623  
Tel: 65 6223 2323  
Fax: 65 6438 6826

**Date of Valuation** : 1 November 2003

**Address of Property** : 279 Jalan Ahmad Ibrahim  
Singapore 639938

**Legal Description** : 2877W (Pte Lot A19962), Mukim 7.

**Tenure** : 30+28-year from 1 September 1998.  
(We are instructed to value the balance un-expired term of 52.8 years)

**Registered Lessee** : IDS Logistics Services Pte Ltd.

**Brief Description** : A 4-storey warehouse cum office building with a single-storey rack-clad building which incorporates an automatic storage & retrieval system (ASRS) located within Jurong Industrial Estate.

Access to the property can be made via Jalan Ahmad Ibrahim or Tuas Avenue 1.

The premises are designed for warehouse and logistics and distribution activities, high tech manufacturing.

Vertical movements within the buildings are via 2 passenger lifts, 2 cargo lifts and supplemented by reinforced concrete staircases.

The building is centrally air-conditioned and protected by 24-hour security and modern fire fighting systems. Ample car (101 lots)/lorry and container (98 lots) parking are provided.

**Site Area** : 32,646.90 sq metres or thereabouts

**Gross Floor Area** : Approximately 23,750.85 sq metres, according to URA (according to JTC the total gross floor area is 51,715.75 sq metres).

- 
- Nett Floor Area** : Approximately 21,883.14 sq metres, as provided by the owner and subject to final survey.
- Temporary Occupation Permit Date** : 5 October 2000
- Permitted Use** : For the use of warehousing, logistics and distribution of bonded and non-bonded goods only.
- Condition** : Good.
- Tenancy Brief** : Will be 100% leased back to the registered lessee for 10 years with option to renew for further term of 10 years. The net rental will be at \$4,178,970 p.a. (exclusive of GST). The tenant will pay all outgoings.
- Annual Rent** : \$489,829.20 p.a. (with GST and after rebate). The annual rent is subject to revision on the 1<sup>st</sup> September every year to the prevailing market rent, subject to a maximum increase not exceeding 5.5% of the preceding annual rent.
- Annual Value** : \$4,600,000/-
- 1998 Master Plan Zoning** : General Industry
- Open Market Value as at 01 November 2003** : **S\$50,000,000/-**  
(Singapore Dollars Fifty Million Only)

*Colliers International*

Colliers International Consultancy & Valuation (Singapore) Pte Ltd

CN/SS/we

*This valuation report is subject to the attached Limiting Conditions*

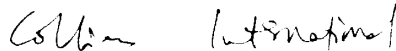


## VALUATION CERTIFICATE

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

<b>Date of Valuation</b>	:	10 December 2003.
<b>Address of Property</b>	:	60 MacPherson Road "The Siemens Center" Singapore 348615
<b>Legal Description</b>	:	Lot 9167T (Private Lot A21234), Mukim 24.
<b>Tenure</b>	:	30 + 30 years lease commencing from 16 December 2001 (we are instructed to value based on the balance unexpired term of approximately 58 years).
<b>Registered Lessee</b>	:	Cobalt Asset Management Ltd [formerly M+W Zander Asset Management (S) Pte Ltd].
<b>Brief Description</b>	:	<p>A single user high quality purpose built light industrial development on JTC land comprising a 15-storey office/production block, an 8-storey office/ production block and a 2-storey amenities block linked by covered walkway, located at MacPherson Road, within Kolam Industrial Estate.</p> <p>The buildings accommodate retail area/showroom, offices, production area, storage areas, canteen and dining/entertainment area. The buildings are centrally air-conditioned and protected by 24-hour security and modern fire fighting systems.</p> <p>There are 1 cargo lift, 7 passengers' lifts, 2 fire lifts, loading/unloading bay, 244 basement car park lots and surface lots provided within the compound.</p>
<b>Site Area</b>	:	17,386 sq metres or thereabouts.
<b>Gross Floor Area</b>	:	Approximately 36,528.51 sq metres (as provided and subject to final survey).
<b>Lettable Floor Area</b>	:	Approximately 28,377 sq metres (as provided by the MW Zander and subject to final survey).

- 
- Temporary Occupation Permit Date** : We understand that the Temporary Occupancy Permit was issued on 14 July 2003.
- Permitted Use** : For the purpose of providing :  
a) sales of electrical/electronic components and  
b) provision of engineering services, general consulting and turnkey industrial solutions only.
- Condition** : Good.
- Tenancy Brief** : The property is approximately 82% let. This is a single-user lease for a period of 15 years from 1 July 2003 to 30 June 2018. There is rental review subject to 3% increase once every 2 years from the 3<sup>rd</sup> to the 8<sup>th</sup> year and from the 9<sup>th</sup> to the 15<sup>th</sup> year, the rent shall be pegged to the change in URA office rental index, subject to a maximum increase of 1.5% p.a. but not less than the rental rate at the first year of lease.
- Annual Land Rent** : \$63.91 per sq metres per annum. The annual rent is subject to revision on the 16 December every year, to the prevailing market rent, subject to a maximum increase not exceeding 5.5% of the preceding annual rent.
- Annual Value** : Not assessed yet.
- Master Plan Zoning (1998 Edition)** : Light Industry with plot ratio of 2.5
- Open Market Value** : **S\$66,000,000/-**  
(Singapore Dollars Sixty-Six Million Only)



Colliers International Consultancy & Valuation (Singapore) Pte Ltd

SS/CN/we

*This valuation report is subject to the attached Limiting Conditions*

(ii) Summary Valuation Report on Trivec Building



Jones Lang LaSalle Property Consultants Pte Ltd  
9 Raffles Place #39-00 Republic Plaza Singapore 048619  
tel +65 220 3888 fax +65 438 3360

Jones Lang LaSalle Property Management Pte Ltd  
tel +65 220 3888 fax +65 438 3370  
Jones Lang LaSalle Plant & Machinery Pte Ltd  
tel +65 220 3888 fax +65 438 3362

Your Ref :  
Our Ref : TKC:CHH:tpl:031702



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

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

December 1, 2003

Dear Sirs,

**OPEN MARKET VALUATION OF 3 CHANGI NORTH STREET 2 SINGAPORE 498827**

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 acquisitions of the abovementioned property.

We have been instructed to assess the Open Market Value of the abovementioned property as at December 1, 2003 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 Values 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





**Ascendas-MGM Funds Management Ltd  
Bermuda Trust (Singapore) Limited  
- Open Market Valuation Of 3 Changi North Street**

**December 1, 2003**

Our valuation has been made on the assumption that the owner sells the property in the open market without the benefit of a deferred terms contract, joint venture, or any similar agreement which could serve to affect the value of the property.

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 as at September 30, 2003 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 and business park (science park) sectors of the property market. The valuation methods adopted to arrive at our opinion of values are the Discounted Cash Flow Analysis.

Valuation certificate for property is attached to this letter.

This valuation summary is for the use of Bermuda Trust (Singapore) Limited (as trustee of A-REIT) as well as Ascendas-MGM Funds Management Limited (as manager of A-REIT), the board of directors of Ascendas-MGM Funds Management Limited (as manager of A-REIT), and the debt providers of A-REIT. No responsibility is accepted to any other party for the whole or any part of its contents.

We have prepared this valuation summary which appears in this 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 our full valuation report and this 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 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



**Ascendas-MGM Funds Management Ltd  
Bermuda Trust (Singapore) Limited  
- Open Market Valuation Of 3 Changi North Street**

**December 1, 2003**

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject properties and are not a related corporation or nor do we have a relationship with 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 Capitalisation Approach, Discounted Cash Flow Analysis and Direct Comparison Method. Each of these methods has been used as a check against the other.

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

**3 CHANGI NORTH STREET, 2 SINGAPORE 498827**

Land Area:	30,239.1 sq.m.
Gross Floor Area (GFA):	Approximately 31,003.00 sq.m.
Net Lettable Floor Area (NLA):	Approximately 22,817 sq.m. – subject to final survey
Tenure:	60 years lease commencing from November 16, 1996
Capitalisation Rate:	7.5%
Internal Rate of Return (10 years):	9.25%
Terminal Yield:	9.25%
Valuation:	S\$32,000,000/-

Faithfully,

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

Enc



**VALUATION SUMMARY**

Property	:	3 Changi North Street 2 Singapore 498827
Legal Description	:	Lot 3971T Mukim 31 (Private Lot A21524)
Tenure	:	60 years lease commencing from November 16, 1996
Registered Lessee	:	Trivec Singapore Pte Ltd
Brief Description of Property	:	A 4-storey purpose built industrial building located along Changi North Street 2.  Vertical movement is via two passenger lifts and four cargo lifts. Air-conditioning, security guards, closed circuit TV and fire protection systems are provided.
Location	:	The subject property is located along Changi North Street 2, off Upper Changi Road North and approximately 17 km from the city centre at Collyer Quay.  The subject property is situated within the Changi North Industrial Estate which accommodates purpose-built and standard type factories managed by the Jurong Town Corporation (JTC). To the south of the subject property is the Changi South Industrial Estate. Other developments within the vicinity include the Changi Prison, Japanese School and SIA Training Centre.  Public transport facilities are readily available along Upper Changi Road East and North and there is easy access to other parts of the island via the East Coast Parkway (ECP) and the Pan-Island Expressway (PIE).
Age	:	Approximately 5 years
Site Area	:	Approximately 30,239.1 sq.m.
Gross Floor Area	:	Approximately 31,003.00 sq.m.
Nett Lettable Floor Area	:	Approximately 22,817 sq.m. – subject to final survey
Annual Value	:	S\$3,700,000/-
Master Plan Zoning (1998 Edition)	:	General Industry with a plot ratio of 1.6
Open Market Value as at December 1, 2003	:	S\$32,000,000/- (Singapore Dollars Thirty-Two Million )

  
JONES LANG LASALLE

(iii) Summary Valuation Report on TT International Tradepark



CB Richard Ellis (Pte) Ltd

6 Battery Road #32-01  
Singapore 049909

T 65 6224 8181  
F 65 6225 1987

www.cbre.com.sg

Independent Property Valuation  
Summary Report

14 November 2003

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

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

Dear Sirs

**VALUATION OF 10 TOH GUAN ROAD, SINGAPORE 608838**

We have been instructed to assess the Open Market Value of the abovementioned property as at 14 November 2003 based on the terms of the sale and leaseback arrangement between the owner of the property and Ascendas Real Estate Investment Trust ("A-REIT"). We confirm that we have conducted an inspection and have obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of the property as at 14 November 2003.

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

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

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



Managing Director: Willy P Y Shee FRSK Dip Urb Val (Auck) SNZM  
Executive Directors: Pauline Goh BSc (Est Man) FRSV Christopher Fookak MBA BSc (Urb Est Man) MRICS  
Li Hlow Ho FRSV Dip Urb Val (Auck) SNZM Soon Sa Lin BSc (Est Man) Hon MBA MGSV Jeremy N Loke BSc (Urb Est Man) Hon MRICS  
Lim Lay See BSc (Est Man) Hon MGSV Sim Hwee Yan BSc (Est Man) Hon FRSV  
Murray Arnding BE (Land Econ) MRICS Tay H Tuan BSc (Est Man) Hon MGSV  
Directors: Joseph Tan Chin Teck Chuan BSc (Est Man) Hon Aloys Seow BSc (Est Man) Hon

Page 2

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

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

Our valuation is prepared on the basis that the premises and any works thereto comply with all relevant laws and regulations.

Where applicable, information as to title particulars, site area and existing tenure are obtained from searches carried out at the Singapore Land Authority. We have also relied on information provided to us by our client pertaining to matters such as the gross/lettable floor area, leaseback arrangements, ground lease expiry, ground rent, annual value etc. All information provided as at 14 November 2003 is treated as correct and CB Richard Ellis (Pte) Ltd accepts no responsibility for subsequent changes in information and reserves the right to change our opinion of value if any other information provided were to materially change.

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

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

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

10 TOH GUAN ROAD, SINGAPORE 606838

Land Area:	20,444.3 square metres
Gross Floor Area (GFA):	52,156.85 square metres
Net Lettable Floor Area (NLA):	44,835 square metres
Tenure:	30 + 30 years from 16 October 1995
Capitalisation Rate:	7.5%
Internal Rate of Return (10 years):	9.5%
Terminal Yield:	7.75%
Valuation:	S\$92,000,000

The Valuation Certificate is attached as Appendix A to this letter.

Page 3

This valuation summary letter summarises our Valuation Report and is for the use of Bermuda Trust (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 property as well as for inclusion in the circular to be issued by A-REIT in relation to, among other things, the acquisition of the property (the "Circular"). No responsibility is accepted to any other party for the whole or any part of its contents.

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

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

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We have no present or prospective interest in the subject 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. 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 valuer undertaking the valuation is authorised to practice as valuers and have the necessary expertise and experience in valuing similar types of properties.

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



**Sim Hwee Yan**  
BSc (Est. Mgt) Hons FSISV  
Appraiser's Licence No. : AD041-2004155J  
Executive Director – Valuation & Advisory Services

Appendix A

**VALUATION CERTIFICATE**

<b>Address of Property:</b>	10 Toh Guan Road, Singapore 606838
<b>Land Area:</b>	20,444.3 square metres
<b>1998 Master Plan Zoning:</b>	"Light Industry" with a plot ratio of 2.5
<b>Interests Valued:</b>	Leasehold – 30 + 30 years from 16 October 1995
<b>Owner:</b>	T.T. International Tradepark Pte Ltd
<b>Improvement Description:</b>	The property is improved with a major office/warehouse complex which was completed circa 1998. The office building comprises a 10-storey tower and 5-storey podium with a basement car park for 76 lots. The warehouse complex comprises a 6-storey conventional warehouse building with an adjoining 30-metres high building housing the Automatic Storage and Retrieval System ("ASRS") facilities. Ample loading and unloading bays with dock levellers are located in front of the warehouse complex.
<b>Gross Floor Area (GFA):</b>	52,156.85 square metres or approximately 516,411 square feet
<b>Net Lettable Area (NLA):</b>	Total: 44,835 square metres or approximately 482,599 square feet Warehouse: 34,497 square metres (77%) Office: 10,338 square metres (23%)
<b>Sale and Leaseback Terms:</b>	10-year lease with contracted rent as follows: Yr 1/2/3 : S\$6,615,000 p.a. Yr 4/5/6 : S\$7,202,374 p.a. Yr 7/8/9 : S\$7,634,516 p.a. Yr 10 : S\$8,323,809 p.a. The above rents include rental for the ASRS equipment. The tenant will bear all property outgoings.
<b>Valuation Approach:</b>	Capitalisation, Discounted Cash Flow and Direct Comparison.
<b>Open Market Value as at 14 November 2003:</b>	S\$92,000,000 (Singapore Dollars: Ninety-two million only)

## APPENDIX 2

### INFORMATION ON THE PROPERTIES

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

#### **(A) THE PROPERTIES**

##### **(i) Changi International Logistics Centre**

CILC is owned by Changi International Logistics Centre Ltd and is a multi-tenanted distribution facility with a gross floor area of 51,747 sqm and a net lettable area of 39,787 sqm. Constructed in two stages between the mid and late-1990s, the front block of the building incorporates a four-storey office facility and a two-storey warehouse while the rear block incorporates an eight-storey office facility and a four-storey warehouse. The building also possesses 32 loading bays, six cargo lifts, 80 car park lots and 56 lorry lots.

CILC is geared towards meeting the total needs of users of logistics services, such as consolidation/deconsolidation of freight, storage, inventory control, procurement, delivery, distribution and freight forwarding.

##### **(ii) IDS Logistics Corporate Headquarters**

IDS Logistics Corporate Headquarters is owned and fully occupied by IDS Logistics Services Pte. Ltd. It comprises a four-storey logistics centre with an ancillary office building and a single-storey rack clad building which incorporates an ASRS. The net lettable area of IDS Logistics Corporate Headquarters is 21,883 sqm situated on a land area of 32,647 sqm.

The building will be leased back to IDS Logistics Services Pte. Ltd. for a period of 10 years following its acquisition by A-REIT.

##### **(iii) Siemens Center**

Siemens Center is an industrial office/research facility comprising a total of three buildings: two towers of 15 storeys and eight storeys respectively as well as a two-storey annex building with amenities. The net lettable area of Siemens Center is 28,377 sqm situated on a land area of 17,386 sqm (subject to survey). There are 244 car park lots located in the basement. The main building is serviced by five passenger lifts and the ancillary building is serviced by two passenger lifts.

Siemens Pte Ltd occupies 82.0% or 23,233 sqm of the total net lettable area in Siemens Center and is the anchor tenant. The lease under which Siemens Pte Ltd occupies its premises within the building expires on 30 June 2018.



(iv) **Trivec Building**

Trivec Building is owned by Trivec Singapore Pte Ltd and is a part three-/part four-storey industrial cum logistics building with a net lettable area of 22,817 sqm situated on a land area of 30,239 sqm (subject to survey). The building is fully supported by a central air-conditioning system and has an air-conditioned cafeteria, four cargo lifts, two passenger lifts, 18 loading bays as well as 101 car park lots.

Trivec Singapore Pte Ltd will lease back approximately 22,112 sqm of Trivec Building (constituting approximately 96.9% of the Property by lettable area) for two years upon A-REIT's acquisition of the Property and 3Com Asia Pacific Rim Pte Ltd, an existing tenant, will lease the remainder of the Property. The area to be leased by Trivec Singapore Pte Ltd is currently occupied by third party tenants who will, following the acquisition of the Property by A-REIT, continue to occupy their premises as sub-tenants of Trivec Singapore Pte Ltd. The Manager intends to work closely with Trivec Singapore Pte Ltd to renew the leases with the sub-tenants.

There is potential to increase the gross floor area of Trivec Building as its existing plot ratio of 1.03 is below the allowable plot ratio of 1.60 for the Property. As part of the acquisition of Trivec Building, A-REIT has entered into an asset enhancement agreement dated 15 December 2003 with Trivec Singapore Pte Ltd under which Trivec Singapore Pte Ltd will construct approximately a minimum additional gross floor area of 58,584 square feet by way of additions and alterations to the existing Trivec Building and provide an income guarantee in respect of such additional area of S\$55,000 per month for 24 months. Trivec Singapore Pte Ltd will be responsible for all construction work and securing a tenant(s) for the additional space. A-REIT will be liable to pay S\$4.85 million (to be funded by debt) for the asset enhancement works at Trivec Building. Based on the income guarantee of S\$55,000 per month, the asset enhancements are expected to generate a net property yield of 8.4% in the first year after completion of the construction work.

(v) **TT International Tradepark**

TT International Tradepark is owned by T.T. International Tradepark Pte Ltd and comprises a six-storey conventional warehouse which is partially air-conditioned and a fully air-conditioned circular 10-storey glass tower used as office space. The warehouse has an adjoining 30-metre high ASRS and provides approximately 14,500 pallet slots for storage purposes. The net lettable area of TT International Tradepark is 44,835 sqm situated on a land area of 20,444 sqm.

Completed in 1998, TT International Tradepark is designed to be a "One-stop Tradelogistics Centre" incorporating warehousing, logistics and freight forwarding services.

The building will be leased to T.T. International Tradepark Pte Ltd for a period of 10 years following its acquisition by A-REIT.

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

	<b>CILC</b>	<b>IDS Logistics Corporate Headquarters</b>	<b>Siemens Center<sup>(1)</sup></b>	<b>Trivec Building</b>	<b>TT International Tradepark<sup>(2)</sup></b>
<b>Acquisition Price (S\$ million)</b>	45.6	50.0	65.8	32.0	92.0
<b>Net Property Income (S\$ million)</b>	3.9	4.1	4.4	2.7	6.5
<b>Property Yield Before Costs</b>	8.6%	8.2%	8.3%	8.4%	7.9%
<b>Rent Escalation</b>	N/A	Three-yearly market reviews with a ratchet clause and a cap of 15.0% on rental increases for the first review as well as a cap of 20.0% for subsequent reviews	Year 3 to 8: 3.0% every two years Year 9 to 15: 1.5% per annum	N/A	Stepped rental increases of 9.0% (year 4), 6.0% (year 7) and 9.0% (year 10)
<b>Net Lettable Area (sqm)</b>	39,787	21,883	28,377	22,817	44,835
<b>Weighted Average Lease Term to Expiry (years)</b>	3.5	10.0	14.6	2.3	10.0
<b>Major Tenant</b>	Zuellig Pharma Pte Ltd	IDS Logistics Services Pte. Ltd.	Siemens Pte Ltd	3Com Asia Pacific Rim Pte Ltd and Trivec Singapore Pte Ltd	T.T. International Tradepark Pte Ltd
<b>Asset Class</b>	Distribution and Logistics Centres	Distribution and Logistics Centres	Hi-Tech Industrial	Distribution and Logistics Centres	Distribution and Logistics Centres
<b>Land Lease Title</b>	Leasehold of 30 years commencing 16 October 1990, with an option to renew for a further 30 years	Leasehold of 30 years commencing 1 September 1998, with an option to renew for a further 28 years	Leasehold of 30 years commencing 16 December 2001, with an option to renew for a further 30 years (subject to confirmation by JTC on the further term)	Leasehold of 60 years commencing 16 November 1996	Leasehold of 30 years commencing 16 October 1995, with an option to renew for a further 30 years

Notes:

- (1) The property yield for Siemens Center is based on a property value of S\$53.50 million, being its acquisition price of S\$65.75 million excluding the deferred settlement component of an aggregate of S\$12.25 million. Under the provisions of the Siemens Lease, the rent payable by Siemens Pte Ltd increases contemporaneously with A-REIT's payment of the deferred settlement component.
- (2) The property yield for TT International Tradepark is based on a property value of S\$83.2 million, being its acquisition price of S\$92.0 million excluding the deferred settlement component of S\$8.8 million. The rent payable by T.T. International Tradepark Pte Ltd under the lease agreement which it will enter into with A-REIT upon A-REIT's acquisition of TT International Tradepark increases contemporaneously with A-REIT's payment of the deferred settlement component.

## (B) THE EXISTING PROPERTIES

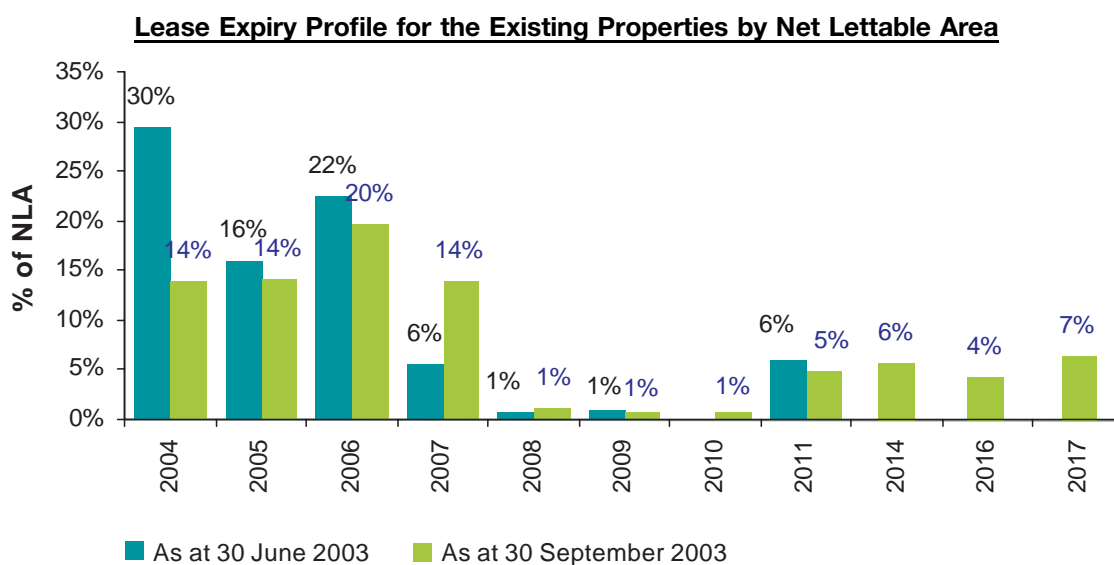
The following table sets out the net property income for the Existing Properties for the six months ended 30 September 2003<sup>9</sup>:

Properties	Actual S\$ million	Forecast in IPO Prospectus S\$ million	Variance S\$ million
<b><u>Business Park</u></b> <sup>(1)</sup>			
Gross revenue	16.0	16.3	(0.3)
Property operating expenses	4.3	5.1	0.8
Net property income	11.7	11.3	0.4
<b><u>Hi-Tech Industrial</u></b> <sup>(2)</sup>			
Gross revenue	3.9	4.1	(0.2)
Property operating expenses	1.2	1.7	0.5
Net property income	2.7	2.4	0.3
<b><u>Light industrial</u></b> <sup>(3)</sup>			
Gross revenue	12.0	11.3	0.7
Property operating expenses	2.7	2.9	0.2
Net property income	9.3	8.4	0.9
<b><u>Total</u></b>			
<b>Gross revenue</b>	<b>31.9</b>	<b>31.7</b>	<b>0.2</b>
<b>Property operating expenses</b>	<b>8.2</b>	<b>9.6</b>	<b>1.4</b>
<b>Net property income</b>	<b>23.7</b>	<b>22.1</b>	<b>1.6</b>

Notes:

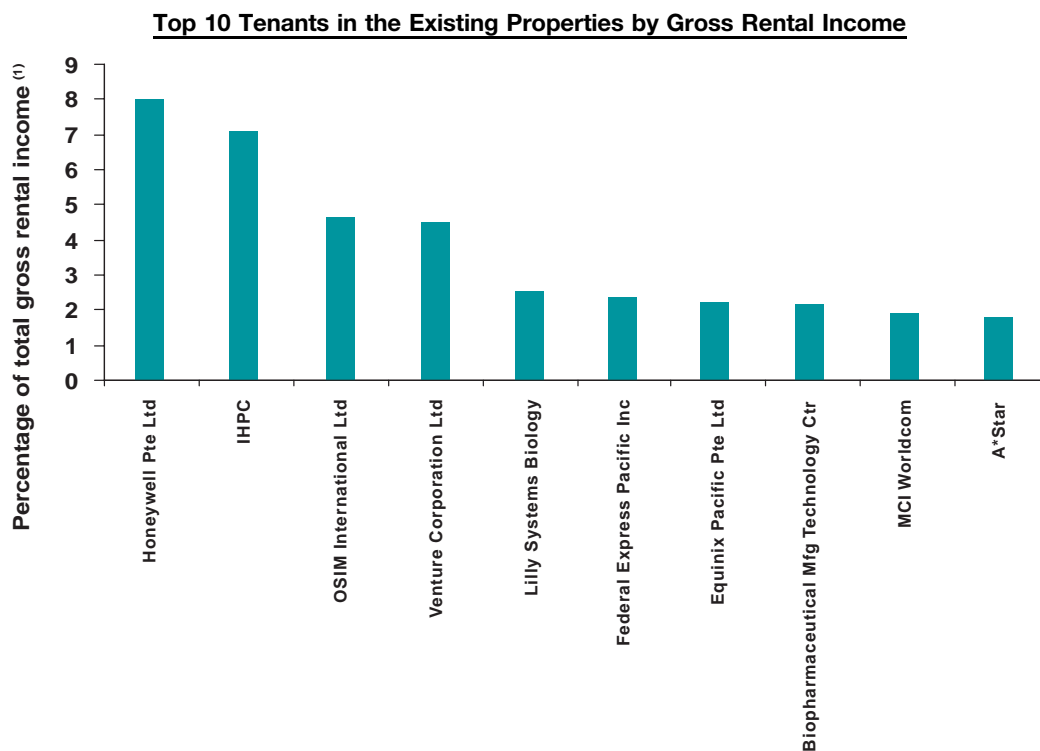
- (1) The Alpha, The Aries, The Capricorn, The Gemini and Honeywell Building.
- (2) Techlink Building.
- (3) Techplace I, Techplace II and OSIM HQ Building.

The following diagram illustrates the lease expiry profile for the Existing Properties by net lettable area:



<sup>9</sup> Does not include Ghim Li Building and Ultro Building as their acquisitions were completed after 30 September 2003.

The following diagram sets out the top 10 tenants in the Existing Properties by gross rental income (for the month ended 30 September 2003)<sup>10</sup>:

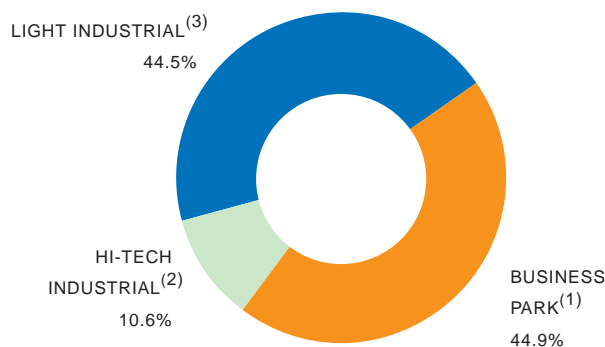


Note:

(1) Calculated on the basis of each tenant's percentage contribution to total gross rental income for the month ended 30 September 2003.

The following pie chart sets out the asset class diversification of the Existing Properties in A-REIT's portfolio as at 1 December 2003<sup>11</sup>:

**Asset Class Diversification by Value — Existing Properties**



Notes:

(1) The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building and Ultro Building.

(2) Techlink Building.

(3) Techplace I, Techplace II, OSIM HQ Building and Ghim Li Building.

<sup>10</sup> Does not include Ghim Li Building and Ultro Building as their acquisitions were completed after 30 September 2003.

<sup>11</sup> Includes Ghim Li Building and Ultro Building as their acquisitions were completed before 1 December 2003.

**(C) ENLARGED A-REIT PORTFOLIO (COMPRISING THE PROPERTIES AND THE EXISTING PROPERTIES)**

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

	Existing Properties	The Properties	A-REIT's Enlarged Portfolio
Net lettable area (sqm)	276,768	157,699	434,467
Occupancy rate <sup>(1)</sup>	82.2%	94.8%	87.5%
Number of tenants	321	36	357

Note:

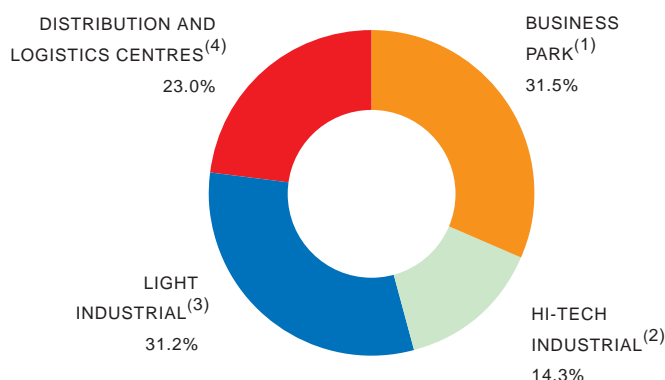
(1) Calculated as at 31 December 2003.

The Acquisitions will introduce a new asset class, "Distribution and Logistics Centres", to A-REIT's portfolio. The additional asset class further diversifies and enhances A-REIT's portfolio by broadening A-REIT's ability to offer space to other industry sectors.

On completion of the Acquisitions, A-REIT's weighting in relation to the Business Park asset class will decrease from 44.9% to 31.5%.

The following pie chart sets out the asset class diversification of A-REIT after the Acquisitions:

**Asset Class Diversification by Value — A-REIT's Enlarged Portfolio**

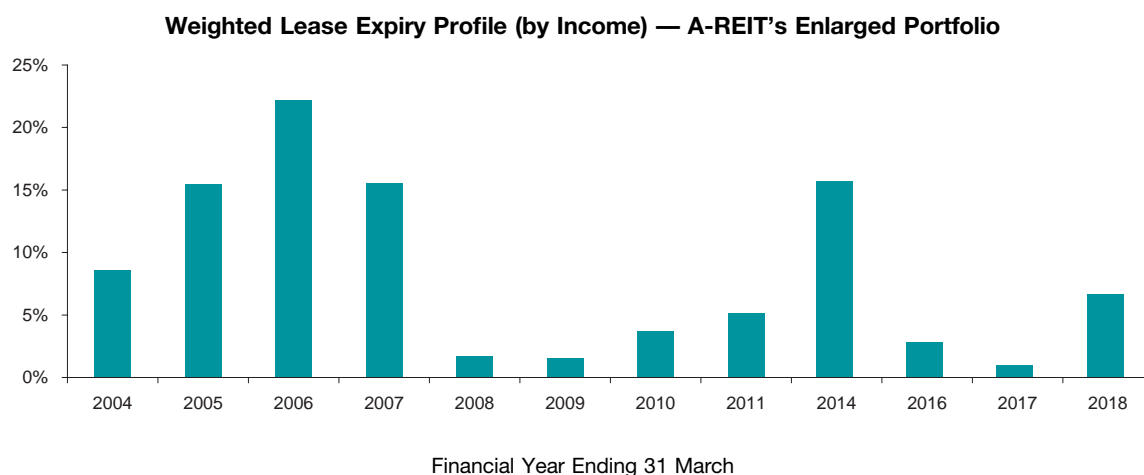


Notes:

- (1) The Alpha, The Aries, The Capricorn, The Gemini, Honeywell Building and Ulro Building.
- (2) Techlink Building and Siemens Center.
- (3) Techplace I, Techplace II, OSIM HQ Building and Ghim Li Building.
- (4) CILC, IDS Logistics Corporate Headquarters, Trivec Building and TT International Tradepark.

The Acquisitions will extend the weighted average lease term to expiry of A-REIT's portfolio to 4.6 years from 2.9 years currently. The Manager believes this improvement in the lease expiry profile of A-REIT will enhance the stability of A-REIT's income and distributions going forward.

The following chart sets out the weighted average lease expiry for A-REIT after the Acquisitions:



Diversification of the income stream results from A-REIT's broad tenancy base, which will be in excess of 350 tenants after the Acquisitions. Earnings are enhanced with an increase in the number of long-term tenants through the Acquisitions.

Following completion of the Acquisitions, A-REIT's top 10 tenants in terms of gross rental income make up 38.5% of the portfolio income with a majority on long-term leases as compared with 28.6% before the Acquisitions.

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

Tenant	Percentage by Net Property Income
T.T. International Tradepark Pte Ltd	6.4%
Siemens Pte Ltd	6.1%
Honeywell Pte Ltd	4.4%
Zuellig Pharma Pte Ltd	3.9%
IDS Logistics Services Pte. Ltd.	3.8%
Trivec Singapore Pte Ltd	3.8%
Institute of High Performance Computing	3.7%
OSIM International Ltd	2.4%
Venture Corporation Ltd	2.3%
Ultron Technologies Limited	1.7%
<b>Total</b>	<b>38.5%</b>

#### **(D) 2003 PRO FORMA FINANCIAL INFORMATION**

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

The pro forma financial information of A-REIT set out in this Appendix 2 reflects the pro forma results of A-REIT for the year ended 31 March 2003 and the pro forma balance sheet as at 31 March 2003.

The pro forma results and pro forma balance sheet for the Existing Properties have been compiled based on the Audited Financial Statements of A-REIT. The pro forma information on the Properties have been based on income and expense forecasts which assume that all of the Properties were purchased on 1 April 2002 and held and operated for the whole year through to 31 March 2003. The pro forma information has been prepared on the basis of the accounting policies normally adopted by A-REIT as disclosed in the annual report for the period ended 31 March 2003.

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

### Pro Forma Results

The pro forma results have been prepared on the basis that A-REIT purchased the Properties on 1 April 2002 and held and operated them through to 31 March 2003. The pro forma adjustments made to the above audited financial statements as at 31 March 2003 are summarised below:

- (i) adjustments to align to A-REIT's revenue recognition policy;
- (ii) adjustment to expenses to base them on A-REIT's property services fees, other property operating expenses, the Manager's management fees, trust expenses and borrowing costs;
- (iii) addition of the buildings purchased during the current financial year, namely OSIM HQ Building, Ghim Li Building and Ulro Building as if they were purchased and operated for the whole financial year; and
- (iv) adjustments to reflect the Manager's management fee paid in the form of Units for the six months ended 30 September 2002.

### Pro Forma Statement of Total Return (as at 31 March 2003)

	Existing Properties S\$'000	The Properties S\$'000	Total S\$'000
Total revenue	67,087	31,291	98,378
Property services fees	(2,263)	(677)	(2,940)
Property tax	(5,104)	(1,600)	(6,704)
Other property operating expenses	(10,011)	(7,463)	(17,474)
<b>Property operating expenses</b>	<b>(17,378)</b>	<b>(9,740)</b>	<b>(27,118)</b>
<b>Net property income</b>	<b>49,709</b>	<b>21,551</b>	<b>71,260</b>
Manager's management fees	(3,493)	(1,969)	(5,462)
Trust expenses	(805)	(82)	(887)
Borrowing costs	(3,963)	(3,440)	(7,403)
<b>Non-property expenses</b>	<b>(8,261)</b>	<b>(5,491)</b>	<b>(13,752)</b>
<b>Net profit</b>	<b>41,448</b>	<b>16,060</b>	<b>57,508</b>
Non-tax deductible expenses	2,066	1,364	3,430
<b>Available for distribution</b>	<b>43,514</b>	<b>17,424</b>	<b>60,938</b>
Units in Issue ('000)	545,900	160,500	706,400
Distribution per Unit (cents)	7.97	10.86	8.63
Property yield <sup>(1)</sup>	7.45% <sup>(2)</sup>	7.78% <sup>(3)</sup>	7.55% <sup>(4)</sup>

Notes:

- (1) The property yield is calculated based on the net property income over the property value of the property, except that when it is first acquired, it is based on the total acquisition costs of the property.
- (2) Based on total valuation of S\$607.5 million for the Existing Properties (excluding OSIM HQ Building, Ghim Li Building and Ulro Building) as at 31 March 2003 plus OSIM HQ Building (S\$26.5 million after excluding the S\$10.0 million deferred settlement component), Ghim Li Building (S\$14.1 million) and Ulro Building (S\$18.8 million), for a total property value of S\$666.9 million.
- (3) Based on total acquisition costs of S\$298.3 million for the Properties proposed to be acquired less the amount of deferred settlements, being S\$8.8 million for TT International Tradepark and S\$12.25 million for Siemens Centre.
- (4) Based on the pro forma asset portfolio of S\$944.2 million comprising the sums in notes (2) and (3) above.

## Pro Forma Balance Sheet

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

- (i) the Properties to be acquired have been included at their respective purchase prices plus the costs of acquisition;
- (ii) it is assumed that S\$110.6 million is drawn down from available debt facilities;
- (iii) 160,500,000 New Units will be issued for a total gross consideration of S\$171.7 million to partly finance the acquisition of the Properties;
- (iv) distribution of 100.0% of A-REIT's distributable income for the period from 19 November 2002 (the day A-REIT was listed on the SGX-ST) to 31 March 2003 has been made to Unitholders on 31 March 2003;
- (v) the balance sheet as at 31 March 2003 has been adjusted to include the acquisition of OSIM HQ Building, Ghim Li Building and Ulro Building funded using available cash and debt capacity; and
- (vi) adjustments to reflect the Manager's management fee paid in the form of Units for the six months ended 30 September 2002.

## Pro Forma Balance Sheet (as at 31 March 2003)

	<b>Actual (per Audited Financial Statements of A-REIT) S\$'000</b>	<b>Pro forma Adjusted for 2003 Distributable Income and Recent Acquisitions<sup>(1)</sup> S\$'000</b>	<b>Pro forma Adjusted for the Properties S\$'000</b>
Non-current assets	607,540	677,040	975,224
Current assets			
Trade and other receivables	1,271	1,271	1,271
Cash and cash equivalents	27,558	1,307	1,307
<b>Total assets</b>	<b>636,369</b>	<b>679,618</b>	<b>977,802</b>
Other liabilities	(13,209)	(23,809)	(44,859) <sup>(2)</sup>
Borrowings	(125,000)	(172,800)	(283,351) <sup>(3)</sup>
<b>Net assets</b>	<b>498,160</b>	<b>483,009</b>	<b>649,592</b>
Represented by:			
Unitholders funds	<b>498,160</b>	<b>483,009</b>	<b>649,592</b>
Units in Issue ('000)	545,000	545,900	706,400
<b>NAV per Unit (S\$)</b>	<b>0.91</b>	<b>0.88</b>	<b>0.92</b>

### Notes:

- (1) The pro forma balance sheet has been adjusted for the distribution made in respect of distributable income for the year ended 31 March 2003. The acquisitions of OSIM HQ Building, Ghim Li Building and Ulro Building have also been included. Capital expenditure incurred after 31 March 2003 and property revaluations on 31 December 2003 in respect of the Existing Properties have not been included. Revaluation of the Existing Properties on 31 December 2003 has resulted in an increase of S\$7.9 million over the book value thereof as at 31 December 2003.
- (2) The deferred settlement amounts for TT International Tradepark (S\$8.8 million) and Siemens Center (S\$12.25 million) are aggregated as part of other liabilities.
- (3) Based on an indicative Issue Price of S\$1.07 per New Unit issued under the Proposed Issue, required borrowings are S\$110.6 million (debt drawdowns are not immediately required for the deferred settlement amounts of S\$8.8 million and S\$12.25 million for TT International Tradepark and Siemens Center respectively).



## APPENDIX 3

### PROFIT FORECAST

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

The following table sets out A-REIT's forecast net property income and distributable income for the year ending 31 March 2005. The forecast has been reviewed by KPMG and KPMG Corporate Finance Pte Ltd and should be read together with their reports contained in **Appendices 4** and **5** of this Circular as well as the assumptions and sensitivity analysis set out below.

	YEAR ENDING 31 MARCH 2005		
	Existing Properties	The Properties	After the Acquisitions <sup>(1)</sup>
	S\$'000	S\$'000	S\$'000
Gross revenue — Existing Properties	64,853	—	64,853
Other revenue — Existing Properties	3,101	—	3,101
Gross revenue — the Properties	—	31,291	31,291
Gross revenue	67,954	31,291	99,245
Property operating expenses	(17,173)	(9,740)	(26,913)
Net property income	50,781	21,551	72,332
Manager's management fee	(5,020)	(1,969)	(6,989)
Trust expenses	(910)	(82)	(992)
Borrowing costs	(4,104)	(3,440)	(7,544)
Non-property expenses	(10,034)	(5,491)	(15,525)
Net profit	40,747	16,060	56,807
Non-tax deductible expenses	4,268	1,364	5,632
Available for distribution	45,015	17,425	62,439
Weighted average number of units on issue ('000) <sup>(2)</sup>	549,575		710,106
Units in issue ('000) <sup>(2)</sup>	551,342		712,423
Earnings per Unit (cents)	7.41		8.00
DPU (cents)	8.19		8.79

Notes:

- (1) Assuming that 160,500,000 New Units are issued pursuant to the Proposed Issue at an Issue Price of S\$1.07 per New Unit and that the additional borrowings incurred by A-REIT to partly fund the Acquisitions increase A-REIT's Gearing to 27.0% on completion of the Acquisitions and 27.3% as at 31 March 2005.
- (2) Includes Units issued to the Manager in part payment of its management fees, comprising the Base Fee and the Performance Fee.

## ASSUMPTIONS

The major assumptions that the Manager has made in preparing the financial forecast for the year ending 31 March 2005 are detailed below. The Manager considers these assumptions to be appropriate and reasonable as at the date of this Circular.

### (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 (after rent rebates) 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 step-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 net 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 they have indicated otherwise.

The percentage of forecast net rental income attributed to committed leases as at 30 November 2003 is as follows:

#### Year Ending 31 March 2005

	Before the Acquisitions	After the Acquisitions
Percentage of rental income attributable to committed leases <sup>(1)</sup>	76.8%	82.1%

Note:

(1) All current leases in respect of the Properties as at 30 November 2003 or leases which will be entered into between the Trustee (as trustee of A-REIT) and a tenant pursuant to a signed commitment to lease.

Following the expiry of a committed lease, the Manager has used the following process to forecast the net rental income for the property following the expiry:

The Manager has assessed the market rent for the lettable area of each of the properties in the Portfolio as at 30 November 2003. The market rent is the rent which the Manager believes could be achieved if each lease is re-negotiated as at 30 November 2003 and is estimated with reference to net 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 stated the intention not to renew), likely market conditions, inflation levels and tenant demand levels. For committed leases which expire in the year ending 31 March 2005, the Manager has applied market annual growth rates.

**(B) Other Income**

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

**(C) Renewals and Vacancy Allowance**

It has been assumed that leases up for renewal will be renewed (provided the tenant has not specified the intention not to renew). The weighted average vacancy allowance for all renewals over the year ending 31 March 2005 is an average of four months.

**(ii) Property Operating Expenses**

**(A) Property Services Fees**

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

**(B) Property Tax**

It has been assumed that property tax will be 10.0% of the net rental income for multi-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 of the properties in the Portfolio for the year ending 31 March 2005, on the basis of actual historical operating costs.

**(D) Bad and Doubtful Debts**

No provision has been made for bad and doubtful debts in the year ending 31 March 2005.

**(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 0.5% per annum of the Deposited Property.

A Performance Fee of 0.20% of the Deposited Property has been included for the year ending 31 March 2005, being a fee of 0.10% as DPU growth exceeds 2.5% and an additional fee of 0.10% as DPU growth exceeds 5.0% (as provided for in the Trust Deed).

50.0% of the Base Fee and 100.0% of the Performance Fee payable to the Manager will be paid in the form of 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.

**(iv) Trust Expenses**

Trust expenses include recurring operating expenses such as the Trustee's fee, 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 fee is 0.03% per annum of the Deposited Property (subject to a minimum of \$10,000 per month) and is accrued daily and paid monthly in arrears based on the Deposited Property at the end of each quarter in accordance with the Trust Deed.

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

(v) **Borrowing Costs**

A-REIT has in place two debt facilities with Oversea-Chinese Banking Corporation Limited: a three-year S\$150.0 million facility comprising a S\$80.0 million transferable loan facility, a S\$65.0 million revolving credit facility and a S\$5.0 million letter of guarantee; and a two-year S\$300.0 million facility comprising a S\$200.0 million term loan facility and a S\$100.0 million uncommitted revolving credit facility. The Manager has fixed the interest rate in respect of S\$100.0 million in aggregate amount of A-REIT's borrowings through interest rates swaps at an average interest rate of 2.0% per annum exclusive of all margins. The Manager has assumed an average interest rate of 2.7% per annum inclusive of all margins for the year ending 31 March 2005.

(vi) **Interest Income**

It has been assumed that the amount of interest earned on cash deposits will be 0.5% per annum.

(vii) **Capital Expenditure**

An allowance for the projected capital expenditure has been included based on the Manager's budget. It has been assumed that the capital expenditure will be funded by bank borrowings. Capital expenditure incurred is capitalised as part of Deposited Property and has no impact on the income statement or distributions other than the interest incurred on bank borrowings, the Base Fee that the Manager is entitled to and the Trustee's fee.

Capital expenditure of S\$4.2 million has been forecast for the year ending 31 March 2005.

(viii) **Equity Raising**

The forecasts have been prepared based on an Issue Price of S\$1.07 per New Unit on the assumption that the proceeds from the Proposed Issue of the New Units will be used to partly finance the Acquisitions in accordance with the terms of the Purchase Agreements.

The costs associated with the Equity Fund Raising are expected to be S\$5.2 million and will be paid for by A-REIT on completion of the issue. These costs are charged against the issued capital in the balance sheet and have no impact on the income statement or distributions.

(ix) **The Properties**

A-REIT will be entitled to income from the Properties from the day of completion of the Acquisitions (assumed to be 31 March 2004).

The Properties will be recorded in A-REIT's financial statements at cost initially and will be revalued in line with its accounting policy on investment properties. Acquisition costs which include stamp duty, legal fees *etc* are capitalised to the cost of the Properties and accordingly have no impact on the income statement or distributions.

For the purpose of forecasting the Manager's management fees and Trustee's fee for the year ending 31 March 2005, the Manager has made an assumption that the value of 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 operating profit.

(xi) **Other Assumptions**

The Manager has made the following additional assumptions in preparing the financial forecast for the year ending 31 March 2005:

- that A-REIT's property portfolio remains unchanged after the Properties are acquired;
- that no further capital will be raised during the 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 3.

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 the forecast 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 the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

*Gross Revenue*

Changes in gross revenue affect the net profit of A-REIT. The effect of variations in gross revenue on distributions is set out as follows:

Assuming Issue Price of	S\$1.05	S\$1.07	S\$1.25
<b>DPU (cents)</b>			
5.0% above estimate	9.48	9.50	9.63
Base case	8.78	8.79	8.93
5.0% below estimate	8.08	8.09	8.23

*Property Operating Expenses*

Changes in Property Operating Expenses affect the net profit of A-REIT. The effect of variations in Property Operating Expenses on distributions is set out as follows:

Assuming Issue Price of	S\$1.05	S\$1.07	S\$1.25
<b>DPU (cents)</b>			
5.0% above estimate	8.59	8.60	8.74
Base case	8.78	8.79	8.93
5.0% below estimate	8.97	8.98	9.12

### *Borrowing Costs*

Changes in interest rates will impact the net property income of A-REIT. The interest rate assumptions are set out earlier in this Appendix 3. The impact of variations in the interest rates is as follows:

Assuming Issue Price of	S\$1.05	S\$1.07	S\$1.25
<b>DPU (cents)</b>			
50 basis points below estimate	8.85	8.87	8.98
Base case	8.78	8.79	8.93
50 basis points above estimate	8.70	8.72	8.87

## APPENDIX 4

### 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

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

19 January 2004

Dear Sirs

#### **Letter from the Reporting Accountants on the Profit Forecast for the Financial Year Ending 31 March 2005**

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 Directors' forecast income statement for the period from 1 April 2004 to 31 March 2005 (the "Profit Forecast") as set out on page 69 of the Circular, which has been prepared on the basis of their assumptions as set out on pages 70 to 73 of the Circular.

We have examined, as reporting accountants, the Profit Forecast for the period from 1 April 2004 to 31 March 2005 as set out on page 69 of the Circular in accordance with Singapore Standards on Auditing applicable to the examination of prospective financial information. The Directors are solely responsible for the Profit Forecast including the assumptions set out on pages 70 to 73 of the Circular on which it is based.

In our capacity as reporting accountants and based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions, is consistent with the accounting policies normally adopted by A-REIT as disclosed in its financial statements for the period ended 31 March 2003, and is presented in accordance with the relevant presentation principles of Singapore Financial Reporting Standards (but not all the required disclosures) as at the date of this report.

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 the forecast results. For the reason set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast.

Attention is drawn, in particular, to the sensitivity analysis of the Directors' Profit Forecast as set out on pages 73 to 74 of the Circular.

Yours faithfully

KPMG  
*Certified Public Accountants*  
*(Partner in charge: Eng Chin Chin)*

Singapore



## APPENDIX 5

### KPMG CORPORATE FINANCE PTE LTD'S REPORT ON THE PROFIT FORECAST ASSUMPTIONS

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

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

19 January 2004

Dear Sirs

#### **Expert's Report on the Profit Forecast Assumptions**

##### **Introduction**

This expert report has been prepared at the request of Ascendas-MGM Funds Management Limited ("**Ascendas-MGM**" or the "**Manager**") for inclusion in the circular (the "**Circular**") to be issued by Ascendas-MGM for the purpose of issuing new units in Ascendas Real Estate Investment Trust ("**A-REIT**") to raise financing for acquisitions.

We are licensed under a capital markets services licence to provide corporate finance advisory services, and have been engaged as an expert (as defined in the Companies Act (Cap. 50) of Singapore) to review the assumptions listed in the Circular as to whether they provide reasonable grounds for the profit forecast for the year ending 31 March 2005 (the "**Forecast**") contained in the Circular.

The expressions defined in the Circular have the same meaning in this report.

##### **Scope**

The Directors of Ascendas-MGM (the "**Directors**") are solely responsible for the preparation of the Forecast, which is set out on page 69 of the Circular. This includes ensuring that the assumptions used, which are the subject of our review, are stated in the Circular.

We have reviewed the assumptions on which the Forecast is based. The assumptions which they have applied in preparing the Forecast are set out on pages 70 to 73 of the Circular.

We applied our professional judgment in determining the nature, timing and extent of review procedures, having regard to (i) the likelihood of material misstatement, (ii) management's competence regarding the preparation of the Forecast, (iii) the extent to which the Forecast is affected by management's judgment, and (iv) the adequacy and reliability of the underlying data.

We assessed the source and reliability of the evidence supporting management's best-estimate assumptions. We considered evidence from internal and external sources, including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within A-REIT's capacity.

In carrying out our review, we also focused on the extent to which those assumptions that are particularly sensitive to variation have a material effect on the results shown in the Forecast. The extent of such sensitivity was one of the factors which influenced the extent of the evidence which we sought to obtain. We also considered the inter-relationship between the stated assumptions.

To the extent practicable, we considered historical performance information and whether the stated assumptions are clearly unrealistic in the light of historical performance patterns.

We will not be responsible for checking whether the Forecast is properly prepared from management's stated assumptions, nor for checking the arithmetical logic or internal consistency of the workings and spreadsheets, as this scope is covered in the review by KPMG and reported on in their Independent Accountants' Report on the Profit Forecast set out on pages 75 and 76 of the Circular.

The scope of the work which we have carried out is not inconsistent with that set out in Singapore Standard on Auditing 27: The Examination of Prospective Financial Information, insofar as it relates to the examination of evidence relating to assumptions used in the Forecast.

### **Statement**

Based on our review of the assumptions and 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 reasonable grounds for the Forecast.

Our report should be read with the sensitivity analysis of the Directors' Forecast set out on pages 73 to 74 of the Circular.

We do not accept responsibility for the realisation of the Forecast. In addition, we emphasise that since the Forecast relates to the future, actual results are likely to be different from the forecast results because events and circumstances frequently do not occur as expected, and the differences may be material.

Yours faithfully  
For and on behalf of  
**KPMG Corporate Finance Pte Ltd**

Tham Sai Choy  
Director

Vishal Sharma  
Director

## 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 10.00 a.m. on Tuesday, 10 February 2004 at The Auditorium, #02-00 Podium Level, 2 Shenton Way, SGX Centre 1, Singapore 068804 for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

### EXTRAORDINARY RESOLUTION

#### 1. 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 dated 9 October 2002 made between Ascendas-MGM Funds Management Limited (as manager of A-REIT) (the “**Manager**”) and Bermuda Trust (Singapore) Limited (the trustee of A-REIT) (the “**Trustee**”) for A-REIT to issue and offer 160,500,000 units in A-REIT (the “**Proposed Issue**”) in the manner as described in the circular dated 19 January 2004 issued by the Manager to the holders of units in A-REIT (the “**Circular**”) and to make the Advance Distribution (as defined in the Circular) as a consequence of the Proposed Issue; and
- (a) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Proposed Issue and the Advance Distribution.

### EXTRAORDINARY RESOLUTION

#### 2. PLACEMENT OF NEW UNITS IN A-REIT TO ASCENDAS LAND (SINGAPORE) PTE LTD

That:

- (a) subject to and contingent upon the passing of Resolution 1, approval be and is hereby given for the placement of up to 15,416,452 new units in A-REIT under the Private Placement (as defined in the Circular) portion of the Equity Fund Raising (as defined in the Circular) to Ascendas Land (Singapore) Pte Ltd at the Issue Price (as defined in the Circular), provided that no more than such number of new units in A-REIT as would be required to maintain the unitholdings of Ascendas Land (Singapore) Pte Ltd at its pre-placement level (in percentage terms) as at the Latest Practicable Date (as defined in the Circular) may be placed to Ascendas Land (Singapore) Pte Ltd; and
- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to such placement.

### ORDINARY RESOLUTION

#### 3. PLACEMENT OF NEW UNITS IN A-REIT TO MGM SINGAPORE PTE. LTD.

That:

- (a) subject to and contingent upon the passing of Resolution 1, approval be and is hereby given for the placement of up to 6,353,229 new units in A-REIT under the Private Placement portion of the Equity Fund Raising to MGM Singapore Pte. Ltd. at the Issue Price, provided that no more than such number of new units in A-REIT as would be required to maintain the unitholdings of MGM Singapore Pte. Ltd. at its pre-placement level (in percentage terms) as at the Latest Practicable Date may be placed to MGM Singapore Pte. Ltd.; and

- (b) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to such placement.

#### **ORDINARY RESOLUTION**

#### **4. PLACEMENT OF NEW UNITS IN A-REIT TO THE CAPITAL GROUP OF COMPANIES, INC.**

That:

- (a) subject to and contingent upon the passing of Resolution 1, approval be and is hereby given for the placement of up to 5,866,507 new units in A-REIT under the Private Placement portion of the Equity Fund Raising to The Capital Group of Companies, Inc. at the Issue Price, provided that no more than such number of new units in A-REIT as would be required to maintain the unitholdings of The Capital Group of Companies, Inc. at its pre-placement level (in percentage terms) as at the Latest Practicable Date may be placed to The Capital Group of Companies, Inc.; and
- (b) the Manager, any director of the Manager and Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to such placement.

#### **ORDINARY RESOLUTION**

#### **5. PLACEMENT OF NEW UNITS IN A-REIT TO PRUDENTIAL ASSET MANAGEMENT (SINGAPORE) LIMITED**

That:

- (a) subject to and contingent upon the passing of Resolution 1, approval be and is hereby given for the placement of up to 5,522,356 new units in A-REIT under the Private Placement portion of the Equity Fund Raising to Prudential Asset Management (Singapore) Limited at the Issue Price, provided that no more than such number of new units in A-REIT as would be required to maintain the unitholdings of Prudential Asset Management (Singapore) Limited at its pre-placement level (in percentage terms) as at the Latest Practicable Date may be placed to Prudential Asset Management (Singapore) Limited; and
- (b) the Manager, any director of the Manager and Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to such placement.

BY ORDER OF THE BOARD

Ascendas-MGM Funds Management Limited  
(as manager of Ascendas Real Estate Investment Trust)

Tay Hsiu Chieh  
Company Secretary  
Singapore  
19 January 2004

Notes:

1. A holder of Units ("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 Manager's registered office at 75 Science Park Drive, #01-03 CINTECH II, Singapore Science Park I, Singapore 118255, 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))

**PROXY FORM  
EXTRAORDINARY GENERAL MEETING**

**IMPORTANT**

- 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.
- This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We \_\_\_\_\_ (Name)  
of \_\_\_\_\_ (Address)  
being a unitholder/unitholders of Ascendas Real Estate Investment Trust ("A-REIT"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings	
			No. of Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of A-REIT to be held at 10.00 a.m. on Tuesday, 10 February 2004 at The Auditorium, #02-00 Podium Level, 2 Shenton Way, SGX Centre 1, Singapore 068804 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.

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**
<b>EXTRAORDINARY RESOLUTIONS</b>				
1. To approve the Proposed Issue				
2. To approve the placement of New Units to Ascendas Land (Singapore) Pte Ltd				
<b>ORDINARY RESOLUTIONS</b>				
3. To approve the placement of New Units to MGM Singapore Pte. Ltd.				
4. To approve the placement of New Units to The Capital Group of Companies, Inc.				
5. To approve the placement of New Units to Prudential Asset Management (Singapore) Limited				

\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided.

\*\* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2004

Total number of Units held

\_\_\_\_\_  
Signature(s) of Unitholder(s)/Common Seal

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM REVERSE.**



## Notes To Proxy Form

1. A 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 Manager’s registered office at 75 Science Park Drive, #01-03 CINTECH II, Singapore Science Park I, Singapore 118255, not less than 48 hours before the time set for the Extraordinary General Meeting, *i.e.* before 10.00 a.m. on 8 February 2004.
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.

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.....

Affix  
Postage  
Stamp

**ASCENDAS-MGM FUNDS MANAGEMENT LIMITED**  
75 Science Park Drive #01-03  
CINTECH II, Singapore Science Park I  
Singapore 118255

.....  
*2nd fold here*  
.....

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, holding or representing one-tenth in value of the Units represented at the meeting. Unless a poll is so demanded, a declaration by the Chairman that such a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. On a show of hands every Unitholder who (being an individual) is present in person or by proxy or (being a corporation) is present by one of its officers as its proxy shall have one vote. On a poll every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder. A person entitled to more than one vote need not use all his votes or cast them the same way.

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

[www.a-reit.com](http://www.a-reit.com)

