



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

ANNOUNCEMENT
PROPOSED BUILT-TO-SUIT DEVELOPMENT OF
A 9-STOREY HI-TECH INDUSTRIAL BUILDING FOR SINGTEL

1. INTRODUCTION

1.1 Proposed Development

Ascendas Funds Management (S) Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), is pleased to announce that A-REIT has secured from Singapore Telecommunications Limited (“**SingTel**”) the purchase of the land at Kim Chuan Road comprised in Lots 6356K and 6357N of Mukim 23 (“the “**Land**”) for the proposed development of a 9-storey hi-tech industrial building (the Land and the proposed building to be developed together shall hereinafter be referred to as the “**Proposed Development**”). The estimated investment for the base building and Land is about S\$99.6 million. A further investment of up to S\$75.8 million would be made in the installation of additional mechanical and electrical equipment to enhance the building specifications to the requirement of SingTel.

HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”), as trustee of A-REIT, has today entered into a conditional Sale and Purchase agreement (the “**S&P Agreement**”) with SingTel for the said building to be developed by A-REIT and the acquisition of the Land. On completion of the S&P Agreement, SingTel or its Pre-Approved Lessee (defined below in para 3.2), is required to enter into an agreement to lease (the “**Agreement for Lease**”), the agreed form of which is attached to the S&P Agreement, the Proposed Development from A-REIT for an initial tenure of 20 years with annual rental escalation and an option to renew for a further 10 years on expiry as set out in paragraph 3 below.

1.2 Disclosure Requirements Under the Listing Manual

The relative figures for the investment computed on the bases set out in Rule 1006 are as follows:-

	As at latest practicable date
Rule 1006(a)	
Net asset value of the assets to be disposed of compared to net asset value of A-REIT	Not applicable to an acquisition / development
Rule 1006(b)	
Net profits attributable to the assets acquired compared to A-REIT's net profits ¹	2%
Rule 1006(c)	
Aggregate value of consideration to be given compared with A-REIT's market capitalisation as at the close of business day on the latest practicable date set out below ²	7.6%
Rule 1006(d)	
Number of units to be issued by A-REIT as consideration for an acquisition	Not applicable

Based on the computation under Rule 1006(c), A-REIT's investment in the Proposed Development is a discloseable transaction under Chapter 10 of the Listing Manual.

2. INFORMATION ON THE PROPOSED DEVELOPMENT

2.1 The Proposed Development

The Proposed Development is a built-to-suit project for lease to SingTel. It is located off Upper Paya Lebar Road, easily accessible via the Pan Island Expressway and Kallang-Paya Lebar Expressway, and within walking distance to the future Tai Seng MRT station which is expected to be completed and operational in 2010. The Proposed Development will be next to the Kim Chuan Telecommunications Complex, an existing building owned by A-REIT which is currently leased to SingTel.

¹ Based on A-REIT's latest unaudited financial statements for the financial year ended 31 March 2009

² Based on A-REIT's unit price as at the close of business day on 4 May 2009 (being the latest practicable date prior to the date of this Announcement)

The building will sit on a land area of approximately 13,879 sqm and is expected to have a gross floor area of approximately 32,862 sqm on completion. The tenure of the Land comprises the unexpired portion of a leasehold term of 99 years commencing from 31 March 1992. The Temporary Occupation Permit for the Proposed Development is expected in 1Q2010.

3. PRINCIPAL TERMS OF THE PROPOSED DEVELOPMENT

3.1 Sale and Purchase Agreement

- (a) Upon the execution of the S&P Agreement, A-REIT will furnish to SingTel an on demand banker's guarantee for the deposit amount of S\$1.6 million, representing 10% of the purchase price of the Land.
- (b) In arriving at the purchase consideration of S\$16.0 million for the Land, A-REIT took into account the valuation of the Land carried out by DTZ Debenham Tie Leung (SEA) Pte Ltd which stated that the value of the Land as at 1 April 2009 is S\$16.0 million.
- (c) Completion of the sale and purchase of the Proposed Development is subject to, among other things, the following conditions precedent being fulfilled:-
 - (i) SingTel's receipt of a copy of the Temporary Occupation Permit for the Proposed Development from A-REIT; and
 - (ii) Completion of the testing and commissioning of the completed building and the mechanical and electrical services in the building with the results being verified by the agreed consultant to be satisfactory.
- (d) A-REIT is responsible for carrying out the construction works on the Land in accordance with plans and specifications agreed between A-REIT and SingTel and for obtaining the necessary approvals relating thereto and the Temporary Occupation Permit for the Proposed Development.
- (e) The sale and purchase of the Proposed Development is subject to SingTel's leasehold title to the Proposed Development being free from encumbrances on completion of the sale and purchase.
- (f) In the event A-REIT does not issue the requisite notices to SingTel relating to the fulfilment of the conditions precedent (that is, that the Temporary Occupation Permit for the Proposed Development has been obtained and the testing and commissioning results are satisfactory) by 1Q2011, SingTel is entitled to terminate the S&P Agreement by written notice to A-REIT.
- (g) On the date falling five (5) business days after all the conditions precedent have been met, SingTel and A-REIT shall complete the sale and purchase

under the S&P Agreement, whereby A-REIT shall pay to SingTel the purchase price for the Land and SingTel will enter into the Agreement for Lease with A-REIT as described in paragraph 3.2 below.

3.2 Lease

- 3.2.1. Upon the completion of the S&P Agreement, SingTel and A-REIT are required to enter into the Agreement for Lease of the Proposed Development for an initial tenure of 20 years with annual rental escalation with an option to renew for a further 10 years and on such other terms and conditions as set out in the agreed form of lease (the “**Lease**”) attached to the Agreement for Lease.

The lease will commence on:

- (a) the date of completion where the Relevant Date (defined below) occurs before the date of completion of the S&P Agreement, or
- (b) the earlier of (i) the date falling 2 months after the date the conditions precedent under the S&P Agreement have been met or (ii) the Relevant Date, where the Relevant Date occurs after the date of completion of the S&P Agreement.

“**Relevant Date**” means the date when SingTel receives from A-REIT a certified true copy of the certificate from the independent certifier that the mechanical and electrical services in the completed building comply with the user’s acceptance test requirements as set out in the S&P Agreement.

- 3.2.2. SingTel may nominate a Pre-Approved Lessee (namely, a party where SingTel holds more than 50% of such party’s issued share capital) to enter into the Agreement for Lease and the Lease with A-REIT.

4. RATIONALE AND BENEFIT OF THE PROPOSED DEVELOPMENT TO A-REIT

4.1 The Proposed Development is in line with Manager’s investment strategy

The Manager aims to deliver a stable distribution to unitholders and to enhance the value of A-REIT’s property portfolio over time through, *inter alia*, selectively developing and acquiring suitable properties that meet the Manager’s investment criteria. The Proposed Development will be in line with the investment strategy of the Manager as it is accretive to A-REIT’s distributable income as stated below.

4.2 Strategic location

The Proposed Development is strategically located at Tai Seng which is next to the intersections of cable networks which link Singapore to other networks worldwide. It is located next to the current Kim Chuan Communications Complex, another building owned by A-REIT currently fully occupied by SingTel. This

Proposed Development will allow A-REIT to achieve operational synergy and enlarge its foothold in the hi-tech space arena.

4.3 Quality tenant base

SingTel, the largest listed company in Singapore by market capitalisation, is currently one of the top ten tenants in A-REIT's portfolio. This built-to-suit arrangement for the Proposed Development with SingTel demonstrates A-REIT's ability to grow with its customers.

5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE PROPOSED DEVELOPMENT

5.1 The Proposed Development may be funded by debt and / or equity.

5.2 The pro forma financial effect of the Proposed Development on A-REIT's distributable income per Unit for the financial year ended 31 March 2009 is expected to be 0.28 cents assuming that:

- A-REIT had completed, held and operated the Proposed Development for the whole of the financial year ended 31 March 2009;
- The Proposed Development was funded using 100% debt; and
- The basis of the Manager's management fees is as described in paragraph 7.3 below.

5.3 The Proposed Development is expected to increase A-REIT's net profit for FY2008/09 by about 2% assuming that it was completed at the beginning of that financial year and was funded using 100% debt funding.

5.4 The Proposed Development is not expected to have a material impact on the net tangible assets per Unit of A-REIT for the financial year ended 31 March 2009, assuming that the Proposed Development was completed at the end of that financial year and was funded using 100% debt funding.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

No Director of the Manager or controlling unitholder of A-REIT has any interest, direct or indirect, in the transaction, other than by way of development management fees and ongoing management fees payable to the Manager by A-REIT. Such fees are on the basis disclosed in the A-REIT prospectus dated 5 November 2002 and varied as described in paragraph 7.3 below. Therefore the Listing Rules relating to Interested Person Transactions are not applicable to these fees.

7. OTHER INFORMATION

7.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Proposed Development.

7.2 Development Management Fees

A-REIT is expected to incur development management fees of S\$2.9 million (being 3% of the development cost) payable to the Manager.

7.3 Mode of Payment of Management Fees

As sanctioned by an extraordinary resolution of the Unitholders of A-REIT ("Unitholders") passed at the Unitholders' Meeting on 28 June 2007, the Manager may in relation to each new property added into A-REIT's portfolio, elect at any time to receive its base fee ("**Base fee**") and performance fee ("**Performance fee**") which it is entitled to under the Trust Deed wholly in Units or wholly in cash or in any combination of both, as the Manager may elect.

The Manager has elected to receive 80% of its Base fee in cash and 20% in Units. The Performance fee, if any, will be paid entirely in cash.

7.4 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours (by prior appointment only) at the registered office of the Manager at 61 Science Park Road, #02-18 The Galen, Singapore 117525, for a period of 3 months commencing from the date of this Announcement:

- (i) the Sale and Purchase Agreement;
- (ii) the Agreement for Lease with the Lease (as appended to the Sale and Purchase Agreement);
- (iii) Valuation report by DTZ Debenham Tie Leung (SEA) Pte Ltd dated 1 April 2009.

BY ORDER OF THE BOARD
ASCENDAS FUNDS MANAGEMENT (S) LIMITED

Maria Theresa Belmonte
Assistant Company Secretary
4 May 2009

Important Notice

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only

deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The past performance of A-REIT is not necessarily indicative of the future performance of A-REIT.

This announcement 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 and occupancy, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. 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.