



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

A-REIT'S PROPOSED ACQUISITION OF DBS ASIA HUB FOR S\$116.0 MILLION

1. INTRODUCTION

1.1 Proposed Acquisition

Ascendas Funds Management (S) Limited (the "**Manager**"), the manager of Ascendas Real Estate Investment Trust ("**A-REIT**"), has identified the property at 2 Changi Business Park Crescent, DBS Asia Hub, Singapore (the "**Property**") for acquisition by A-REIT (the "**Proposed Acquisition**"). The Property is owned by Ascendas (Tuas) Pte Ltd (the "**Vendor**").

In connection with the Proposed Acquisition, HSBC Institutional Trust Services (Singapore) Limited (the "**Trustee**"), as trustee of A-REIT, has entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with the Vendor on 13 February 2010 on the principal terms set out in paragraph 3 below. A deposit of S\$50,000 ("**Deposit**") has been paid by the Trustee upon execution of the Sale and Purchase Agreement.

1.2 Disclosure Requirements Under the Listing Manual: Interested Person

The Vendor is a wholly-owned subsidiary of Ascendas Land (Singapore) Pte Ltd ("**ALS**"), which in turn is a wholly-owned subsidiary of Ascendas Pte Ltd.

As at the date of this announcement, ALS holds an aggregate direct interest of 359,706,000 units in A-REIT ("**Units**"), which is equivalent to approximately 19.2 per cent. of the total number of Units currently in issue. ALS is therefore regarded as a "controlling unitholder" of A-REIT under Appendix 2 (Property Funds) of the Code of Collective Investment Scheme (the "**Property Funds Guidelines**") issued by the Monetary Authority of Singapore.

As a wholly-owned subsidiary of the controlling unitholder of A-REIT, the Vendor is regarded as an "interested person" of A-REIT for the purposes of Chapter 9 of under the Listing Manual (the "**Listing Manual**") of Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Property Funds Guidelines.

The Manager is making this announcement because the Proposed Acquisition will constitute an interested person transaction under both Chapter 9 of the Listing Manual and the Property Funds Guidelines.

2. INFORMATION ON THE PROPERTY

DBS Asia Hub

2.1 The Property

Located within the Changi Business Park, DBS Asia Hub is a short walking distance from the Singapore Expo and Expo MRT station. It is easily accessible to other parts of Singapore via the Pan-Island Expressway and East Coast Parkway.

DBS Asia Hub is a 9-storey business park building with a basement carpark. It sits on a land area of 18,342 sqm with a gross floor area of 38,744 sqm. The land lease tenure is 30 + 30 years with effect from October 2007.

The Property received its Temporary Occupation Permit in September 2009 and is leased to DBS Bank Ltd (the “**Tenant**”) for 10 years and 1 month with annual rental escalation (the “**DBS Lease**”). The Tenant has the option to renew for another 3 terms of 3 years each upon expiry of its initial lease.

2.2 Property Value

Pursuant to paragraph 5.1(c) of the Property Fund Guidelines, two independent valuations, with one of the valuers commissioned by the Trustee, were carried out. The Property was valued at S\$118,000,000 and S\$115,000,000 by Colliers International and Jones Lang Lasalle respectively.

Under paragraph 5.1(d) of the Property Fund Guidelines, the purchase price is not to be higher than the two assessed values. The purchase price of the Property is S\$116,000,000. As this amount is not more than the average of the two valuations, no written confirmation from the Trustee under paragraph 5.1(c) of the Property Funds Guidelines is required.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follows:

3.1.1 Purchase to be on the terms and conditions of the Sale and Purchase Agreement: The Sale and Purchase Agreement between the Vendor and the Trustee provide for the sale and purchase of the Property to be on the terms and conditions of the Sale and Purchase Agreement.

3.1.2 Conditions precedent: The sale and purchase is subject to the following conditions (“**Conditions Precedent**”) being satisfied:-

- (i) Written confirmation from the Commissioner of Stamp Duty, Inland Revenue Authority of Singapore, that stamp duty on the transfer, the Assignment, the assignment of the Chilled Water Supply Agreement, the Builders and Suppliers Guarantees and Warranties Assignment, the assignment of the SD Guarantee, the JTC Lease (all as defined in the

Sale and Purchase Agreement) or the lease to be issued by JTC to the Trustee after Completion and pursuant to the Assignment of JTC Agreement for Lease and the Lease Novation Deed (all as defined in the Sale and Purchase Agreement) in respect of the Property will be charged only at nominal duty;

- (ii) JTC Approvals (as defined in the Sale and Purchase Agreement) being obtained;
- (iii) signing of the Lease Novation Deed by the parties and the Tenant;
- (iv) Trustee obtaining results on due diligence of the Property (including legal and building due diligence) which must be reasonably satisfactory to Trustee;
- (v) Trustee receiving replies to legal requisitions which must be reasonably satisfactory to Trustee;
- (vi) the signing of the LTA Issues Agreement (as defined in the Sale and Purchase Agreement); and
- (vii) written confirmation from JTC to the Trustee that JTC has granted to the Vendor, pursuant to the JTC Building Agreement / JTC Agreement for Lease (if issued) and the JTC Lease (when issued), the right of vehicular access and footway more particularly described in the Sale and Purchase Agreement.

3.1.3 Purchase Price: The purchase price of the Property is S\$116 million (the "**Purchase Price**"). The Purchase Price was negotiated on a willing-buyer and willing-seller basis. In addition, the Trustee will have to pay approximately S\$1.7 million in acquisition costs comprising the Manager's acquisition fees and other transaction costs. As the Proposed Acquisition is an interested party transaction, the acquisition fee will be paid to the Manager in Units which shall not be sold within one (1) year of the date of issuance.

3.1.4 DBS Lease: The Property is sold subject to and with the benefit of the DBS Lease. Under the terms of the DBS Lease, the Tenant can exercise a conditional option for the landlord to construct Phase 2 (as defined in the DBS Lease) on the demised premises (the "**Phase 2 Option**"). Subject to the fulfilment of certain conditions set out in the Sale and Purchase Agreement, should the Tenant exercise the Phase 2 Option, the Trustee shall pay a sum of S\$3 million to the Vendor. Phase 2 is expected to have a gross floor area of 7,081 sqm and will be developed by the landlord of the DBS Lease.

3.1.5 Completion: The parties agree that completion of the Sale and Purchase Agreement ("**Completion**") will take place on the date following two (2) weeks after all the Conditions Precedent have been fulfilled.

3.1.6 Rescission of the Sale and Purchase Agreement: If by 15 June 2010, any of the Conditions Precedent is still not fulfilled, either party shall be entitled by notice in writing to the other party to rescind the Sale and Purchase Agreement.

On rescission, the Deposit and all moneys paid by Trustee to the Vendor under the Sale and Purchase Agreement shall immediately be returned to Trustee without interest and neither shall have any further claim or demand against the other for damages, costs or otherwise.

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

4.1 The Proposed Acquisition is in Line with Manager's Investment Strategy

The Manager aims to achieve distribution growth and to enhance the value of A-REIT's property portfolio over time through, *inter alia*, selectively acquiring additional properties that meet the Manager's investment criteria. The Proposed Acquisition is in line with the investment strategy of the Manager as it is currently expected that the Property will be accretive to A-REIT's distributable income.

Diversification of A-REIT's Portfolio

The Proposed Acquisition will further diversify A-REIT's portfolio of properties as well as the tenant-mix in A-REIT's properties. It will also enable A-REIT to enlarge its foothold in Changi Business Park, thereby achieving economies of scale in its operations.

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

The Manager intends to finance the Proposed Acquisition with the proceeds from the August 2009 private placement of 185,000,000 new units in A-REIT (the "**Private Placement**"). As mentioned in its announcement dated 20 August 2009, part of the proceeds from the Private Placement have been used to repay outstanding borrowings, pending the deployment of such funds for their intended use. In conjunction with the acquisition of 31 Joo Koon Circle, Singapore as announced in a separate press release, S\$131 million of the net proceeds (which is equivalent to approximately 44.3% of the net proceeds of the Private Placement) will be used to finance the Proposed Acquisition and the proposed acquisition of 31 Joo Koon Circle. Such use is in accordance with the use which was stated in the Offer Information Statement and in accordance with the percentage of the gross proceeds of the Private Placement allocated to such use. The Manager wishes to inform that, with the disbursement of funds for the Proposed Acquisition and the proposed acquisition of 31 Joo Koon Circle, the funds from the Private Placement will have been fully utilised for the purpose stated in the Offer Information Statement dated 11 August 2009.

Assuming A-REIT had purchased, held and operated the Property under the Proposed Acquisition for the whole of the financial year ended 31 March 2009 (based on 89 properties), the Proposed Acquisition was funded by using the capital structure of 40% debt and 60% equity, and in respect of the Proposed Acquisition, the Manager had elected to receive its base fee as 80% in cash and 20% in units and its performance fee entirely in cash, the annualised pro forma financial effect on A-REIT's distributable income per unit ("**Unit**") would have been 0.032 cents.

6. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Manager (which comprises four independent directors of the Manager) is of the view that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of A-REIT and its minority Unitholders.

7. OTHER INTERESTED PERSON TRANSACTIONS

There were no other transactions between A-REIT and the Vendor for the current financial year.

The current total of interested person transactions between A-REIT and Ascendas Pte Ltd and/or its associates (other than the Vendor) for the current financial year is approximately S\$5.3 million (the “**Current Total**”) as at 31 December 2009 (being the latest practicable date prior to the date of this announcement), excluding the Proposed Acquisition. The aggregate of the Current Total and the Purchase Price together with the acquisition costs abovementioned for the Proposed Acquisition would be less than 5% of A-REIT’s latest audited net tangible assets or net asset value. Hence, pursuant to Chapter 9 of the Listing Manual and the Property Funds Guidelines, the Proposed Acquisition would not require unitholders’ approval.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Ms Chong Siak Ching, the President and Chief Executive Officer of Ascendas Pte Ltd, is a director of Ascendas Pte Ltd, ALS and the Manager.¹

As at the date of this announcement, Ms Chong, holds an aggregate direct and indirect interest in 357,000 Units. ALS and the Manager collectively hold an aggregate direct interest in 387,796,667 Units.

Save as disclosed herein and based on information available to the Manager, none of the directors of the Manager and none of the substantial Unitholders of A-REIT have any interest, direct or indirect, in the Proposed Acquisition.

9. OTHER INFORMATION

9.1 Directors’ Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Proposed Acquisition or any other transaction contemplated in relation to the Proposed Acquisition.

9.2 Documents for Inspection

¹ Ms Chong Siak Ching abstained from taking part in any decisions or recommendations relating to the Proposed Acquisition.

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

- 9.2.1 valuation reports from Colliers International and Jones Lang Lasalle dated 11 February 2010; and
- 9.2.2 the Sale and Purchase Agreement.

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

Maria Theresa Belmonte

Asst Company Secretary

17 February 2010

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 of A-REIT 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 release 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 other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.