



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

A-REIT ACQUIRES ASCENDAS Z-LINK FOR ATTRIBUTED VALUE OF RMB300 MILLION

1. INTRODUCTION

1.1 The Acquisition

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, today, acquired, through the acquisition of all the shares in Ascendas ZPark (Singapore) Pte. Ltd. (“**AZS**”) from Ascendas China Industrial and Business Parks Fund (the “**Vendor**”), a property known as Ascendas Z-Link located at Block 17, No. 8 Dongbeiwang West Road, Zhongguancun Software Park, Haidian District, Beijing, China, (“**Ascendas Z-Link**” or the “**Property**”) for an attributed value of RMB 300 million (the “**Acquisition**”). The Property is owned by Ascendas Hi-Tech Development (Beijing) Co. Ltd. (the “**China Subsidiary**”), a wholly owned subsidiary of AZS.

The Vendor had originally entered into a Letter of Intent dated 10 August 2011 with Ascendas Land International Pte Ltd (“**ALI**”) for the purposes of transferring the ownership of certain projects including the Property (the “**LOI**”).

In connection with the Acquisition, HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”), as trustee of A-REIT, (the “**Purchaser**”) entered into an Assignment today between ALI and the Purchaser (the “**Assignment**”) where ALI has assigned to the Purchaser, on the principal terms set out in paragraph 3.1 below, all of ALI’s rights, title, interest and benefit under the LOI relating to the purchase of shares in AZS from the Vendor. The Purchaser has, concurrently with the execution of the Assignment, entered into a sale and purchase agreement (the “**Sale and Purchase Agreement**”) with the Vendor today on the principal terms set out in paragraph 3.2 below, and the completion of the Sale and Purchase Agreement has also taken place today.

1.2 Disclosure Requirements Under the Listing Manual: Interested Person

The Vendor is a private fund domiciled in Singapore represented by and acting through Ascendas China Trustee Pte Ltd as trustee of the Vendor. Ascendas (ACIBPF) Holding Pte Ltd holds an interest of 38.33% in the Vendor and there are five other external investors unrelated to the Ascendas group. Both Ascendas China Trustee Pte Ltd and Ascendas (ACIBPF) Holding Pte Ltd are wholly owned by Ascendas Land International which in turn is a wholly owned subsidiary of Ascendas Pte Ltd.

As at the date of this announcement, Ascendas Pte Ltd holds an aggregate deemed interest of 395,867,641 units in A-REIT (“Units”) through the Units held by Ascendas Land (Singapore) Pte Ltd and the Manager, which is equivalent to approximately 19.01% of the total number of Units currently in issue.

Therefore, the Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual (the “Listing Manual”) of Singapore Exchange Securities Trading Limited (the “SGX-ST”) as well as Appendix 6 (Investment: Property Funds) of the Code on Collective Investment Schemes (the “Property Funds Appendix”) issued by the Monetary Authority of Singapore.

2. INFORMATION ON AZS AND THE PROPERTY

2.1 AZS

As described above, the Acquisition was made through the acquisition of the entire issued share capital of AZS, the holding company of the China Subsidiary which in turn owns the Property.

AZS was incorporated in Singapore on 4 January 2007 as a private company limited by shares.

2.2 The Property

Ascendas Z-Link is a three-storey multi-tenanted business park building with four inter-connecting blocks and a basement-level car park. It is sited on a land area of approximately 37,707 sqm and has a total leasable area of 27,450 sqm. The Property is currently fully occupied with Baidu, Inc. and Raisecom Technology Co., Ltd as major tenants.

Ascendas Z-Link is located at No. 8 Dongbeiwang West Road in the renowned Zhongguancun Software Park of Haidian District in Beijing, China. Zhongguancun Software Park is in close proximity to global IT leaders and China’s top universities including Peking University and Tsinghua University. It is about a five-minute drive away from the 5th Ring Road and Badaling Expressway and about a 15-minute walk away from the Metro Light Railway Xi Er Qi Station.

2.3 Property Value

Pursuant to paragraph 5.1(c) of the Property Funds Appendix, two independent valuations, with one of the valuers commissioned by the Trustee, were carried out. The Property was valued at RMB 300,100,000 and RMB 325,000,000 by CB Richard Ellis Limited and DTZ Debenham Tie Leung Limited respectively.

Under paragraph 5.1(d) and (e) of the Property Funds Appendix, the purchase price is not to be more than the higher of the two assessed values and not more than the average of the two valuations. The value attributed to the Property is RMB 300,000,000. As this amount is not more than the average of the two valuations, no written confirmation from the Trustee under paragraph 5.1(e) of the Property Funds Appendix is required.

3. PRINCIPAL TERMS OF THE ACQUISITION

3.1 The Assignment between ALI and the Purchaser

The principal terms of the Assignment are as follows:

ALI assigned to the Purchaser all of ALI's rights, title, interest and benefit under the LOI relating to the purchase of shares in AZS from the Vendor.

In consideration of the Purchaser agreeing and entering into the Assignment, it was agreed, inter alia, that:

- (i) for the purposes of completion under the Sale and Purchase Agreement, the Purchaser shall pay the Vendor a sum of S\$26,331,031 (the "**Share Purchase Price**") as the purchase price for all the issued and paid up shares in the capital of AZS, but an adjusted price (the "**Adjusted Price**") shall be determined between ALI and the Purchaser by reference to completion accounts to be prepared and agreed to in accordance with the terms of the Assignment (the "**Final Completion Accounts**"), including that the asset value attributed to the Property shall be RMB 300 million for the purposes of the Final Completion Accounts. The Adjusted Price shall be equivalent to the net asset value of AZS as calculated based on the Final Completion Accounts, and if the Adjusted Price exceeds the Share Purchase Price, the amount of such excess shall be payable by the Purchaser to ALI. If the Share Purchase Price exceeds the Adjusted Price, the amount of such excess shall be payable by ALI to the Purchaser; and
- (ii) ALI would provide incentive payments of up to S\$3,000,000 to the Purchaser¹.

3.2 The Sale and Purchase Agreement between the Vendor and the Purchaser

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

- (i) The Vendor agreed to sell and the Purchaser agreed to purchase all the issued and paid up shares in the capital of AZS (the "**Shares**") free from any encumbrances. The Vendor also agreed to novate to the Purchaser all of the Vendor's rights and obligations under the shareholder loan agreement as described in the Sale and Purchase Agreement, which relate to shareholder loans (of an aggregate outstanding amount of S\$15,464,869) extended by the Vendor to AZS (the "**Shareholder Loan**"), free from any encumbrances.
- (ii) The purchase price for the Shares is S\$26,331,031 and the consideration for the novation of the Shareholder Loan is S\$15,464,869. The total consideration payable under the Sale and Purchase Agreement is, therefore, S\$41, 795, 900.
- (iii) The parties also agreed that the completion of the Sale and Purchase Agreement would take place on 3 October 2011, which completion has taken place.

The Purchaser will have to pay about S\$1,162,000 in transactional costs including the Manager's acquisition fee of about S\$567,000 (being 1% of the attributed value of the Property).

¹ Amount is to assure the fulfilment of certain lease obligations for the Property

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.

4. RATIONALE AND BENEFIT OF THE ACQUISITION TO A-REIT

4.1 The Acquisition is in line with the Manager's investment strategy for China

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 Acquisition is expected to be accretive to A-REIT's distributable income and is in line with the Manager's investment strategy for China, which is to focus primarily in the business and science park segment in major tier one gateway cities such as Beijing and Shanghai.

4.2 Enhancement of A-REIT's Portfolio

The Acquisition will complement and enhance A-REIT's footprint in the business space and industrial property sector. It will enable A-REIT to follow its customers to serve their real estate needs in both Singapore and China. It will also provide existing unitholders of A-REIT ("**Unitholders**") with a geographically diversified portfolio and an opportunity to ride on growth in other Asian markets.

4.3 Further enhance and diversify A-REIT's tenants' base

The Acquisition will further enhance and diversify A-REIT's existing base of about 990 tenants through the introduction of quality tenants such as Baidu, Inc.com, (the leading internet search company in China and listed on NASDAQ) as well as Raisecom Technology Co., Ltd (a global equipment provider of innovative last-mile access and aggregation solutions in the telecommunications market) into the portfolio.

5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE ACQUISITION

Assuming that A-REIT had purchased, held and operated the Property for the whole of the financial year ended 31 March 2011 (based on 93 properties); the Property was funded using the optimal gearing level of 60% equity and 40% debt; the annualised pro forma financial effect on A-REIT's distributable income per Unit would have been 0.02 cents after applicable taxes in China.

6. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Manager (which comprises a majority of the independent directors of the Manager) is of the view that the 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 total of all interested person transactions or interested party transactions (including the Acquisition) between (i) A-REIT; and (ii) Ascendas Pte Ltd and its associates, for the current financial year as at 30 September 2011 is approximately S\$72.1 million (excluding transactions which are exempted under Rule 916 of the Listing Manual), which is about 2.19% of A-REIT's latest audited net tangible assets. Save as disclosed in this announcement, there are no other interested person transactions or interested party transactions entered into during the current financial year.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

As at the date of this announcement, none of the directors of the Manager is a director of Ascendas China Industrial and Business Parks Fund. Ms Chong Siak Ching, a non-executive Director of the Manager, is the President and Chief Executive Officer and also a director of Ascendas Pte Ltd. Mr Tan Ser Ping, Executive Director and Chief Executive Officer of the Manager is a director of ALI.

As at the date of this announcement, Ms Chong has an aggregate direct and indirect interest of 186,000 Units in A-REIT. Mr Tan Ser Ping does not have any interest in A-REIT. Ascendas Pte Ltd has an aggregate indirect interest of 395,867,641 Units, through the Units held by Ascendas Land (Singapore) Pte Ltd and the Manager. 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 has any interest, direct or indirect, in the 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 Acquisition or any other transaction contemplated in relation to the Acquisition.

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

Mary J De Souza
Company Secretary

03 October 2011

Important Notice

The value of A-REIT's Units (the "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.