



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

**PROPOSED ACQUISITION OF 73 SCIENCE PARK DRIVE, CINTECH I,
75 SCIENCE PARK DRIVE, CINTECH II, 77 & 79 SCIENCE PARK DRIVE, CINTECH III AND
CINTECH IV FOR A TOTAL PURCHASE CONSIDERATION OF S\$183.0 MILLION**

1. INTRODUCTION

1.1 Proposed Acquisitions

Ascendas Funds Management (S) Limited, the manager (the "**Manager**") of Ascendas Real Estate Investment Trust ("**A-REIT**"), has identified the properties located at 73 Science Park Drive, Cintech I, 75 Science Park Drive, Cintech II, 77 & 79 Science Park Drive, Cintech III and Cintech IV (collectively, the "**Properties**") for acquisition by A-REIT (the "**Acquisitions**"). The Properties are owned by Ascendas Land (Singapore) Pte Ltd ("**ALS**" or the "**Vendor**").

In connection with the Acquisitions, HSBC Institutional Trust Services (Singapore) Limited, as trustee (the "**Trustee**") of A-REIT, has entered into a conditional sale and purchase agreement (the "**Sale and Purchase Agreement**") with the Vendor on 6 February 2012 on the principal terms set out in paragraph 3 below. A deposit of S\$0.05 million (the "**Deposit**") has been paid by the Trustee upon execution of the Sale and Purchase Agreement.

1.2 Relationship with the Vendor

Under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), where A-REIT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same person during the same financial year) is equal to or exceeds 5.0% of A-REIT's latest audited net tangible assets ("**NTA**"), approval by the unitholders of A-REIT ("**Unitholders**") is required in respect of the transaction.

Based on the audited consolidated financial statements of A-REIT for the financial year ended 31 March 2011 ("**FY10/11**") (the "**A-REIT Audited Financial Statements**"), the NTA of A-REIT was approximately S\$3,291.7 million as at 31 March 2011. Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**") also imposes a requirement for Unitholders' approval for an interested party transaction by A-REIT where the value exceeds 5.0% of A-REIT's latest audited net asset value ("**NAV**"). Based on the A-REIT Audited Financial Statements, the NAV of A-REIT was approximately S\$3,291.7 million as at 31 March 2011.

Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by A-REIT with an interested person or an interested party (as the case may be) (either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person or interested party (as the case may be) during the current financial year) is equal to or in excess of approximately S\$164.6 million, such a transaction would be subject to Unitholders' approval. Given the total purchase consideration of the Properties (the "**Purchase Consideration**") of S\$183.0 million (which is approximately 5.6% of the NTA and NAV of A-REIT as at 31 March 2011), the value of the Acquisitions exceeds each of the above thresholds.

As at the date of this announcement, ALS held a direct interest in 359,706,000 units in A-REIT ("Units"), which is equivalent to approximately 17.3% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of A-REIT under both the Listing Manual and the Property Funds Appendix. In addition, ALS and the Manager are both wholly-owned subsidiaries of Ascendas Pte Ltd ("Ascendas"). Accordingly, Ascendas is deemed to be interested in the Units held by ALS and the Manager.

In view of the foregoing, ALS is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of A-REIT in connection with the Acquisitions. Therefore, the Acquisitions will constitute "interested person transactions" under Chapter 9 of the Listing Manual as well as "interested party transactions" under the Property Funds Appendix. Accordingly, the Manager is seeking the approval of Unitholders by way of an ordinary resolution of the Unitholders for the Acquisitions.

2. INFORMATION ON THE PROPERTIES

2.1 The Properties

Located within Singapore Science Park I, one of the two designated Science Parks in Singapore, the Properties are easily accessible via the Ayer Rajah Expressway and conveniently connected to the central business district in Singapore, being approximately a 15-minute drive away. The Properties are highly accessible via public transportation, being situated near the Kent Ridge Mass Rapid Transit station and are served by various bus services available in the vicinity of the Properties. A majority of the tenants of the Properties are in the research and development industries as well as the technology industries.

The table below sets out a summary of selected information on the Properties:

Address	73 Science Park Drive	75 Science Park Drive	77 Science Park Drive	79 Science Park Drive
Name of Building	Cintech I	Cintech II	Cintech III	Cintech IV
Site Area (sqm)	12,634	12,281.9	18,050.4 ⁽¹⁾	
Gross Floor Area (sqm)	15,192	13,207	13,702	12,110
Net Floor Area (sqm)	11,484 (including common area of 748 sqm)	9,351 (including common area of 1,436 sqm)	8,439 (including common area of 45 sqm)	10,713 (including common area of 514 sqm)
Number of tenants ⁽²⁾	13	4	24	4
Purchase Consideration	S\$183.0 million			
Land Tenure	56 year-leasehold interest from Completion Date (as defined herein)			

Notes:

- (1) Cintech III and Cintech IV are both situated on the land comprising Lot MK03-04671T.
- (2) As at 31 January 2012.

Cintech I

Completed in 1988, Cintech I is a four-storey building with two basement levels housing a canteen and a basement car park. It is adjacent to Cintech II and they are linked by a covered passageway. Cintech I had an occupancy rate of 100.0% as at 31 January 2012 with 13 tenants.

Cintech II

Completed in 1990, Cintech II is a two-storey building with two basement levels for parking. As at 31 January 2012, Cintech II had an occupancy rate of 92.7% with 4 tenants.

Cintech III and Cintech IV

Cintech III and Cintech IV are situated on the same plot of land. Cintech III is a four-storey building with a basement car park and Cintech IV is a six-storey building with a basement car park. Cintech III was completed in 1994 and Cintech IV was completed in 2009. As at 31 January 2012, Cintech III and Cintech IV had an occupancy rate of 90.9% and 100.0% occupancy rate respectively, with 24 and 4 tenants respectively.

Under the terms of the property management agreement entered into between the Manager, the Trustee and Ascendas Services Pte Ltd (the "**Property Manager**") on 10 October 2002 (extended by a letter dated 19 November 2007 signed by the Trustee, the Manager and the Property Manager), the Property Manager will provide certain property management services to A-REIT in relation to each of the Properties.

2.2 Property Value

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis after taking into account the independent valuations of the Properties. The Manager has commissioned an independent property valuer, Cushman & Wakefield VHS Pte. Ltd., and the Trustee has commissioned an independent property valuer, Jones Lang LaSalle Property Consultants Pte Ltd, to value the Properties.

Cushman & Wakefield VHS Pte Ltd, in its report dated 31 January 2012, stated that the open market value of the Properties is S\$186.4 million and Jones Lang LaSalle Property Consultants Pte Ltd, in its report dated 31 January 2012 stated that the open market value of the Properties is S\$189.9 million.

3. PRINCIPAL TERMS OF THE ACQUISITIONS

3.1 The Sale and Purchase Agreement

On 6 February 2012, the Trustee entered into the Sale and Purchase Agreement with ALS to acquire the Properties for S\$183.0 million.

The principal terms of the Sale and Purchase Agreement include, amongst others, the following conditions precedent:

- (a) the approval of the head lessor of the Properties, being the President of the Republic of Singapore;
- (b) the approval of Unitholders of A-REIT in relation to the Acquisitions to be obtained at the extraordinary general meeting of Unitholders to be convened (the "**EGM**"); and

- (c) A-REIT obtaining the results on due diligence of the Properties (including legal and building due diligence, and replies to legal requisitions), which must be reasonably satisfactory to A-REIT.

3.2 Estimated total cost of the Acquisitions

The current estimated total acquisition cost of the Properties (the “**Total Acquisition Cost**”) is approximately S\$185.5 million, comprising:

- (a) the Purchase Consideration of S\$183.0 million;
- (b) the Acquisition Fee payable to the Manager, being 1.0% of the Purchase Consideration, which amounts to approximately S\$1.83 million; and
- (c) the estimated professional and other fees and expenses incurred by A-REIT in connection with the Acquisitions which amount to approximately S\$0.7 million.

As the Acquisitions constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee payable to the Manager will be in the form of Units, which shall not be sold within one year from the date of issuance (the “**Moratorium**”). The Acquisition Fee will be payable as soon as practicable after the completion of the Acquisitions.

4. RATIONALE OF THE ACQUISITIONS

4.1 The Acquisitions are in line with A-REIT’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 Acquisitions are expected to be accretive to A-REIT’s distributable income and are in line with the Manager’s investment strategy, which includes making value-adding investments comprising development as well as acquisition of income-producing properties with strong underlying real estate fundamentals to deliver long-term sustainable distributions and capital stability to Unitholders.

4.2 Increase distributable income to Unitholders

Based on the Total Acquisition Cost, the Properties are expected to generate a net property yield of approximately 7.3%. The pro forma financial effects of the Acquisitions on the distribution per Unit on an annualised basis for FY10/11 would be an additional 0.16 cents per Unit¹.

4.3 Enhancement of A-REIT’s portfolio

The Acquisitions will complement and enhance A-REIT’s market share in the science parks segment in the Science Park vicinity in Singapore. With the addition of the Properties, A-REIT will have nine properties within the same area, thereby enhancing operational efficiency and synergies in cost management arising from economies of scale.

¹ Based on the following assumptions:

- (a) A-REIT had purchased, held and operated the Properties for the whole of FY10/11 (based on A-REIT’s existing properties and the Properties);
- (b) S\$91.5 million of the Purchase Consideration was satisfied by way of issue of Consideration Units, with the remainder amount funded by debt; and
- (c) in respect of the Acquisitions, the Manager had elected to receive 80% of its base management fee in cash and 20% in Units.

4.4 Income diversification and enlarged tenant base

The Acquisitions will benefit A-REIT and its Unitholders with further income diversification arising from an enlarged tenant base. Following the Acquisitions, the contribution by the top ten tenants to A-REIT's Property Income is expected to be reduced by 0.1%, from 25.3% to 25.2%.

5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE ACQUISITIONS

The Purchase Consideration for the Acquisitions is S\$183.0 million. A-REIT proposes to pay for the Acquisitions in the following manner:

- (a) the Deposit of S\$0.05 million has been paid to a stakeholding account upon the signing of the Sale and Purchase Agreement; and
- (b) the balance of the Purchase Consideration (after deduction of the Deposit and if applicable, the material damage retention sum, being the amount to be agreed between A-REIT and ALS as the estimated costs and expenses in respect of any material damage repairs for the Properties) shall be paid to ALS in cash by way of internal resources and/or existing debt facilities, provided that up to S\$91.5 million of the Purchase Consideration may be satisfied by way of issue of new Units (the "**Consideration Units**") to ALS (the "**Equity Consideration**") if:
 - (i) ALS issues a notice to A-REIT in accordance with the terms of the Sale and Purchase Agreement stating the amount of Equity Consideration it wishes to receive; and
 - (ii) A-REIT agrees to pay such Equity Consideration by way of issuance of Consideration Units.

In accordance with the terms of the Sale and Purchase Agreement, ALS must issue a notice to A-REIT no later than three (3) Business Days prior to 29 March 2012 or such other date as ALS and A-REIT may agree in writing (the "**Completion Date**") stating the amount of Equity Consideration it wishes to receive.

A-REIT shall have absolute discretion to decide whether to pay any part of the Purchase Consideration by way of issuance of Consideration Units and where A-REIT has agreed to pay any part of the Purchase Consideration by way of issuance of Consideration Units, A-REIT shall have absolute discretion to determine the amount of the Equity Consideration. The independent directors of the Manager (the "**Independent Directors**") shall determine whether or not to pay any part of the Purchase Consideration by way of issuance of Consideration Units and if so, the amount of the Equity Consideration. Where A-REIT has decided to pay any part of the Purchase Consideration by way of issuance of Consideration Units, A-REIT shall issue a notice to ALS no later than one (1) Business Day prior to the Completion Date stating the amount of the Equity Consideration to be paid and the number of Consideration Units to be issued to the Vendor on Completion Date. For the avoidance of doubt, the Consideration Units, if issued, will not be subject to the Moratorium. For further details of the proposed issue of Consideration Units, please refer to Section 6 below.

The relevant information relating to the financial effects of the Acquisitions, including its impact on the net asset value per Unit, the distribution per Unit, will be disclosed in the circular to be despatched to Unitholders in due course (the "**Circular**").

6. THE PROPOSED ISSUE OF CONSIDERATION UNITS

The Manager may make partial payment for the Acquisitions by issuing new Units to ALS amounting up to an aggregate value of S\$91.5 million. The final issue price of the Consideration Units will be determined based on the 10-Day volume weighted average price

immediately preceding the Completion Date, in accordance with the provisions of the trust deed constituting A-REIT. The number of Consideration Units shall be calculated based on the issue price of the Consideration Units.

6.1 Rationale for the Issuance of Consideration Units

(a) Reduce A-REIT's aggregate leverage

The aggregate leverage ratio of A-REIT is expected to increase from 34.3% as at 31 December 2011 to 36.2% if the Purchase Consideration is funded wholly by debt. Assuming S\$91.5 million of the Total Acquisition Cost is satisfied by way of issuance of Consideration Units at an illustrative issue price of S\$1.90 per Unit, with the balance of the Purchase Consideration to be paid to ALS in cash, the aggregate leverage ratio of A-REIT is expected to increase marginally to 34.7%.

(b) Further alignment of interest

The issuance of Consideration Units will further align the interests of the Ascendas group with that of A-REIT and its Unitholders as ALS is a wholly-owned subsidiary of Ascendas and a substantial unitholder of A-REIT.

6.2 Status of Consideration Units

Application will be made for a temporary counter to be set up to allow the trading of the Consideration Units for the period from the listing of the Consideration Units to the next books closure date of A-REIT for the purposes of determining the distribution to existing Unitholders for the period from 1 January 2012 to 31 March 2012 (the "**Books Closure Date**").

For the avoidance of doubt, the Consideration Units will not be entitled to distributions by A-REIT for the period from 1 January 2012 to the date preceding the date of issue of the Consideration Units. Holders of the Consideration Units will only be entitled to receive distributions by A-REIT for the period from the date of their issuance to 31 March 2012. The Consideration Units will rank *pari passu* in all respects with the existing Units in issue after the Books Closure Date.

6.3 Unitholders' Approval

The issue of the Consideration Units to ALS will constitute a placement to a substantial Unitholder as ALS has a direct interest in 359,706,000 Units, which is equivalent to approximately 17.3% of the total number of Units in issue as at the date of this announcement. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a substantial unitholder unless Unitholders' approval is obtained.

Accordingly, the Manager will seek the approval of Unitholders by way of an extraordinary resolution of the Unitholders for the issue of the Consideration Units to ALS, details of which will be disclosed in the Circular.

The Manager expects to proceed with the Acquisitions and may issue the Consideration Units to ALS if approvals for both the Acquisitions and the issue of the Consideration Units are obtained from Unitholders. In the event that Unitholders' approval for the Acquisitions is obtained but Unitholders' approval for the issue of Consideration Units is not obtained, the Manager will proceed with the Acquisitions without the issuance of Consideration Units to ALS.

7. STATEMENT BY THE INDEPENDENT DIRECTORS

DMG & Partners Securities Pte Ltd has been appointed as the independent financial adviser (the "IFA") to advise the Independent Directors in relation to the Acquisitions. A copy of the letter from the IFA to the Independent Directors (the "IFA Letter"), containing its advice in full, will be set out in the Circular. Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Acquisitions and the issue of the Consideration Units are based on normal commercial terms and is not prejudicial to the interests of A-REIT and its minority Unitholders.

Taking into account the opinion given by the IFA, the Independent Directors are of the view that the Acquisitions and the issue of the Consideration Units are on normal commercial terms and are not prejudicial to the interests of A-REIT and its minority Unitholders.

8. OTHER INTERESTED PERSON TRANSACTIONS

There are 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 Jurong Town Corporation, Ascendas and/or its associates (other than the Vendor) for the current financial year is approximately S\$71.6 million as at 31 December 2011 (being the latest practicable date prior to this announcement), excluding the Acquisitions.

9. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

Based on the Register of Directors' Unitholdings maintained by the Manager, the Directors' direct or deemed interests in the Units as at the date of this announcement are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	%
	No. of Units	%	No. of Units	%		
Mr Koh Soo Keong	-	-	-	-	-	-
Ms Chong Siak Ching	186,000	0.009	171,000	0.008	357,000	0.017
Mr Joseph Chen Seow Chan	100,000	0.005	-	-	100,000	0.005
Mr Chia Kim Huat	-	-	-	-	-	-
Mr Henry Tan Song Kok	-	-	-	-	-	-
Ms Monica Villegas Tomlin	-	-	-	-	-	-
Mr Teo Eng Cheong	-	-	-	-	-	-
Mr Tan Ser Ping	-	-	-	-	-	-

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

As at the date of this announcement, ALS held a direct interest in 359,706,000 Units, which is equivalent to approximately 17.3% of the total number of Units in issue. The Manager held a direct interest in 35,828,160 Units, which is equivalent to approximately 1.7% of the total number of Units in issue. ALS and the Manager are both wholly-owned subsidiaries of Ascendas. Accordingly, Ascendas is deemed to be interested in the Units held by ALS and the Manager.

Based on the Register of Substantial Unitholders' Unitholdings maintained by the Manager, the Substantial Unitholders of A-REIT and their interests in the Units as at the date of this announcement are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%
	No. of Units	%	No. of Units	%		
Ascendas Land (Singapore) Pte Ltd	359,706,000	17.3	-	-	359,706,000	17.3
Ascendas ⁽¹⁾	-	-	395,867,641	19.0	395,867,641	19.0
Jurong Town Corporation ⁽¹⁾	-	-	395,867,641	19.0	395,867,641	19.0

Note:

(1) Ascendas and Jurong Town Corporation are deemed to be interested in the Units held by ALS and the Manager.

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

10. OTHER INFORMATION

10.1 Director's Service Contracts

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

10.2 Documents for Inspection

A copy of the Sale and Purchase Agreement and the valuation reports of Cushman & Wakefield VHS Pte. Ltd. and Jones Lang LaSalle Property Consultants Pte Ltd are available for inspection during normal business hours at the registered office of the Manager at 61 Science Park Road, The GALEN #02-18, Singapore 117525, for a period of three months commencing from the date of this announcement².

11. CIRCULAR

Further details on the Acquisitions and the issue of the Consideration Units will be set out in the Circular to be distributed to Unitholders in due course, together with a notice of EGM that the Manager proposes to convene for the purpose of seeking Unitholders' approval in connection with the Acquisitions and the issue of the Consideration units.

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

Mary Judith De Souza
 Company Secretary
 6 February 2012

² Prior appointment with the Manager is appreciated.

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.

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.