



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

PROPOSED ACQUISITION OF THE GALEN FOR S\$126.0 MILLION

1. INTRODUCTION

1.1 The Proposed Acquisition

Ascendas Funds Management (S) Limited, the manager (the "**Manager**") of Ascendas Real Estate Investment Trust ("**A-REIT**"), has identified the property, The Galen, located at 61 Science Park Road (the "**Property**"), for acquisition by A-REIT at a purchase consideration ("**Purchase Consideration**") of S\$126.0 million (the "**Proposed Acquisition**"). The Property is owned by Singapore Science Park Ltd ("**SSPL**" or the "**Vendor**").

In connection with the Proposed Acquisition, 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 18 March 2013 on the principal terms set out in paragraph 3 below.

1.2 Disclosure Requirements Under the Listing Manual and the Property Funds Appendix: Interested Person and Interested Party

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 ("**APL**").

As at the date of this announcement, ALS holds an aggregate direct interest of 367,904,000 units in A-REIT ("**Units**"), which is equivalent to approximately 16.4 per cent of the total number of Units currently in issue. In addition, APL holds 100.0% of the Manager. ALS is therefore regarded as a "controlling unitholder" of A-REIT and an associate of a "controlling shareholder" of the Manager under both the the Listing Manual of Singapore Exchange Securities Trading Limited and Appendix 6 (Property Funds) of the Code on Collective Investment Scheme (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore.

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

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 3.0% of A-REIT's latest audited net tangible assets ("**NTA**"), A-REIT must make an immediate announcement.

In addition, ALS and the Manager are currently tenants of the Property, occupying a total of 4,896 sqm of space (the "**Lease**"). The lease will expire in January 2017. In connection with the Proposed Acquisition, all existing leases, including the Lease, will be novated to A-REIT.

The value of the Lease is S\$9.78 million.

The current total of all interested person transactions (including the Proposed Acquisition and the Lease) for the current financial year is approximately S\$140.5 million (about 3.59% of NTA).

The Manager is making this announcement because the Proposed Acquisition, the Lease and the aggregate value of all interested person transactions which A-REIT has entered into with ALS and its associates in the current financial year has exceeded 3.0% of the latest audited NTA and NAV of A-REIT but are less than 5.0% of the latest audited NTA and NAV of A-REIT. Hence, pursuant to Chapter 9 of the Listing Manual and the Property Funds Appendix, the Proposed Acquisition would not require unitholders' approval.

2. INFORMATION ON THE PROPERTY

2.1 The Property

Located within Singapore Science Park II, one of the two designated Science Parks in Singapore, the Property is easily accessible via West Coast Highway / Pasir Panjang Road and the nearby Haw Par Villa Mass Rapid Transit Station.

The Property is a 6-storey multi-tenanted science park building sited on a land area of 16,308 sqm. It has a gross floor area and net lettable area of 30,685 sqm and 21,775 sqm respectively and has an occupancy rate of approximately 97.5%.

On completion of the Acquisition, which is expected to take place by end-March 2013, a land lease of 66-year tenure will be granted to A-REIT. Annual land rent payable of S\$12 per annum has been waived by the State of Singapore. Within A-REIT's portfolio of 101 properties in Singapore, the annual land rent for all of A-REIT's Science Park properties has been waived.

2.2 Property Value

Pursuant to paragraph 5.1(c) of the Property Fund Appendix, two independent valuations, with one of the valuers commissioned by the Trustee, were carried out. The Property was valued at S\$127.0 million and S\$126.8 million by CB Richard Ellis (Pte) Ltd and Jones Lang LaSalle Property Consultants Pte Ltd respectively.

Under paragraph 5.1(d) of the Property Fund Appendix, the purchase price is not to be higher than the two assessed values. The purchase price of the Property is S\$126.0 million.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 The Sale and Purchase Agreement

On 18 March 2013, the Trustee entered into the conditional Sale and Purchase Agreement with SSPL to acquire the property for S\$126.0 million.

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

- (a) A-REIT obtaining the results on due diligence of the Property (including legal and building due diligence) which must be reasonably satisfactory to A-REIT; and
- (b) A-REIT receiving replies to legal requisitions which must be reasonably satisfactory to A-REIT.

3.2 Estimated total cost of the Proposed Acquisition

The estimated total acquisition cost of the Property (the “**Total Acquisition Cost**”) is approximately S\$127.9 million, comprising:

- (a) the Purchase Consideration of S\$126.0 million;
- (b) the Acquisition Fee (“**Acquisition Fee**”) payable to the Manager, being 1.0% of the Purchase Consideration, which amounts to approximately S\$1.26 million; and
- (c) the estimated professional and other fees and expenses incurred by A-REIT in connection with the Proposed Acquisition which amount to approximately S\$0.6 million.

As the Proposed Acquisition constitutes 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 Acquisition Fee will be payable as soon as practicable after the completion of the Proposed Acquisition.

4. RATIONALE OF THE PROPOSED ACQUISITION

4.1 The Proposed Acquisition is in line with A-REIT’s investment strategy

The Manager aims to achieve growth in distributable income 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 the Property will be accretive to A-REIT’s distributable income.

4.2 Increase distributable income to Unitholders

Based on the Total Acquisition Cost, the Property is expected to generate a net property yield of approximately 6.8%. The pro forma financial effects of the Proposed Acquisition on the distribution per Unit on an annualised basis for FY11/12 would be an additional 0.052 cents per Unit¹.

4.3 Enhancement of A-REIT’s portfolio

The Proposed Acquisition will complement and enhance A-REIT’s foothold in the science parks segment within the Science Park vicinity in Singapore. With the addition of the property, A-REIT will have 11 properties in the Science Park segment, thereby offering further opportunities to enhance operational efficiency and economy of scale.

¹ Assuming A-REIT had purchased, held and operated the Property for the whole of the financial year ended 31 March 2012 (based on 102 properties), the Proposed Acquisition was funded by using the proceeds from its placement of 160,000,000 new units in A-REIT which was announced on 8 March, and in respect of the Proposed Acquisition, the Manager had elected to receive its base fee as 80% in cash and 20% in units. If the Proposed Acquisition was funded based on a funding structure of 40% debt and 60% equity, the pro forma financial effects of the Proposed Acquisition on the distribution per Unit for FY11/12 would be an additional 0.11 cents per Unit.

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

The Manager intends to fully fund the Proposed Acquisition with the proceeds from its placement of 160,000,000 new units in A-REIT which was announced on 8 March 2013.

Assuming A-REIT had purchased, held and operated the Property for the whole of the financial year ended 31 March 2012 (based on 102 properties), the Proposed Acquisition was fully funded by using the proceeds from its placement of 160,000,000 new units in A-REIT which was announced on 8 March 2013, and in respect of the Proposed Acquisition, the Manager had elected to receive its base fee as 80% in cash and 20% in units, the pro forma financial effect on A-REIT's distributable income per unit would be 0.052 cents⁽¹⁾.

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 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 APL and/or its associates for the current financial year is approximately S\$140.5 million (the "Current Total") as at 28 February 2013 (being the latest practicable date prior to the date of this announcement), including the Proposed Acquisition and the Lease. The aggregate of the Current Total and, Purchase Consideration and the Lease 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 Appendix, the Proposed Acquisition would not require unitholders' approval.

8. 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	300,000	0.013	57,000	0.0025	357,000	0.0155
Mr Henry Tan	-	-	-	-	-	-
Mr Chia Kim Huat	-	-	-	-	-	-
Mr Teo Eng Cheong	-	-	-	-	-	-
Mr Marc Teo	25,000	0.001	-	-	25,000	0.001
Mr Tan Ser Ping	-	-	-	-	-	-

As at the date of this announcement, none of the directors of the Manager is a director of SSPL. Ms Chong Siak Ching, a non-executive Director of the Manager, is the President and Chief Executive Officer and also a director of APL and ALS.

As at the date of this announcement, ALS held a direct interest in 367,904,000 Units, which is equivalent to approximately 16.4% of the total number of Units in issue. The Manager held a

direct interest in 39,697,056 Units, which is equivalent to approximately 1.8% of the total number of Units in issue. ALS and the Manager are both wholly-owned subsidiaries of Ascendas Pte Ltd. Accordingly, APL is 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 Proposed Acquisition.

9. OTHER INFORMATION

9.1 Director's Service Contracts

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

9.2 Documents for Inspection

A copy of the Sale and Purchase Agreement and the valuation reports of CB Richard Ellis 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.

BY ORDER OF THE BOARD
ASCENDAS FUNDS MANAGEMENT (S) LIMITED
(Company Registration No. 200201987K)
(as manager of Ascendas Real Estate Investment Trust)

Mary Judith De Souza
Company Secretary
18 March 2013

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.