



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

PROPOSED SURRENDER OF LEASE OF LOT NO. 2340L MUKIM NO. 13 ALSO KNOWN AS PTE LTD A1706874 TOGETHER WITH THE BUILDINGS ERECTED THEREON AND KNOWN AS 26 SENOKO WAY ("PROPERTY")

1. INTRODUCTION

1.1 The Proposed Divestment

Ascendas Funds Management (S) Limited, the manager (the "**Manager**") of Ascendas Real Estate Investment Trust ("**A-REIT**"), has accepted an offer of 19 March 2015 (the "**Surrender Agreement**") from JTC Corporation ("**JTC**") for the return of the Property for a consideration sum (the "**Consideration Sum**") of S\$24.8 million (the "**Proposed Divestment**").

1.2 The Proposed Divestment as an Interested Person Transaction

The Manager is a wholly-owned subsidiary of Ascendas Investment Pte Ltd, which in turn is a wholly-owned subsidiary of Ascendas Pte Ltd ("**APL**"). APL is a wholly-owned subsidiary of JTC.

As at the date of this announcement, APL, through its 100% interests in the Manager and its wholly-owned subsidiary Ascendas Land (Singapore) Pte Ltd ("**ALS**"), has an aggregate deemed interest in 414,361,538 units in A-REIT (the "**Units**"), representing approximately 17.22% of the total number of Units currently in issue¹. As APL is the wholly-owned subsidiary of JTC, JTC is deemed to be interested in APL's 17.22% in A-REIT and consequently, JTC is regarded as a "controlling unitholder" of A-REIT.

As a controlling unitholder of A-REIT, JTC is regarded as an "interested person" of A-REIT for the purposes of Chapter 9 under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") and an "interested party" of A-REIT for the purposes of Appendix 6 (Property Funds) of the Code on Collective Investment Scheme (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore. A transaction between JTC and A-REIT therefore constitutes an interested person transaction.

Under Chapter 9 of the Listing Manual of the SGX-ST, 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 interested person during the same financial year) is equal to or exceeds 3% of A-REIT's latest audited net tangible assets ("**NTA**"), A-REIT must make an immediate announcement. A-REIT should also announce the transaction immediately under the Property Funds Appendix if the transaction (either in itself or when aggregated with the value of other transactions with the same interested person during the current financial year)

¹ In this announcement, for the purposes of computation, the total number of issued Units is 2,405,706,572 Units as at the date of this announcement.

is equal to or greater than 3% of A-REIT's net asset value ("**NAV**").

As at the date of this announcement, the total value of interested person transactions (including the Proposed Divestment) between A-REIT and APL and/or its associates (including JTC) for the current financial year is approximately S\$160.3 million, which is about 3.31% of the latest audited NTA and NAV of A-REIT as at 31 March 2014.

The Manager is therefore making this announcement in compliance with the requirements of the Listing Manual and the Property Funds Appendix.

2. INFORMATION ON THE PROPERTY

2.1 The Property

The Property is located at 26 Senoko Way, off Admiralty Road West, within Woodlands East Industrial Estate and within the designated Food Zone. It is readily accessible via Tampines Expressway, Seletar Expressway and Bukit Timah Expressway. As at the date of this announcement, A-REIT holds a 30 year leasehold interest (including an option to renew for a further 30 years) in the Property under a lease with JTC (the "**Lease**") with effect from 16 September 1991.

The Property is a 2-storey building with a 4-storey linked extension block completed in 1993 and 1996 respectively. The Property has a net lettable area of 10,723 sqm. The Property is currently unoccupied.

2.2 Property Value

Pursuant to paragraph 5.1(c) of the Property Fund Appendix, two independent valuations of the Property by DTZ Debenham Tie Leung (SEA) Pte Ltd ("**DTZ**") and Knight Frank Pte Ltd ("**Knight Frank**"), with DTZ being commissioned by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of A-REIT), were carried out. The Property was valued at S\$25.0 million and S\$24.6 million by DTZ and Knight Frank respectively.

The Consideration Sum is not less than the lower of the two assessed values as required under paragraph 5.1 (d) of the the Property Funds Appendix.

2.3 Consideration Sum

The Consideration Sum was arrived taking into consideration the two independent valuations conducted by DTZ and Knight Frank in respect of the Property.

3. PRINCIPAL TERMS OF THE PROPOSED DIVESTMENT

3.1 The Surrender Agreement

The salient terms of the Surrender Agreement include, amongst others, the following:

(a) Consideration Sum

The consideration payable by JTC for the Proposed Divestment shall be a sum of S\$24.8 million, excluding goods and services tax ("**GST**"). GST shall be borne by JTC subject to A-

REIT's production of the requisite tax invoice.

(b) Completion Date

The parties agree that the target completion of the Proposed Divestment shall take place on a date no later than 18 June 2015 or such extended date as may be agreed between the parties (the "**Completion Date**").

(c) Late Completion

In the event A-REIT fails to complete the Surrender of Lease by the Completion Date, without prejudice to the other rights or remedies of JTC, A-REIT shall, so long as the failure continues, pay JTC market rent and GST for land and building as determined by JTC (the "**Rent**") for the Property pro-rated for each day after the Completion Date. The Rent shall be deducted from the Consideration Sum upon completion. Any request for extension of time to complete beyond the Completion Date is subject to the written approval of JTC.

(d) Settlement of Property Tax & Other Outgoings

From the period up to and including the Completion Date, A-REIT shall pay:

- (i) directly to Inland Revenue Authority of Singapore all property tax including any surcharge therein, whether such tax is levied or (as the case may be) increased before, on or retrospectively after the Completion Date;
- (ii) directly to all other relevant authorities or third parties, all other taxes, rates, fees, charges and outgoings in relation to the Property and all costs, charges and other operating expenses associated with the operation of the Property, which remain outstanding,

and shall indemnify JTC in respect of the same.

The Trustee shall also pay to JTC all sums owing to JTC including but not limited to rent, interest and other outgoings. Any such sums remaining outstanding on the Completion Date shall be deducted from the Consideration Sum.

(e) Performance of Covenants

A-REIT shall continue to observe and perform all the terms, conditions, provisions, stipulations, covenants and undertakings on its part to be observed and performed under the Lease for the Property until the Completion Date. A-REIT is also required to carry out certain reinstatement works in relation to the Property to JTC's satisfaction by the Completion Date, at its cost and expense, failing which JTC shall be entitled to deduct from the Consideration Sum such sum(s) as may be determined by JTC. Unless otherwise agreed to by JTC, A-REIT shall terminate all utilities, services and other account(s) with the relevant authorities, disconnect all utilities and return the KWH meter to SP Power Grid Ltd to the satisfaction of JTC before the Completion Date.

3.2 Estimated Total Sales Proceeds of the Proposed Divestment

The estimated total sales proceeds from the Proposed Divestment of the Property (the "**Total Sales Proceeds**") is approximately S\$24.6 million, comprising:

- (a) the Consideration Sum of S\$24.8 million;
- (b) less the Divestment Fee (the "**Divestment Fee**") payable to the Manager, being 0.5% of the Consideration Sum, which amounts to approximately S\$0.124 million; and
- (c) the estimated professional and other fees and expenses incurred by A-REIT in connection with the Proposed Divestment which amount to approximately S\$0.06 million.

As the Proposed Divestment constitutes an "interested party transaction" under the Property Funds Appendix, the Divestment 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 Divestment Fee will be payable as soon as practicable after the completion of the Proposed Divestment.

4. RATIONALE OF THE PROPOSED DIVESTMENT

4.1 The Proposed Divestment is in line with A-REIT's investment/divestment 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 or selectively divesting properties that have reached a stage which offers limited scope for further income growth and recycle the capital.

4.2 Unlock capital to be recycled for other growth opportunities

The Proposed Divestment enables the Manager to unlock capital from the Property which can be used to fund committed investments, repay existing indebtedness, fund general corporate and working capital needs, and/or to make distributions to unitholders of A-REIT ("**Unitholders**").

5. FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

The Proposed Divestment is not expected to have any material effect on the NTA and distribution per Unit for the financial year ending 31 March 2015.

6. AUDIT COMMITTEE STATEMENT

Having considered the terms and conditions of the Surrender Agreement and the rationale for the Proposed Divestment, the Audit Committee of the Manager (which comprises four independent directors of the Manager) is of the view that the Proposed Divestment is on normal commercial terms and is not prejudicial to the interests of A-REIT and its minority Unitholders.

7. OTHER INTERESTED PERSON TRANSACTIONS

The current total value of interested person transactions between A-REIT and APL and/or its associates (including JTC) for the current financial year is approximately S\$160.3 million as at the date of this announcement, including the Proposed Divestment.

As at the date of this announcement, the current total value of all interested person transactions (including the Proposed Divestment) for the same financial year is approximately S\$223.6 million.

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	-	-	-	-	-	-
Mr Khiatani Manohar Ramesh	-	-	-	-	-	-
Mr Henry Tan Song Kok	-	-	-	-	-	-
Mr Teo Eng Cheong	-	-	-	-	-	-
Mr Teo Choon Chye, Marc	25,000	0.001	-	-	25,000	0.001
Mr Chan Pengee Adrian	-	-	-	-	-	-
Mr Tan Ser Ping	-	-	-	-	-	-

As at the date of this announcement, none of the directors of the Manager is a director of JTC. Mr Khiatani Manohar Ramesh, a non-executive Director of the Manager, is the President, Chief Executive Officer and 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 15.29% of the total number of Units in issue. The Manager held a direct interest in 46,457,538 Units, which is equivalent to approximately 1.93% of the total number of Units in issue. ALS and the Manager are both wholly-owned subsidiaries of APL. JTC, through its wholly-owned subsidiary 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 have any interest, direct or indirect, in the Proposed Divestment.

9. OTHER INFORMATION

9.1 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST, the Proposed Divestment is a "Non-Discloseable Transaction" within the meaning of Rule 1008 of the Listing Manual of the SGX-ST.

9.2 Director's Service Contracts

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

9.3 Documents for Inspection

A copy of the Surrender Agreement and the valuation reports of DTZ and Knight Frank are available for inspection during normal business hours at the registered office of the Manager at 61 Science Park Road, #02-18 The GALEN, 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
31 March 2015

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 announcement may contain forward-looking statements that involve assumptions, 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 A-REIT's 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.

² Prior appointment with the Manager is appreciated.