

**CIRCULAR DATED 29 JANUARY 2016**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this Circular. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Consideration Units (as defined herein) on the Main Board of the SGX-ST. The SGX-ST’s in-principle approval is not to be taken as an indication of the merits of the Proposed Acquisition (as defined herein), the Consideration Units, the Manager (as defined herein), Ascendas Real Estate Investment Trust (“**A-REIT**”) and/or its subsidiaries.

If you have sold or transferred all your units in A-REIT (“**Units**”), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.



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

MANAGED BY

**ASCENDAS FUNDS MANAGEMENT (S) LIMITED**

(Company Registration No. 200201987K)

**Independent Financial Adviser to the Independent Directors of the Manager**

Hong Leong Finance Limited

**CIRCULAR TO UNITHOLDERS**

**IN RELATION TO:**

- (1) THE PROPOSED ACQUISITION OF ONE@CHANGI CITY**
- (2) THE PROPOSED ISSUANCE OF NEW UNITS AT AN ISSUE PRICE OF S\$2.223 PER UNIT AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF ONE@CHANGI CITY**

**IMPORTANT DATES AND TIMES FOR UNITHOLDERS**

Last date and time for lodgement of Proxy Forms	:	13 February 2016 at 3.00 p.m.
Date and time of Extraordinary General Meeting (“ <b>EGM</b> ”)	:	16 February 2016 at 3.00 p.m.
Place of EGM	:	Aperia, 10 Kallang Avenue Tower 1, Level 3 Rose Room Singapore 339510

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## TABLE OF CONTENTS

	Page
<b>CORPORATE INFORMATION</b> .....	2
<b>OVERVIEW</b> .....	3
<b>INDICATIVE TIMETABLE</b> .....	9
<b>LETTER TO UNITHOLDERS</b>	
1. Summary of Approvals Sought .....	10
2. The Proposed Acquisition .....	10
3. The Proposed Issuance of the Consideration Units .....	17
4. Rationale for and Benefits of the Proposed Acquisition and the Proposed Issuance of the Consideration Units .....	19
5. Details and Financial Information of the Proposed Acquisition .....	20
6. Recommendations .....	28
7. Extraordinary General Meeting .....	29
8. Abstentions from Voting .....	29
9. Action to be Taken by Unitholders .....	30
10. Directors' Responsibility Statement .....	30
11. Consents .....	30
12. Documents Available for Inspection .....	31
<b>IMPORTANT NOTICE</b> .....	32
<b>GLOSSARY</b> .....	33
<b>APPENDICES</b>	
<b>Appendix A</b> – Details of One@Changi City, the Existing Portfolio and the Enlarged Portfolio .....	A-1
<b>Appendix B</b> – Valuation Certificates .....	B-1
<b>Appendix C</b> – Independent Financial Adviser's Letter .....	C-1
<b>Appendix D</b> – Existing Interested Person Transactions .....	D-1
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	E-1
<b>PROXY FORM</b>	

## CORPORATE INFORMATION

<b>Directors of Ascendas Funds Management (S) Limited (the manager of A-REIT) (the “Manager”)</b>	:	Mr Koh Soo Keong (Chairman and Independent Director) Mr Miguel Ko (Vice-Chairman and Non-Executive Director) Mr Manohar Khiatani (Non-Executive Director) Mr Teo Eng Cheong (Non-Executive Director) Mr Chan Pengee Adrian (Independent Director) Mr Teo Choon Chye, Marc (Independent Director) Mr Wong Yew Meng (Independent Director) Ms Chong Chiet Ping (Independent Director) Ms Lim Sau Hoong (Independent Director) Mr Tan Ser Ping (Executive Director and Chief Executive Officer)
<b>Registered Office of the Manager</b>	:	1 Fusionopolis Place #10-10 Galaxis Singapore 138522
<b>Trustee of A-REIT (the “Trustee”)</b>	:	HSBC Institutional Trust Services (Singapore) Limited 21 Collyer Quay #13-02 HSBC Building Singapore 049320
<b>Legal Adviser for the Proposed Acquisition and to the Manager</b>	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser to the Trustee</b>	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
<b>Unit Registrar and Unit Transfer Office</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
<b>Independent Financial Adviser to the Independent Directors of the Manager (the “IFA”)</b>	:	Hong Leong Finance Limited 16 Raffles Quay #40-01A Hong Leong Building Singapore 048581
<b>Independent Valuers</b>	:	Knight Frank Pte Ltd (appointed by the Manager) 16 Raffles Quay #30-01 Hong Leong Building Singapore 048581  DTZ Debenham Tie Leung (SEA) Pte Ltd (appointed by the Trustee) 100 Beach Road #35-00 Shaw Tower Singapore 189702

## OVERVIEW

*The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 33 to 38 of this Circular.*

*Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.*

### SUMMARY OF APPROVALS SOUGHT

The Manager seeks approval from unitholders of A-REIT (“**Unitholders**”) for the resolutions stated below:

- (1) **Resolution 1:** the proposed acquisition of One@Changi City (Ordinary Resolution); and
- (2) **Resolution 2:** the proposed issuance of new Units at an issue price of S\$2.223 per Unit as partial consideration for the proposed acquisition of One@Changi City (Ordinary Resolution) (which is conditional upon the passing of Resolution 1).

**Unitholders should note that Resolution 2 relating to the proposed issuance of Consideration Units is conditional upon Resolution 1 being passed. In the event that Resolution 1 is not passed, the Manager will not proceed with Resolution 2.**

### RESOLUTION 1: THE PROPOSED ACQUISITION OF ONE@CHANGI CITY

#### The Proposed Acquisition of One@Changi City

On 9 December 2015, HSBC Institutional Trust Services (Singapore) Limited (as trustee of A-REIT) entered into a conditional put and call option agreement (the “**Option Agreement**”) with Ascendas Frasers Pte. Ltd. (the “**Vendor**”) in relation to the proposed acquisition (the “**Proposed Acquisition**”) of the property located at 1 Changi Business Park Central 1, Singapore 486036 and commonly known as One@Changi City, together with the Plant and Equipment<sup>1</sup> therein (collectively, the “**Property**”). The Vendor is a joint venture between Frasers Centrepoint Limited (“**FCL**”) and Ascendas Pte Ltd (“**APL**”), where a wholly-owned subsidiary of FCL holds a 50.0% interest in the Vendor and the remaining 50.0% interest is held by Ascendas Development Pte. Ltd. (“**ADPL**”), which is wholly-owned by Ascendas Land (Singapore) Pte Ltd (“**ALS**”), a direct wholly-owned subsidiary of APL. APL is a wholly-owned subsidiary of Ascendas-Singbridge Pte. Ltd. (“**ASB**”).

Pursuant to the Option Agreement, the Trustee and the Vendor are required to enter into a sale and purchase agreement for the Property (the “**Purchase Agreement**”) on the day the Call Option (as defined herein) is exercised by the Trustee, or on the day the Put Option (as defined herein) is exercised by the Vendor (as the case may be).

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<sup>1</sup> “**Plant and Equipment**” refers to the fixed plant and equipment (including, without limitation, all fixtures, lifts, air-conditioning equipment and other plant and equipment necessary for the operation of the Property), if any, located in or on or which otherwise exclusively relate to the Property or the operations of the Property and which are owned by the Vendor in its capacity as owner of the Property.

## Description of the Property

The Property is located in the heart of Changi Business Park and is easily accessible via the East Coast Parkway Expressway, Pan Island Expressway and Tampines Expressway. The Property is well-served by public transport, being in close proximity to the Singapore Expo mass rapid transit (“MRT”) station which serves the East-West line and shall also serve the Downtown Line upon the expected completion of the Downtown Line Phase 3 in 2017. The Property also benefits from its proximity to Changi Airport.

The Property is the business park component of the mixed-use development known as Changi City, which also has a hotel residence component (Capri by Fraser, Changi City) and a retail component (Changi City Point).

The Property is a nine-storey, high quality multi-tenanted business park building, with contiguous floor plates of 5,400 square metres (“sq m”) to 8,900 sq m per floor, being the largest of its kind in Singapore. The Property has an occupancy rate of 97.9% as at 31 December 2015 with a total of nine tenants. Anchor tenants of the Property include established financial institutions such as Credit Suisse and J.P. Morgan.

The Property was completed in November 2012 and has been certified Green Mark Gold Plus by the Building & Construction Authority of Singapore.

(See **Appendix A** of this Circular for further details.)

## Valuation and Purchase Consideration

The Manager has commissioned an independent property valuer, Knight Frank Pte Ltd (“**Knight Frank**”), and the Trustee has commissioned another independent property valuer, DTZ Debenham Tie Leung (SEA) Pte Ltd (“**DTZ**”, and together with Knight Frank, the “**Independent Valuers**”), to value the Property. The open market value of the Property as at 2 December 2015 is S\$439.0 million and S\$436.6 million as stated by Knight Frank and DTZ in their respective valuation reports. The methods used by the Independent Valuers were the discounted cash flow method and the capitalisation method.

The purchase consideration (the “**Purchase Consideration**”) payable to the Vendor in connection with the Proposed Acquisition is S\$420.0 million. If Resolution 2 relating to the proposed issuance of Consideration Units is passed, approximately S\$210.0 million (representing approximately 50.0% of the Purchase Consideration) will be satisfied by way of issuance of the Consideration Units to the Vendor (or its nominee(s)) and the balance of the Purchase Consideration for the amount of approximately S\$210.0 million will be in cash. If Resolution 2 relating to the proposed issuance of Consideration Units is not passed, the Purchase Consideration of S\$420.0 million will be paid to the Vendor in cash.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property set out above.

The Trustee has paid an option fee of S\$10.0 million (the “**Option Fee**”) to the Vendor upon the signing of the Option Agreement, which shall be applied towards part payment of the deposit to be paid by the Trustee pursuant to the Purchase Agreement upon exercise of the option. The Option Fee is refundable to the Trustee if the Call Option and the Put Option is not exercised (see paragraph 2.3 of the Letter to Unitholders for further details). The balance of S\$410.0 million will be payable upon completion of the Proposed Acquisition (the “**Completion**”).

(See paragraph 2 of the Letter to Unitholders for further details.)

## Total Acquisition Cost

The total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is currently estimated to be approximately S\$438.9 million, comprising:

- (i) the Purchase Consideration of S\$420.0 million;
- (ii) the acquisition fee (the “**Acquisition Fee**”) payable in Units to the Manager for the Proposed Acquisition (the “**Acquisition Fee Units**”) of S\$4.2 million<sup>1</sup>; and
- (iii) the estimated stamp duty, professional and other fees and expenses of approximately S\$14.7 million incurred or to be incurred by A-REIT in connection with the Proposed Acquisition.

## Method of Financing

The Manager intends to finance the Total Acquisition Cost through:

- (i) the issuance of new Units amounting to approximately S\$210.0 million (the “**Consideration Units**”) to the Vendor (or its nominee(s));
- (ii) S\$224.7 million out of the gross proceeds from the equity fund raising (the “**Equity Fund Raising**”) launched on 9 December 2015 comprising (a) a private placement to institutional and other investors and (b) a non-renounceable preferential offering of a total of approximately S\$344.9 million<sup>2</sup> (the “**EFR Proceeds**”)<sup>3</sup>; and
- (iii) the issuance of new Units of S\$4.2 million as the Acquisition Fee.

(See paragraph 2.8 of the Letter to Unitholders for further details.)

## Interested Person Transaction and Interested Party Transaction

As at 22 January 2016, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), APL, through ALS and the Manager, holds an aggregate interest in 438,598,700 Units, which is equivalent to approximately 17.1% of the total number of Units in issue, and is therefore regarded as a “controlling Unitholder” of A-REIT under both the listing manual of the SGX-ST (the “**Listing Manual**”) and the Property Funds Appendix. In addition, as the Manager is an indirect wholly-owned subsidiary of APL, APL is therefore regarded as a “controlling shareholder” of the Manager under both the Listing Manual and the Property Funds Appendix.

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1 As the Proposed Acquisition will constitute an “interested party transaction” under Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”) issued by the Monetary Authority of Singapore (“**MAS**”), the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with paragraph 5.7 of the Property Funds Appendix.

2 Please refer to, *inter alia*, the announcements dated 9 December 2015 and 15 January 2016 for details on the Equity Fund Raising and the gross proceeds raised (collectively, the “**EFR Announcements**”).

3 Should the Proposed Acquisition not proceed, the EFR Proceeds will be deployed to fund future investments or pay down debt.

As APL holds an indirect 50.0% interest in the Vendor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being an associate of a “controlling Unitholder” and a “controlling shareholder” of the Manager) 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.

Therefore, the Proposed Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Given that the Purchase Consideration is S\$420.0 million (which is 8.4% of both the latest audited net tangible assets (“NTA”) and the net asset value (“NAV”) of A-REIT as at 31 March 2015), the value of the Purchase Consideration exceeds 5.0% of the NTA and the NAV of A-REIT. Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Proposed Acquisition.

(See paragraph 5.3.3 of the Letter to Unitholders for further details.)

### **Rationale for and Benefits of the Proposed Acquisition**

The Manager believes that the Proposed Acquisition will bring the following key benefits to Unitholders:

- The Proposed Acquisition is in line with A-REIT’s investment strategy
- Enables A-REIT to capitalise on the competitive strengths of the Property
- Complements and enhances A-REIT’s market share in Changi Business Park, as well as the overall business and science park sector in Singapore
- Provides income diversification and potential upside, as well as increased exposure to high quality tenants

### **RESOLUTION 2: THE PROPOSED ISSUANCE OF NEW UNITS AT AN ISSUE PRICE OF S\$2.223 PER UNIT AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF ONE@CHANGI CITY**

#### **Partial Payment for the Proposed Acquisition**

If Resolution 2 relating to the proposed issuance of Consideration Units is passed, out of the Purchase Consideration of S\$420.0 million, approximately S\$210.0 million (representing approximately 50.0% of the Purchase Consideration) will be satisfied by way of issuance of the Consideration Units to the Vendor (or its nominee(s)) and the balance of the Purchase Consideration for the amount of approximately S\$210.0 million will be in cash. If Resolution 2 relating to the proposed issuance of Consideration Units is not passed, the Purchase Consideration of S\$420.0 million will be paid to the Vendor in cash.

Given the inherent unpredictability of stock prices on any securities exchange, the volume weighted average price for a Unit for the period of 10 business days immediately preceding the date of Completion (the “10-day VWAP”) is likely to differ from the issue price under the Equity Fund Raising as announced in the EFR Announcements. To avoid such an incongruity given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost, the issue price of the Consideration Units will be the same as the issue price of the new Units issued under the Private Placement (as



defined herein) (being S\$2.223 per Unit, which had been determined in accordance with the provisions of the Trust Deed and the Listing Manual and taking into account, *inter alia*, market conditions).

Based on the issue price of S\$2.223 per Consideration Unit, the total number of Consideration Units will be 94,466,936 and will represent approximately 3.7% of the total number of Units in issue as at the Latest Practicable Date.

The Vendor has nominated ALS (a wholly-owned subsidiary of APL) to receive the Consideration Units and in return, the Vendor will receive S\$210.0 million in cash from ALS. Based on the unitholding of APL as at the Latest Practicable Date, following the issuance of the Consideration Units, APL, through ALS and the Manager, will hold an aggregate interest in 533,065,636 Units, which is equivalent to approximately 20.0% of the total number of Units in issue<sup>1</sup>.

The proposed issuance of the Consideration Units will not trigger any obligations of APL to make a general offer under the Takeover Code as APL's interest in A-REIT would increase from 17.1% to 20.0%<sup>1</sup>.

(See paragraph 3 of the Letter to Unitholders for further details.)

### **Status of the Consideration Units**

The Consideration Units will not be entitled to distributions by A-REIT for the period immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by A-REIT from the date of their issue to the end of the semi-annual financial period in which the Consideration Units are issued, as well as all distributions thereafter.

Save as set out above, the Consideration Units will, upon issue, rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue of the Consideration Units.

### **Requirement of Unitholders' Approval for the Proposed Issuance of the Consideration Units**

The Manager is seeking Unitholders' approval for the proposed issuance of the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As APL holds an indirect 50.0% interest in the Vendor, the issuance of the Consideration Units to the Vendor (or its nominee(s)) will constitute a placement to associated companies of Substantial Unitholders (as defined herein). As at the Latest Practicable Date, APL has deemed interests of (i) 17.1% in A-REIT and (ii) 100.0% in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

The proposed issuance of the Consideration Units to the Vendor (or its nominee(s)) will constitute an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

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<sup>1</sup> For the avoidance of doubt, this does not take into account the Acquisition Fee Units. Based on the illustrative issue price of S\$2.1748 per Unit (being the VWAP (as defined herein) for 10 business days immediately preceding the Latest Practicable Date), a total of 1,931,212 Units will be issued to the Manager as payment of the Acquisition Fee of S\$4.2 million and APL's aggregate interest in A-REIT would increase to approximately 20.1% of the total number of Units in issue. The aforementioned is solely for illustrative purposes only and the actual issue price of the Acquisition Fee Units will be determined based on the volume weighted average price ("VWAP") for all trades done on the SGX-ST for 10 business days immediately preceding the 30th calendar day after Completion.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of the Consideration Units to the Vendor (or its nominee(s)).

The Vendor has nominated ALS (a wholly-owned subsidiary of APL) to receive the Consideration Units and in return, the Vendor will receive S\$210.0 million in cash from ALS.

(See paragraph 3.3 of the Letter to Unitholders for further details.)

**UNITHOLDERS SHOULD NOTE THAT RESOLUTION 2 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (THE PROPOSED ACQUISITION).**

**Rationale for the Proposed Issuance of the Consideration Units**

The proposed issuance of the Consideration Units to the Vendor (or its nominee(s)), which is 50.0% owned by APL, will enhance the alignment of the interests of APL with that of A-REIT and its minority Unitholders. The Vendor has nominated ALS to receive the Consideration Units and in return, the Vendor will receive S\$210.0 million in cash from ALS. This also demonstrates APL's commitment to support A-REIT's growth strategy and allows A-REIT to manage its capital structure and create more debt headroom for future growth.

## INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
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Last date and time for lodgement of Proxy Forms : 13 February 2016 at 3.00 p.m.

Date and time of the EGM : 16 February 2016 at 3.00 p.m.

### **If approval for the Proposed Acquisition is obtained at the EGM:**

Target date for Completion : Not later than 31 March 2016 (or such other date as may be agreed between the Trustee and the Vendor)

# LETTER TO UNITHOLDERS



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

## Directors of the Manager

Mr Koh Soo Keong (Chairman and Independent Director)  
Mr Miguel Ko (Vice-Chairman and Non-Executive Director)  
Mr Manohar Khatani (Non-Executive Director)  
Mr Teo Eng Cheong (Non-Executive Director)  
Mr Chan Pengee Adrian (Independent Director)  
Mr Teo Choon Chye, Marc (Independent Director)  
Mr Wong Yew Meng (Independent Director)  
Ms Chong Chiet Ping (Independent Director)  
Ms Lim Sau Hoong (Independent Director)  
Mr Tan Ser Ping (Executive Director and Chief Executive Officer)

## Registered Office

1 Fusionopolis Place  
#10-10 Galaxis  
Singapore 138522

29 January 2016

To: Unitholders of A-REIT

Dear Sir/Madam

## 1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the EGM to seek the approval from Unitholders by way of an Ordinary Resolution<sup>1</sup> in respect of:

- (i) the Proposed Acquisition; and
- (ii) the proposed issuance of the Consideration Units.

**Unitholders should note that Resolution 2 relating to the proposed issuance of Consideration Units is conditional upon Resolution 1 being passed. In the event that Resolution 1 is not passed, the Manager will not proceed with Resolution 2.**

## 2. THE PROPOSED ACQUISITION

### 2.1 Description of the Property

The Property is located in the heart of Changi Business Park and is easily accessible via the East Coast Parkway Expressway, Pan Island Expressway and Tampines Expressway. The Property is well-served by public transport, being in close proximity to the Singapore Expo MRT station which serves the East-West line and shall also serve the Downtown Line upon the expected completion of the Downtown Line Phase 3 in 2017. The Property also benefits from its proximity to Changi Airport.

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<sup>1</sup> "Ordinary Resolution" means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

The Property is the business park component of the mixed-use development known as Changi City, which also has a hotel residence component (Capri by Fraser, Changi City) and a retail component (Changi City Point).

The Property is a nine-storey, high quality multi-tenanted business park building, with contiguous floor plates of 5,400 sq m to 8,900 sq m per floor, being the largest of its kind in Singapore. The Property has an occupancy rate of 97.9% as at 31 December 2015 with a total of nine tenants. Anchor tenants of the Property include established financial institutions such as Credit Suisse and J.P. Morgan.

The Property was completed in November 2012 and has been certified Green Mark Gold Plus by the Building & Construction Authority of Singapore.

(See **Appendix A** of this Circular for further details.)

## **2.2 Details of the Proposed Acquisition and the Independent Valuations**

On 9 December 2015, the Trustee entered into the Option Agreement with the Vendor in relation to the Proposed Acquisition. Pursuant to the Option Agreement, the Trustee and the Vendor are required to enter into the Purchase Agreement on the day the Call Option is exercised by the Trustee, or on the day the Put Option is exercised by the Vendor (as the case may be).

The Vendor is a joint venture between FCL and APL, where a wholly-owned subsidiary of FCL holds a 50.0% interest in the Vendor and the remaining 50.0% interest is held by ADPL, which is wholly-owned by ALS, a direct wholly-owned subsidiary of APL. APL is a wholly-owned subsidiary of ASB.

The Purchase Consideration payable to the Vendor in connection with the Proposed Acquisition is S\$420.0 million.

The Manager has commissioned an independent property valuer, Knight Frank, and the Trustee has commissioned another independent property valuer, DTZ, to value the Property. The open market value of the Property as at 2 December 2015 is S\$439.0 million and S\$436.6 million as stated by Knight Frank and DTZ in their respective valuation reports. The methods used by the Independent Valuers were the discounted cash flow method and the capitalisation method.

The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis taking into account the independent valuations of the Property set out above.

The Trustee has paid an Option Fee of S\$10.0 million to the Vendor upon the signing of the Option Agreement, which shall be applied towards part payment of the deposit to be paid by the Trustee pursuant to the Purchase Agreement upon exercise of the option. The Option Fee is refundable to the Trustee if the Call Option and the Put Option is not exercised (see paragraph 2.3 below for further details). The balance of S\$410.0 million will be payable upon Completion.

## 2.3 Principal Terms and Conditions of the Option Agreement

### (i) Call Option and Put Option

Pursuant to the Option Agreement:

- (a) in consideration of the Trustee's payment of the Option Fee to the Vendor, the Vendor granted to the Trustee a right (the "**Call Option**") to require the Vendor to enter into the Purchase Agreement with the Trustee for the acquisition of the Property at the Purchase Consideration and on the terms of the Purchase Agreement; and
- (b) in consideration of the mutual covenants in the Option Agreement, the Trustee granted to the Vendor a right (the "**Put Option**") to require the Trustee to enter into the Purchase Agreement with the Vendor for the acquisition of the Property at the Purchase Consideration and on the terms of the Purchase Agreement.

### (ii) Conditions Precedent

The principal terms of the Option Agreement include the following conditions precedent (the "**Conditions Precedent**"), which are to be fulfilled before the Trustee can serve the Call Option notice on the Vendor (or the Vendor can serve the Put Option notice on the Trustee, as the case may be):

- (a) the Unitholders' approval being obtained for the acquisition of the Property (the "**Unitholders' Acquisition Approval**"); and
- (b) JTC Corporation's ("**JTC**") written confirmation that it has no objections to the execution and registration of the transfer instrument in favour of A-REIT in relation to the Property (the "**JTC Final Confirmation**").

### (iii) Exercise of Call Option

The Trustee may exercise the Call Option by delivering to the Vendor the Call Option notice before the expiry of the period commencing on the date on which the Trustee notifies the Vendor that it has obtained the Unitholders' Acquisition Approval or the date on which the Vendor notifies the Trustee that it has obtained the JTC Final Confirmation, whichever date is later (or such other date as the Trustee and the Vendor may mutually agree in writing) and ending at 5.00 p.m. on the date falling five business days after the date of such notification (the "**Call Option Exercise Period**"). The Trustee may not serve the Call Option notice on the Vendor except during the Call Option Exercise Period and unless all the Conditions Precedent have been fulfilled.

Upon the Trustee's issuance and service of the Call Option notice in accordance with the terms of the Option Agreement, both the Trustee and the Vendor shall be bound to enter into the Purchase Agreement on the same date of such service.

### (iv) Exercise of Put Option

The Vendor may exercise the Put Option by delivering to the Trustee the Put Option notice before the expiry of the period commencing immediately after the expiry of the Call Option Exercise Period and ending at 5.00 p.m. on the date falling two business days thereafter (the "**Put Option Exercise Period**").

The Vendor may not serve the Put Option notice on the Trustee:

- (a) except during the Put Option Exercise Period and unless all the Conditions Precedent have been fulfilled;
- (b) if the Trustee has served the Call Option notice on the Vendor during the Call Option Exercise Period; or
- (c) if the Trustee has given notice to terminate the Option Agreement.

Upon the Vendor's issuance and service of the Put Option notice, both the Trustee and the Vendor shall be bound to enter into the Purchase Agreement on the same date of such service.

**(v) Application of Option Fee**

The Vendor shall apply the Option Fee towards part payment of the deposit to be paid by the Trustee pursuant to the Purchase Agreement. The Vendor shall refund the Option Fee to the Trustee within seven business days after the date of expiry of the Put Option Exercise Period if neither the Call Option nor the Put Option has been exercised by the relevant party before the expiry of the Call Option Exercise Period or the Put Option Exercise Period (as the case may be).

**(vi) Termination of the Option Agreement**

The Trustee shall be entitled to terminate the Option Agreement if:

- (a) there is any material breach of warranty under the Option Agreement;
- (b) there is any material damage of the Property or any part(s) thereof by fire or any other causes;
- (c) there is any compulsory acquisition or notice of compulsory acquisition (or intended acquisition) by the government or any other competent authority affecting the building in which the Property is comprised to any extent or measure or 5% or more of the land area of the common property of the development of which the Property forms part; or
- (d) the replies to any of the Trustee's legal requisitions to the local authorities reveal any findings which materially adversely affect the Property or any part(s) thereof.

**2.4 Principal Terms and Conditions of the Purchase Agreement**

The principal terms of the Purchase Agreement include, among others, the following:

- In the event that the Unitholders' approval for the proposed issuance of Consideration Units is obtained prior to Completion, the Purchase Consideration shall be partly satisfied by the issuance of approximately S\$210.0 million worth of Consideration Units to the Vendor (or its nominee(s)). In the event that the Unitholders' approval for the proposed issuance of Consideration Units is not obtained prior to Completion, the Purchase Consideration of S\$420.0 million (less the Option Fee and the Rectification Works Security Sum (as defined herein)) shall be paid to the Vendor by way of cashier's order(s) or bank draft(s).

- The Trustee shall withhold an amount of S\$82,000 (the “**Rectification Works Security Sum**”) on Completion in relation to rectification works to be carried out by the Vendor in respect of certain identified defects in the Property at its cost and expense within three months after Completion.
- The Vendor shall fully indemnify the Trustee against any losses, damages, claims, demands, proceedings, actions, costs, expenses, interest and penalties (the “**JTC Liabilities**”) suffered or incurred by the Trustee arising from any claim, demand, proceeding or action that may be made or instituted by JTC against the Trustee after Completion in respect of the JTC Liabilities, to the extent that such JTC Liabilities resulted from any breach by the Vendor of any term, covenant or condition in the JTC lease and/or JTC’s in-principle written approval to the sale of the Property which existed on or prior to Completion, or which occurred prior to Completion and was subsequently discovered by JTC after Completion.
- The Vendor shall deliver to the Trustee on Completion vacant possession of such part(s) of the Property which are not occupied by (i) the tenants under existing tenancy agreements and new tenancy agreements entered into after the date of the Purchase Agreement or (ii) the tenants holding over.

## 2.5 Property Management and Lease Management

Upon Completion, Ascendas Services Pte Ltd (“**ASPL**”) will provide property management services in respect of the Property as the property manager of A-REIT and the Manager will provide lease management services in respect of the Property.

### (i) Property Management

Under the terms of the property management agreement entered into between the Manager, the Trustee and ASPL (the “**Property Management Agreement**”), ASPL will provide certain property management, marketing, project management and car park management services relating to all properties of A-REIT located in Singapore with effect from 1 October 2012. Upon Completion, the management of the Property will be covered by the Property Management Agreement and all fees and reimbursements payable to ASPL will be in accordance with the Property Management Agreement.

### (ii) Lease Management

Under the terms of the lease management agreement entered into between the Manager and the Trustee (the “**Lease Management Agreement**”), the Manager will provide lease management services relating to all properties of A-REIT located in Singapore and the People’s Republic of China with effect from 1 October 2012. Upon Completion, the management of the Property will be covered by the Lease Management Agreement and all fees and reimbursements payable to the Manager or its nominees (as the Manager may direct) will be in accordance with the Lease Management Agreement.



## 2.6 Other Related Agreements

In connection with the Proposed Acquisition and pursuant to the Purchase Agreement, the Trustee will enter into a deed of ratification, accession and retirement to take over and assume all of the Vendor's rights and obligations as subsidiary proprietor of the Property under the limited liability partnership agreement in respect of Changi City Carpark Operations LLP (the "**Carpark LLP**"). The primary purpose of the Carpark LLP is limited to the management and operation of the car park serving Changi City Point, Capri by Fraser, Changi City and the Property, which is licensed to the Carpark LLP by the management corporation of Changi City.

## 2.7 Total Acquisition Cost

The Total Acquisition Cost is currently estimated to be approximately S\$438.9 million, comprising:

- (i) the Purchase Consideration of S\$420.0 million;
- (ii) the Acquisition Fee (payable by issuance of the Acquisition Fee Units to the Manager) of S\$4.2 million<sup>1</sup>; and
- (iii) the estimated stamp duty, professional and other fees and expenses of approximately S\$14.7 million incurred or to be incurred by A-REIT in connection with the Proposed Acquisition.

## 2.8 Method of Financing

The Manager intends to finance the Total Acquisition Cost through:

- (i) the issuance of the Consideration Units to the Vendor (or its nominee(s));
- (ii) S\$224.7 million out of the EFR Proceeds of a total of approximately S\$344.9 million<sup>2</sup> (see, *inter alia*, the EFR Announcements dated 9 December 2015 and 15 January 2016 for further details on the Equity Fund Raising and the EFR Proceeds); and
- (iii) the issuance of the Acquisition Fee Units as the Acquisition Fee.

Gross proceeds of a total of approximately S\$344.9 million have been raised from the Equity Fund Raising, comprising (a) a private placement to institutional and other investors and (b) a non-renounceable preferential offering. Subject to relevant laws and regulations, the Manager intends to use the gross proceeds from the Equity Fund Raising in the following manner:

- (i) approximately S\$224.7 million to partially fund the Total Acquisition Cost;
- (ii) approximately S\$82.0 million to partially fund the proposed acquisition of a logistics property in Australia as announced on 24 December 2015 (the "**Proposed Australian Acquisition**") and the associated costs;

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1 As the Proposed Acquisition will constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

2 Should the Proposed Acquisition not proceed, the EFR Proceeds will be deployed to fund future investments or pay down debt.

- (iii) approximately S\$35.4 million to be used for funding debt repayment and future acquisitions; and
- (iv) approximately S\$2.8 million to pay the estimated fees and expenses, including professional fees and expenses, incurred or to be incurred by A-REIT in connection with the Equity Fund Raising,

with the balance of the gross proceeds of the Equity Fund Raising, if any, to be used for general corporate and/or working capital purposes.

Taking into consideration the Equity Fund Raising and assuming that the cash component of the Total Acquisition Cost is fully funded by the Equity Fund Raising, the level of Aggregate Leverage<sup>1</sup> of A-REIT will decrease from 39.4% as at 30 November 2015<sup>2</sup> to 36.5% immediately after the Proposed Acquisition<sup>3</sup>.

If Resolution 2 relating to the proposed issuance of Consideration Units is not passed, the Purchase Consideration of S\$420.0 million will be paid to the Vendor in cash. In such circumstance, the Manager expects to finance the cash component of the Total Acquisition Cost using a combination of the net proceeds from the Equity Fund Raising and debt financing. The level of Aggregate Leverage of A-REIT will decrease from 39.4% as at 30 November 2015<sup>2</sup> to 38.6% immediately after the Proposed Acquisition<sup>3</sup>.

With effect from 1 January 2016, the Aggregate Leverage of A-REIT may not exceed 45.0% of its Deposited Property.

## 2.9 Advice of the Independent Financial Adviser in relation to Resolution 1

The Manager has appointed the IFA to advise the independent directors of the Manager (the “**Independent Directors**”) and the audit committee of the Manager (the “**Audit Committee**”) in relation to the Proposed Acquisition. A copy of the letter from the IFA to the Independent Directors (the “**IFA Letter**”), containing its advice in full, is set out in **Appendix C** of this Circular and 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 Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of A-REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the Proposed Acquisition to be proposed at the EGM.

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1 “**Aggregate Leverage**” refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property. “**Deposited Property**” refers to the gross assets of A-REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.

2 Based on the unaudited pro forma position of A-REIT.

3 For the avoidance of doubt, this does not take into account the Proposed Australian Acquisition.

### 3. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

#### 3.1 Partial Payment for the Proposed Acquisition

If Resolution 2 relating to the proposed issuance of Consideration Units is passed, out of the Purchase Consideration of S\$420.0 million, approximately S\$210.0 million (representing approximately 50.0% of the Purchase Consideration) will be satisfied by way of issuance of the Consideration Units to the Vendor (or its nominee(s)) and the balance of the Purchase Consideration for the amount of approximately S\$210.0 million will be in cash. If Resolution 2 relating to the proposed issuance of Consideration Units is not passed, the Purchase Consideration of S\$420.0 million will be paid to the Vendor in cash.

Given the inherent unpredictability of stock prices on any securities exchange, the 10-day VWAP for a Unit immediately preceding the date of Completion is likely to differ from the issue price under the Equity Fund Raising as announced in the EFR Announcements. To avoid such an incongruity given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost, the issue price of the Consideration Units will be the same as the issue price for the Units issued under the Private Placement (being S\$2.223 per Unit, which had been determined in accordance with the provisions of the Trust Deed and the Listing Manual and taking into account, *inter alia*, market conditions).

Pursuant to Clause 5.2.6 of the Trust Deed, as the Consideration Units are issued as partial consideration for the Proposed Acquisition and which is in conjunction with the Private Placement meant to partially finance the Proposed Acquisition, the Manager has the discretion to determine that the issue price of the Consideration Units is to be the same as the issue price for the Units issued under the Private Placement. In addition, the Manager has decided that the issue price of the Consideration Units will be the same as the issue price for the Units issued under the Private Placement as (a) the Vendor is desirous of certainty with respect to the issue price of the Consideration Units and (b) this will put the Vendor in a position that is on par with the incoming investors under the Private Placement.

The issue price of S\$2.223 per Unit of the Consideration Units and the Units issued under the Private Placement represents a discount of:

- (i) 6.2% to the VWAP of S\$2.3706 per Unit for trades in the Units done on the SGX-ST for the full Market Day<sup>1</sup> on 8 December 2015 (being the Market Day preceding the day on which the placement agreement in connection with the Private Placement was signed) and up to the time the placement agreement was signed on 9 December 2015; and
- (ii) (for illustrative purposes only) 5.0% to the adjusted VWAP<sup>2</sup> of S\$2.3400 per Unit.

Based on the issue price of S\$2.223 per Consideration Unit, the total number of Consideration Units will be 94,466,936 and will represent approximately 3.7% of the total number of Units in issue as at the Latest Practicable Date.

The Consideration Units shall be issued on the date of Completion (the “**Completion Date**”) under a temporary stock counter from the existing A-REIT stock counter, such temporary stock counter to be maintained for the period commencing from the date of issue of the Consideration Units to the last day of “cum-distribution” trading for the existing Units, in respect of the distribution period from 18 December 2015 to 31 March 2016 (or such other period as the Manager may determine). After the last day of “cum-distribution” trading, both

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1 “**Market Day**” refers to a day on which the SGX-ST is open for securities trading.

2 The adjusted VWAP is computed based on the VWAP of all trades in the Units on the SGX-ST on the full Market Day on 8 December 2015 (being the Market Day preceding the day the placement agreement in connection with the Private Placement was signed) and up to the time the placement agreement was signed on 9 December 2015 and subtracting the Estimated Advanced Distribution (as defined herein).

the Consideration Units and the existing Units will be aggregated and traded under the existing A-REIT stock counter on the Main Board of the SGX-ST. The Consideration Units will not be entitled to participate in A-REIT's distribution for the period immediately preceding the date of issue of the Consideration Units.

The Vendor has nominated ALS to receive the Consideration Units and in return, the Vendor will receive S\$210.0 million in cash from ALS.

### **3.2 Status of the Consideration Units**

The Consideration Units will not be entitled to distributions by A-REIT for the period immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by A-REIT from the date of their issue to the end of the semi-annual financial period in which the Consideration Units are issued, as well as all distributions thereafter.

Save as set out above, the Consideration Units will, upon issue, rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue of the Consideration Units.

### **3.3 Requirement of Unitholders' Approval for the Proposed Issuance of the Consideration Units**

The Manager is seeking Unitholders' approval for the proposed issuance of the Consideration Units pursuant to Rule 805(1) of the Listing Manual.

As APL holds an indirect 50.0% interest in the Vendor, the issuance of the Consideration Units to the Vendor (or its nominee(s)) will constitute a placement to associated companies of Substantial Unitholders. As at the Latest Practicable Date, APL has deemed interests of (i) 17.1% in A-REIT and (ii) 100.0% in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

The proposed issuance of the Consideration Units to the Vendor (or its nominee(s)) will constitute an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of the Consideration Units to the Vendor (or its nominee(s)).

The Vendor has nominated ALS (a wholly-owned subsidiary of APL) to receive the Consideration Units and in return, the Vendor will receive S\$210.0 million in cash from ALS. Based on the unitholding of APL as at the Latest Practicable Date, following the issuance of the Consideration Units, APL, through ALS and the Manager, will hold an aggregate interest in 533,065,636 Units, which is equivalent to approximately 20.0% of the total number of Units in issue<sup>1</sup>.

The proposed issuance of the Consideration Units will not trigger any obligations of APL to make a general offer under the Takeover Code as APL's interest in A-REIT would increase from 17.1% to 20.0%<sup>1</sup>.

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<sup>1</sup> For the avoidance of doubt, this does not take into account the Acquisition Fee Units. Based on the illustrative issue price of S\$2.1748 per Unit (being the VWAP for 10 business days immediately preceding the Latest Practicable Date), a total of 1,931,212 Units will be issued to the Manager as payment of the Acquisition Fee of S\$4.2 million and APL's aggregate interest in A-REIT would increase to approximately 20.1% of the total number of Units in issue. The aforementioned is solely for illustrative purposes only and the actual issue price of the Acquisition Fee Units will be determined based on the VWAP for all trades done on the SGX-ST for 10 business days immediately preceding the 30th calendar day after Completion.

### **3.4 Advice of the Independent Financial Adviser in relation to Resolution 2**

The Manager has appointed the IFA to advise the Independent Directors and the Audit Committee in relation to the proposed issuance of the Consideration Units. A copy of the IFA Letter, containing its advice in full, is set out in **Appendix C** of this Circular and 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 proposed issuance of the Consideration Units is on normal commercial terms and is not prejudicial to the interests of A-REIT and its minority Unitholders.

The IFA is of the opinion that the Independent Directors can recommend that Unitholders vote in favour of the resolution in connection with the proposed issuance of the Consideration Units to be proposed at the EGM.

## **4. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION AND THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS**

The Manager believes that the Proposed Acquisition and the proposed issuance of the Consideration Units will bring the following key benefits to Unitholders:

### **4.1 The Proposed Acquisition is in line with A-REIT's investment strategy**

The Proposed Acquisition is in line with the Manager's aims to deliver predictable distributions 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 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 Enables A-REIT to capitalise on the competitive strengths of the Property**

- **Strategic location and good connectivity**

The Property is strategically located in the heart of Changi Business Park in close proximity to the Expo MRT station, which serves the East-West line. It benefits from its proximity to Changi Airport. The Property is also easily accessible via the East Coast Parkway Expressway, Pan Island Expressway and Tampines Expressway. Public transport services and connectivity will be further enhanced when the Downtown Line Phase 3 is completed, currently expected to be in 2017, where the Expo MRT station will also serve the Downtown line.

The Property is located next to Changi City Point (a suburban retail mall) and Capri by Fraser, Changi City (a hotel residence), with access to a wide variety of food and beverage options, amenities, hotel and conference facilities located within walking distance.

- **Strengths of the Property**

Properties with more than 50 years land lease tenure are rare given JTC's policy to shorten industrial land lease tenures. The Property is not subject to any anchor tenant policy and sublet constraints imposed by JTC and thus, allows for more leasing flexibility. In addition, upfront land premium for the remaining land lease term has been fully paid.

Changi City is one of the two mixed-use developments with a business park, retail and hotel component within Changi Business Park located next to the Expo MRT station.

#### **4.3 Complements and enhances A-REIT's market share in Changi Business Park, as well as the overall business and science park sector in Singapore**

The Proposed Acquisition will reinforce A-REIT's presence and market share in Changi Business Park as well as the overall business and science park sector. With the addition of the Property, A-REIT will increase its total gross floor area in the business and science park sector from 679,542 sq m to 750,700 sq m.

#### **4.4 Provides income diversification and potential upside, as well as increased exposure to high quality tenants**

The Proposed Acquisition will benefit A-REIT and the Unitholders with further income diversification arising from the enlarged tenant base. Following the Proposed Acquisition, A-REIT will benefit from the addition of global financial institutions such as Credit Suisse and J.P. Morgan into A-REIT's tenant base. In addition, approximately 92.0% of the Property's net lettable area is approximately 14.0% below current market rent and there may be potential for future rental growth.

#### **4.5 Rationale for the proposed issuance of Consideration Units**

The proposed issuance of the Consideration Units to the Vendor (or its nominee(s)), which is 50.0% owned by APL, will enhance the alignment of the interests of APL with that of A-REIT and its minority Unitholders. The Vendor has nominated ALS to receive the Consideration Units and in return, the Vendor will receive S\$210.0 million in cash from ALS. This also demonstrates APL's commitment to support A-REIT's growth strategy and allows A-REIT to manage its capital structure and create more debt headroom for future growth.

### **5. DETAILS AND FINANCIAL INFORMATION OF THE PROPOSED ACQUISITION**

#### **5.1 Pro Forma Financial Effects of the Proposed Acquisition**

A-REIT adopts a consistent approach for the evaluation of investment opportunities. Potential investments are evaluated on a consistent basis with a capital structure which comprises 60% equity funding and 40% debt funding. This is to ensure that returns across all investments are evaluated on a sustainable and constant capital structure. Capital structure and gearing are managed at the A-REIT level and not on a transaction-basis.

The pro forma financial effects of the Proposed Acquisition on the distribution per Unit ("DPU") and NAV per Unit, and the pro forma capitalisation of A-REIT presented below are strictly for illustrative purposes and were prepared based on the audited consolidated financial statements of A-REIT (the "**A-REIT Audited Financial Statements**") for the financial year ended 31 March 2015 ("**FY14/15**"), taking into account the Total Acquisition Cost, and assuming that:

- (i) A-REIT had purchased, held and operated the Property for the whole of FY14/15;
- (ii) S\$263.3 million, or 60%, of the Total Acquisition Cost was satisfied by way of issue of Units, with the remainder amount funded wholly by debt;
- (iii) the average cost of debt was 2.70% (being the average cost of debt for the whole of FY14/15);
- (iv) the Units were issued at an illustrative price of S\$2.223 per Unit; and
- (v) in respect of the Enlarged Portfolio, the Manager had elected to receive 80.0% of its base management fee in cash and 20.0% in Units.



### 5.1.1 Pro Forma DPU

#### FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on A-REIT's DPU for FY14/15, as if the Proposed Acquisition was completed on 1 April 2014 and A-REIT held and operated the Property through to 31 March 2015 are as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
Net Income (S\$'000)	462,727	488,439
Distributable Income (S\$'000)	351,140	370,224
Issued Units ('000)	2,405,707 <sup>(1)</sup>	2,525,253 <sup>(2)</sup>
DPU (cents)	14.600	14.667

**Notes:**

- (1) Number of Units issued as at 31 March 2015.
- (2) Includes Consideration Units issuable to the Vendor (or its nominee(s)), new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units issued to fund 60% of the Total Acquisition Cost at an illustrative price of S\$2.223 per new Unit (purely for illustrative purposes only).

### 5.1.2 Pro Forma NAV

#### FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Acquisition on A-REIT's NAV per Unit as at 31 March 2015, as if the Proposed Acquisition was completed on 31 March 2015 are as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
NAV (S\$'000)	5,013,590	5,276,930
Issued Units ('000)	2,405,707 <sup>(1)</sup>	2,524,253 <sup>(2)</sup>
NAV per Unit (S\$)	2.08	2.09

**Notes:**

- (1) Number of Units issued as at 31 March 2015.
- (2) Includes Consideration Units issuable to the Vendor (or its nominee(s)), new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units issued to fund 60% of the Total Acquisition Cost at an illustrative price of S\$2.223 per new Unit (purely for illustrative purposes only).

### 5.1.3 Pro Forma Capitalisation

#### FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma capitalisation of A-REIT as at 31 March 2015, as if the Proposed Acquisition was completed on 31 March 2015, is as follows:

	Effects of the Proposed Acquisition	
	Before the Acquisition	After the Acquisition
<b>Current</b>		
Unsecured loans and borrowings (S\$'000)	285,525	285,525
<b>Non-Current</b>		
Unsecured loans and borrowings (S\$'000)	2,086,444	2,262,004 <sup>(1)</sup>
Secured loans and borrowings (S\$'000)	366,024	366,024
<b>Total loans and borrowings (S\$'000)</b>	<b>2,737,993</b>	<b>2,913,553</b>
Unitholders' funds (S\$'000)	5,013,590	5,276,930 <sup>(2)</sup>
<b>Total Capitalisation (S\$'000)</b>	<b>7,751,583</b>	<b>8,190,483</b>

#### Notes:

- (1) Includes S\$175.6 million of unsecured loan drawn to fund 40% of the Total Acquisition Cost (purely for illustrative purposes only).
- (2) Includes S\$263.3 million of additional unitholders' funds (or approximately 118.5 million new Units issuable at an illustrative price of S\$2.223 per new Unit) issued to fund 60% of the Total Acquisition Cost (purely for illustrative purposes only).

### 5.2 Pro Forma Financial Effects of the Proposed Acquisition assuming that the Proposed Acquisition is Fully Funded by Equity

Given that it is intended for the Proposed Acquisition to be funded by the EFR Proceeds and the issuance of Consideration Units, the pro forma financial effects of the Proposed Acquisition on the DPU and NAV per Unit and the pro forma capitalisation of A-REIT based on the Proposed Acquisition being fully funded by equity (the "**Equity Funded Method**") are also presented below. These are strictly for illustrative purposes and were prepared based on the A-REIT Audited Financial Statements, taking into account the Total Acquisition Cost, and assuming that:

- (i) A-REIT had purchased, held and operated the Property for the whole of FY14/15;
- (ii) the Total Acquisition Cost of S\$438.9 million was fully funded by way of issue of Units;
- (iii) the Units were issued at an illustrative price of S\$2.223 per Unit; and
- (iv) in respect of the Enlarged Portfolio, the Manager had elected to receive 80.0% of its base management fee in cash and 20.0% in Units.



## 5.2.1 Pro Forma DPU (Based on the Equity Funded Method)

### FOR ILLUSTRATIVE PURPOSES ONLY:

Based on the Equity Funded Method, the pro forma financial effects of the Proposed Acquisition on A-REIT's DPU for FY14/15 as if the Proposed Acquisition was completed on 1 April 2014 and A-REIT held and operated the Property through to 31 March 2015 are as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
Net Income (S\$'000)	462,727	488,439
Distributable Income (S\$'000)	351,140	374,964
Issued Units ('000)	2,405,707 <sup>(1)</sup>	2,603,227 <sup>(2)</sup>
DPU (cents)	14.600	14.404

#### Notes:

- (1) Number of Units issued as at 31 March 2015.
- (2) Includes Consideration Units issuable to the Vendor (or its nominee(s)), new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units issued to fully fund the Total Acquisition Cost at an illustrative price of S\$2.223 per new Unit (purely for illustrative purposes only).

## 5.2.2 Pro Forma NAV (Based on the Equity Funded Method)

### FOR ILLUSTRATIVE PURPOSES ONLY:

Based on the Equity Funded Method, the pro forma financial effects of the Proposed Acquisition on A-REIT's NAV per Unit as at 31 March 2015, as if the Proposed Acquisition was completed on 31 March 2015 are as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
NAV (S\$'000)	5,013,590	5,452,490
Issued Units ('000)	2,405,707 <sup>(1)</sup>	2,603,227 <sup>(2)</sup>
NAV per Unit (S\$)	2.08	2.09

#### Notes:

- (1) Number of Units issued as at 31 March 2015.
- (2) Includes Consideration Units issuable to the Vendor (or its nominee(s)), new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units issued to fully fund the Total Acquisition Cost at an illustrative price of S\$2.223 per new Unit (purely for illustrative purposes only).

### 5.2.3 Pro Forma Capitalisation (Based on the Equity Funded Method)

#### FOR ILLUSTRATIVE PURPOSES ONLY:

Based on the Equity Funded Method, the pro forma capitalisation of A-REIT as at 31 March 2015, as if the Proposed Acquisition was completed on 31 March 2015, is as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
<b>Current</b>		
Unsecured loans and borrowings (S\$'000)	285,525	285,525
<b>Non-Current</b>		
Unsecured loans and borrowings (S\$'000)	2,086,444	2,086,444
Secured loans and borrowings (S\$'000)	366,024	366,024
<b>Total loans and borrowings (S\$'000)</b>	<b>2,737,993</b>	<b>2,737,993</b>
Unitholders' funds (S\$'000)	5,013,590	5,452,490
<b>Total Capitalisation (S\$'000)</b>	<b>7,751,583</b>	<b>8,190,483<sup>(1)</sup></b>

**Note:**

- (1) Includes S\$438.9 million of additional unitholders' funds (or approximately 197.4 million new Units issuable at an illustrative price of S\$2.223 per new Unit) issued to fully fund the Total Acquisition Cost (purely for illustrative purposes only).

### 5.3 Requirement of Unitholders' Approval

#### 5.3.1 Major Transaction

Chapter 10 of the Listing Manual governs the acquisition or divestment of assets, including options to acquire or dispose of assets, by A-REIT. Such transactions are classified into the following categories:

- (a) non-discloseable transactions;
- (b) discloseable transactions;
- (c) major transactions; and
- (d) very substantial acquisitions or reverse takeovers.

A transaction by A-REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (i) the NAV of the assets to be disposed of, compared with A-REIT's NAV;
- (ii) the net profits attributable to the assets acquired, compared with A-REIT's net profits;

- (iii) the aggregate value of the consideration given, compared with A-REIT's market capitalisation; and
- (iv) the number of Units issued by A-REIT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction. The Listing Manual requires that a major transaction involving A-REIT be made conditional upon approval by Unitholders in a general meeting. However, the approval of Unitholders is not required in the case of an acquisition of profitable assets if only sub-paragraph 5.3.1(ii) exceeds the relevant 20.0% threshold.

### 5.3.2 Relative Figures computed on the Bases set out in Rule 1006

The relative figures for the Proposed Acquisition using the applicable bases of comparison described in sub-paragraph 5.3.1 above (as set out in the announcement dated 9 December 2015 in relation to the Proposed Acquisition) are set out in the table below.

	Percentage
<b>Rule 1006(b)</b> Net profits attributable to the assets acquired compared to A-REIT's net profits	6.0% <sup>(1)</sup>
<b>Rule 1006(c)</b> Aggregate value of consideration to be given compared with A-REIT's market capitalisation	7.4% <sup>(2)</sup>
<b>Rule 1006(d)</b> Number of units to be issued by A-REIT as consideration for an acquisition compared with the number of units previously in issue	3.9% <sup>(3)</sup>

**Notes:**

- (1) Based on A-REIT's annualised unaudited financial accounts for the financial period from 1 April 2015 to 30 September 2015.
- (2) This figure is based on A-REIT's volume weighted average price of S\$2.3706 per Unit on 8 December 2015, being the market day immediately prior to the entry into of the Option Agreement.
- (3) This figure is based on the issue price of S\$2.223 per Consideration Unit and the number of Units in issue as at 8 December 2015, being the day immediately prior to the entry into of the Option Agreement.

The Manager is of the view that the Proposed Acquisition is in the ordinary course of A-REIT's business as the Proposed Acquisition is within A-REIT's investment policy and does not change A-REIT's risk profile. As such, the Proposed Acquisition should therefore not be subject to Chapter 10 of the Listing Manual. However, as the Proposed Acquisition constitutes an "interested person transaction" under Chapter 9 of the Listing Manual and an "interested party transaction" under the Property Funds Appendix which value exceeds the relevant thresholds under the Listing Manual and the Property Funds Appendix, the Proposed Acquisition will still be subject to the specific approval of Unitholders.

### 5.3.3 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of 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 interested person during the same financial year) is equal to or exceeds 5.0% of A-REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Based on the A-REIT Audited Financial Statements, the NTA of A-REIT was S\$5,013.6 million as at 31 March 2015. 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 is, 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 during the current financial year, equal to or in excess of S\$250.6 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by A-REIT whose value exceeds 5.0% of A-REIT's latest audited NAV. Based on the A-REIT Audited Financial Statements, the NAV of A-REIT was S\$5,013.6 million as at 31 March 2015. Accordingly, if the value of a transaction which is proposed to be entered into by A-REIT with an interested party is equal to or greater than S\$250.6 million, such a transaction would be subject to Unitholders' approval.

Given that the Purchase Consideration is 8.4% of both the NTA of A-REIT and the NAV of A-REIT as at 31 March 2015, the value of the Proposed Acquisition exceeds the said thresholds.

As at the Latest Practicable Date, APL, through ALS and the Manager, holds an aggregate interest in 438,598,700 Units, which is equivalent to approximately 17.1% 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, as the Manager is an indirect wholly-owned subsidiary of APL, APL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As APL holds an indirect 50.0% interest in the Vendor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being an associate of a "controlling Unitholder" and a "controlling shareholder" of the Manager) 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.

Therefore, the Proposed Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Details of the interested person transactions entered into between A-REIT and entities within Temasek Holdings (Private) Limited ("**THPL**"), JTC, APL and their respective subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date ("**Existing Interested Person Transactions**"), which are the subject of aggregation pursuant to Rule 906 of the Listing Manual, may be found in **Appendix D** of this Circular.

## 5.4 Interests of Directors and Substantial Unitholders

As at the Latest Practicable Date, certain director(s) of the Manager collectively hold an aggregate direct and indirect interest in 26,000 Units. Further details of the interests in Units of Directors and Substantial Unitholders<sup>1</sup> are set below.

Mr Koh Soo Keong is the Chairman and an Independent Director of the Manager. Mr Miguel Ko is the Vice-Chairman and a Non-Executive Director of the Manager and ASB's Group CEO. Mr Manohar Khiatani, a Non-Executive Director of the Manager, is ASB's Deputy Group CEO and a Director of APL and certain other companies within the APL group of companies. Mr Teo Eng Cheong is a Non-Executive Director of the Manager. Mr Teo Eng Cheong (previously an Independent Director of the Manager) was re-designated as a Non-Executive Director of the Manager with effect from 1 January 2016, upon his appointment as CEO (International) of Surbana Jurong Private Limited (a related corporation of the Manager). Mr Chan Pengee Adrian is an Independent Director of the Manager. Mr Teo Choon Chye, Marc is an Independent Director of the Manager. Mr Wong Yew Meng is an Independent Director of the Manager. Ms Chong Chiet Ping is an Independent Director of the Manager. Ms Lim Sau Hoong is an Independent Director of the Manager. Mr Tan Ser Ping is the Chief Executive Officer and an Executive Director of the Manager and a Director of Ascendas Land International Pte Ltd and Ascendas Investment Pte Ltd (each, a wholly-owned subsidiary of APL).

Based on the Register of Directors' Unitholdings maintained by the Manager and save as disclosed in the table below, none of the Directors currently holds a direct or deemed interest in the Units as at the Latest Practicable Date:

Name of Directors	Direct Interest		Deemed Interest		Total No. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Mr Koh Soo Keong	–	–	–	–	–	–
Mr Miguel Ko	–	–	–	–	–	–
Mr Manohar Khiatani	–	–	–	–	–	–
Mr Teo Eng Cheong	–	–	–	–	–	–
Mr Chan Pengee Adrian	–	–	–	–	–	–
Mr Teo Choon Chye, Marc	26,000	0.001	–	–	26,000	0.001
Mr Wong Yew Meng	–	–	–	–	–	–
Ms Chong Chiet Ping	–	–	–	–	–	–
Ms Lim Sau Hoong	–	–	–	–	–	–
Mr Tan Ser Ping	–	–	–	–	–	–

**Note:**

(1) The percentage is based on 2,569,384,693 Units in issue as at the Latest Practicable Date.

1 "Substantial Unitholders" refers to a person with an interest in Units constituting not less than 5.0% of all Units in issue.

Based on the information available to the Manager, the Substantial Unitholders of A-REIT and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total No. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Ascendas Land (Singapore) Pte Ltd	381,700,400	14.9	–	–	381,700,400	14.9
Ascendas Pte Ltd <sup>(2)</sup>	–	–	438,598,700	17.1	438,598,700	17.1
Ascendas-Singbridge Pte. Ltd. <sup>(2)</sup>	–	–	438,598,700	17.1	438,598,700	17.1
JTC Corporation <sup>(2)</sup>	–	–	438,598,700	17.1	438,598,700	17.1
Temasek Holdings (Private) Limited <sup>(3)</sup>	–	–	456,877,900	17.8	456,877,900	17.8

**Notes:**

- (1) The percentage is based on 2,569,384,693 Units in issue as at the Latest Practicable Date.
- (2) APL, ASB and JTC are deemed to be interested in the Units held by ALS and the Manager.
- (3) THPL is deemed to be interested in the Units held by ALS, the Manager, DBS Bank Ltd. and E M Services Pte. Ltd.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders have an interest, direct or indirect, in the Proposed Acquisition.

## 5.5 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 transactions contemplated in relation to the Proposed Acquisition.

## 6. RECOMMENDATIONS

### 6.1 On the Proposed Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Proposed Acquisition as set out in paragraph 4 above, the Independent Directors and the Audit Committee believe that the Proposed Acquisition is based on normal commercial terms and would not be prejudicial to the interests of A-REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Acquisition.

### 6.2 On the Proposed Issuance of the Consideration Units

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the proposed issuance of the Consideration Units as set out in paragraph 4 above, the Independent Directors and the Audit Committee believe that the proposed issuance of the Consideration Units is on normal commercial terms and would not be prejudicial to the interests of A-REIT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the proposed issuance of the Consideration Units.

## **7. EXTRAORDINARY GENERAL MEETING**

The EGM will be held on Tuesday, 16 February 2016 at 3.00 p.m. at Aperia, 10 Kallang Avenue, Tower 1, Level 3 Rose Room, Singapore 339510, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of EGM, which is set out on pages E-1 to E-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of the Proposed Acquisition and the proposed issuance of the Consideration Units.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the time fixed for the EGM.

**Unitholders should note that Resolution 2 (the proposed issuance of the Consideration Units) is subject to and contingent upon Resolution 1 (the Proposed Acquisition). In the event that A-REIT fails to obtain Unitholders’ approval for Resolution 1 (the Proposed Acquisition), A-REIT will not proceed with Resolution 2 (the proposed issuance of the Consideration Units).**

## **8. ABSTENTIONS FROM VOTING**

Under Rule 919 of the Listing Manual, where a meeting is held to obtain Unitholders’ approval, the interested person and any associate of the interested person must not vote on the resolutions, nor accept appointments as proxies, unless specific instructions as to voting are given.

As at the Latest Practicable Date, APL, through ALS and the Manager has a deemed interest in 438,598,700 Units, which comprises approximately 17.1% of the total number of Units in issue.

As at the Latest Practicable Date, THPL has an aggregate deemed interest in 456,877,900 Units, which includes its deemed interest through APL, comprising approximately 17.8% of the total number of Units in issue.

### **(i) Resolution 1: the Proposed Acquisition**

Given that the Property will be acquired from an associate of APL, THPL, APL and their associates will abstain from voting on Resolution 1.

### **(ii) Resolution 2: the Proposed Issuance of the Consideration Units**

Given that the Consideration Units will be issued to the Vendor (or its nominee(s)), which is an associate of APL, THPL, APL and their associates will abstain from voting on Resolution 2.

## **9. ACTION TO BE TAKEN BY UNITHOLDERS**

Unitholders will find enclosed in this Circular the Notice of EGM and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not later than 13 February 2016 at 3.00 p.m., being 72 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of the resolutions must decline to accept appointment as proxies, unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution. If a Unitholder (being an independent Unitholder) wishes to appoint Mr Miguel Ko, Mr Manohar Khiatani, Mr Teo Eng Cheong or Mr Tan Ser Ping as his/her proxy/proxies for the EGM, he/she should give specific instructions in his/her Proxy Form as to the manner in which his/her vote is to be cast in respect of the resolutions.

## **10. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Consideration Units, A-REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

## **11. CONSENTS**

Each of the IFA (being Hong Leong Finance Limited) and the Independent Valuers (being Knight Frank and DTZ) has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the valuation certificates and all references thereto, in the form and context in which they are included in this Circular.



## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager<sup>1</sup> at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522 from the date of this Circular up to and including the date falling three months after the date of this Circular:

- (i) the Option Agreement (which contains the form of the Purchase Agreement);
- (ii) the IFA Letter;
- (iii) the independent valuation report on the Property issued by Knight Frank;
- (iv) the independent valuation report on the Property issued by DTZ;
- (v) the A-REIT Audited Financial Statements;
- (vi) the written consents of each of the IFA and the Independent Valuers; and
- (vii) the Trust Deed.

Yours faithfully

**Ascendas Funds Management (S) Limited**  
(as manager of Ascendas Real Estate Investment Trust)  
(Company Registration No. 200201987K)

Mr Koh Soo Keong  
Chairman and Independent Director

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<sup>1</sup> Prior appointment with the Manager will be 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 or purchase their Units for so long as the Units are listed on the SGX-ST. 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 indicative of the future performance of A-REIT. Similarly, the past performance of the Manager is not indicative of the future performance of the Manager.

This Circular 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 developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

## GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

<b>%</b>	:	Per centum or percentage
<b>10-day VWAP</b>	:	VWAP for the period of 10 business days
<b>Acquisition Fee</b>	:	The acquisition fee for the Proposed Acquisition which the Manager will be entitled to receive from A-REIT upon Completion
<b>Acquisition Fee Units</b>	:	The Units to be issued to the Manager as payment of the Acquisition Fee
<b>ADPL</b>	:	Ascendas Development Pte. Ltd.
<b>Aggregate Leverage</b>	:	The ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property
<b>ALS</b>	:	Ascendas Land (Singapore) Pte Ltd
<b>APL</b>	:	Ascendas Pte Ltd
<b>ASB</b>	:	Ascendas-Singbridge Pte. Ltd.
<b>ASPL</b>	:	Ascendas Services Pte Ltd
<b>A-REIT</b>	:	Ascendas Real Estate Investment Trust
<b>A-REIT Audited Financial Statements</b>	:	The audited consolidated financial statements of A-REIT for the financial year ended 31 March 2015
<b>Audit Committee</b>	:	The audit committee of the Manager
<b>Call Option</b>	:	The Trustee's right to require the Vendor to enter into the Purchase Agreement with the Trustee for the acquisition of the Property at the Purchase Consideration and on the terms of the Purchase Agreement
<b>Call Option Exercise Period</b>	:	The period commencing on the date on which the Trustee notifies the Vendor that it has obtained the Unitholders' Acquisition Approval or the date on which the Vendor notifies the Trustee that it has obtained the JTC Final Confirmation, whichever date is later (or such other date as the Trustee and the Vendor may mutually agree in writing) and ending at 5.00 p.m. on the date falling five business days after the date of such notification
<b>Carpark LLP</b>	:	Changi City Carpark Operations LLP
<b>CDP</b>	:	The Central Depository (Pte) Limited

<b>Circular</b>	:	This circular to Unitholders dated 29 January 2016
<b>Completion</b>	:	The completion of the Proposed Acquisition
<b>Completion Date</b>	:	The date of Completion
<b>Conditions Precedent</b>	:	The conditions precedent set out in the Option Agreement
<b>Consideration Units</b>	:	The 94,466,936 new Units to be issued to the Vendor (or its nominee(s))
<b>Deposited Property</b>	:	The gross assets of A-REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed
<b>DPU</b>	:	Distribution per Unit
<b>DTZ</b>	:	DTZ Debenham Tie Leung (SEA) Pte Ltd
<b>EFR Announcements</b>	:	The announcements dated 9 December 2015 and 15 January 2016 in relation to the Equity Fund Raising
<b>EFR Proceeds</b>	:	Gross proceeds from the Equity Fund Raising, being approximately S\$344.9 million
<b>EGM</b>	:	The extraordinary general meeting of Unitholders to be held on 16 February 2016 at 3.00 p.m. at Aperia, 10 Kallang Avenue, Tower 1, Level 3 Rose Room, Singapore 339510, to approve the matters set out in the Notice of Extraordinary General Meeting on pages E-1 to E-2 of this Circular
<b>Enlarged Portfolio</b>	:	The Existing Portfolio and the Property (which, for the avoidance of doubt, does not include the logistics property under the Proposed Australian Acquisition)
<b>Equity Fund Raising</b>	:	The equity fund raising comprising a private placement to institutional and other investors and a non-renounceable preferential offering launched on 9 December 2015
<b>Estimated Advanced Distribution</b>	:	The distribution of the distributable income of A-REIT for the period from 1 October 2015 to 17 December 2015 of an estimated amount of approximately 3.060 cents per Unit (based on the Manager's estimation as at 9 December 2015)
<b>Existing Interested Person Transactions</b>	:	The interested person transactions entered into between A-REIT and THPL, JTC, APL and their respective subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date
<b>Existing Portfolio</b>	:	The portfolio of properties held by A-REIT as at the Latest Practicable Date
<b>FCL</b>	:	Frasers Centrepoint Limited

<b>FY14/15</b>	:	The financial year ended 31 March 2015
<b>IFA</b>	:	Hong Leong Finance Limited
<b>IFA Letter</b>	:	The letter from the IFA to the Independent Directors and the Audit Committee of the Manager containing its advice as set out in Appendix C of this Circular
<b>Independent Directors</b>	:	The independent directors of the Manager
<b>Independent Valuers</b>	:	Knight Frank and DTZ
<b>JTC</b>	:	JTC Corporation
<b>JTC Final Confirmation</b>	:	JTC's written confirmation that it has no objections to the execution and registration of the transfer instrument in favour of A-REIT in relation to the Property
<b>JTC Liabilities</b>	:	Any losses, damages, claims, demands, proceedings, actions, costs, expenses, interest and penalties suffered or incurred by the Trustee arising from any claim, demand, proceeding or action that may be made or instituted by JTC against the Trustee after Completion
<b>Knight Frank</b>	:	Knight Frank Pte Ltd
<b>Latest Practicable Date</b>	:	22 January 2016, being the latest practicable date prior to the printing of this Circular
<b>Lease Management Agreement</b>	:	The lease management agreement entered into between the Manager and the Trustee pursuant to which the Manager will provide lease management services relating to all properties of A-REIT located in Singapore and the People's Republic of China with effect from 1 October 2012
<b>Listing Manual</b>	:	The listing manual of the SGX-ST
<b>Manager</b>	:	Ascendas Funds Management (S) Limited, in its capacity as manager of A-REIT
<b>Market Day</b>	:	A day on which the SGX-ST is open for trading in securities
<b>MAS</b>	:	Monetary Authority of Singapore
<b>MRT</b>	:	Mass Rapid Transit
<b>NAV</b>	:	Net asset value
<b>NTA</b>	:	Net tangible assets
<b>Option Agreement</b>	:	The conditional put and call option agreement dated 9 December 2015 entered into between the Trustee and the Vendor

<b>Option Fee</b>	:	The option fee of S\$10.0 million which was paid to the Vendor upon signing of the Option Agreement on 9 December 2015
<b>Ordinary Resolution</b>	:	A resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed
<b>Plant and Equipment</b>	:	The fixed plant and equipment (including, without limitation, all fixtures, lifts, air-conditioning equipment and other plant and equipment necessary for the operation of the Property), if any, located in or on or which otherwise exclusively relate to the Property or the operations of the Property and which are owned by the Vendor in its capacity as owner of the Property
<b>Private Placement</b>	:	The issue of 90,000,000 new Units on 18 December 2015 which raised gross proceeds of approximately S\$200.1 million
<b>Property</b>	:	The property located at 1 Changi Business Park Central 1, Singapore 486036 and commonly known as One@Changi City, together with the Plant and Equipment therein
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
<b>Property Management Agreement</b>	:	The property management agreement entered into between the Manager, the Trustee and ASPL pursuant to which ASPL will provide certain property management, marketing, project management and car park management services relating to all properties of A-REIT located in Singapore with effect from 1 October 2012
<b>Proposed Australian Acquisition</b>	:	The proposed acquisition of a logistics property in Australia as announced on 24 December 2015
<b>Proposed Acquisition</b>	:	The proposed acquisition of the Property
<b>Purchase Agreement</b>	:	The sale and purchase agreement which the Trustee and the Vendor are required to enter into pursuant to the terms and conditions of the Option Agreement
<b>Purchase Consideration</b>	:	The purchase consideration of S\$420.0 million for the Proposed Acquisition
<b>Put Option</b>	:	The Vendor's right to require the Trustee to enter into the Purchase Agreement with the Vendor for the acquisition of the Property at the Purchase Consideration and on the terms of the Purchase Agreement
<b>Put Option Exercise Period</b>	:	The period commencing immediately after the expiry of the Call Option Exercise Period and ending at 5.00 p.m. on the date falling two business days thereafter

<b>Rectification Works Security Sum</b>	:	The amount of S\$82,000 to be withheld by the Trustee on Completion in relation to rectification works to be carried out by the Vendor in respect of certain identified defects in the Property therein at its cost and expense within three months after Completion
<b>S\$ and cents</b>	:	Singapore dollars and cents
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited
<b>sq m</b>	:	Square metres
<b>Substantial Unitholder</b>	:	A person with an interest in Units constituting not less than 5.0% of the total number of Units in issue
<b>THPL</b>	:	Temasek Holdings (Private) Limited
<b>Total Acquisition Cost</b>	:	The total cost of the Proposed Acquisition to A-REIT
<b>Trust Deed</b>	:	The trust deed dated 9 October 2002 constituting A-REIT, as amended, varied, or supplemented from time to time
<b>Trustee</b>	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of A-REIT
<b>Unit</b>	:	A unit representing an undivided interest in A-REIT
<b>Unitholder</b>	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
<b>Unitholders’ Acquisition Approval</b>	:	Unitholders’ approval for the acquisition of the Property
<b>Vendor</b>	:	Ascendas Frasers Pte. Ltd.
<b>VWAP</b>	:	Volume weighted average price

The terms “Depositor” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.



## DETAILS OF ONE@CHANGI CITY, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

### 1. ONE@CHANGI CITY

#### 1.1 Description of One@Changi City

The Property is strategically located in the heart of Changi Business Park in close proximity to the Expo MRT station which serves the East-West line. It benefits from its proximity to Changi Airport. The Property is also easily accessible via the East Coast Parkway Expressway, Pan-Island Expressway and Tampines Expressway. Public transport services and connectivity will be further enhanced when the Downtown Line Phase 3 is completed, currently expected to be in 2017, where the Expo MRT station will also serve the Downtown line.

The Property is located next to Changi City Point (a suburban retail mall) and Capri by Fraser, Changi City (a hotel residence), with access to a wide variety of food and beverage options, amenities, hotel and conference facilities located within walking distance.

The Property is a nine-storey, high quality multi-tenanted business park building, featuring contiguous floor plates of 5,400 sq m to 8,900 sq m per floor, the largest of its kind in Singapore. The Property has an occupancy rate of 97.9% as at 31 December 2015 with a total of nine tenants. Anchor tenants of the Property include established financial institutions such as Credit Suisse and J.P. Morgan.

The Property was completed in November 2012 and has been certified Green Mark Gold Plus by the Building & Construction Authority of Singapore.

The table below sets out a summary of selected information on the One@Changi City as at 31 December 2015 (unless otherwise indicated).

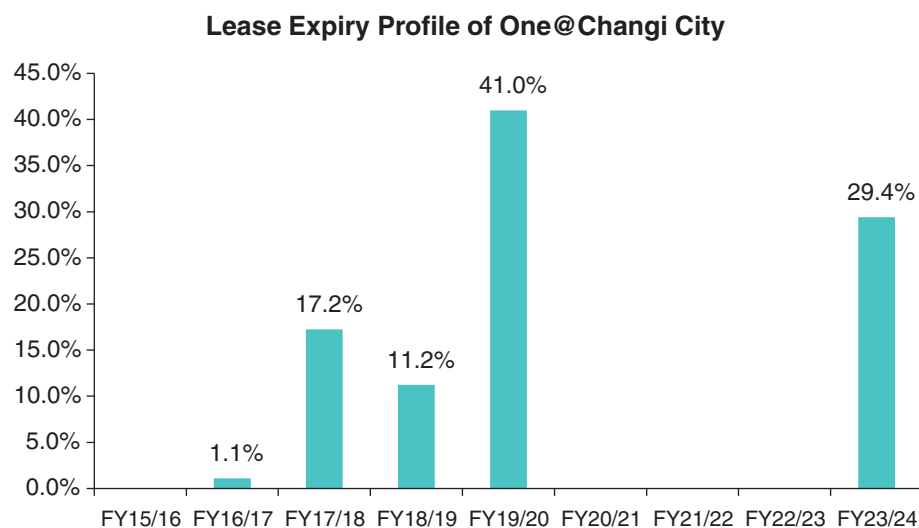
<b>Location</b>	1 Changi Business Park Central, Singapore 486036
<b>Site Area (sq m)</b>	46,969
<b>Gross Floor Area (sq m)</b>	71,158
<b>Net Lettable Area (sq m)</b>	63,106
<b>Number of Storeys</b>	9
<b>Number of Tenants</b>	9
<b>Occupancy</b>	97.9%
<b>Land Tenure</b>	Leasehold for a term of 60 years commencing from 30 April 2009
<b>Number of Car Park Lots</b>	627 <sup>(1)</sup>
<b>Weighted Average Lease to Expiry by Gross Rental Income (years)</b>	4.36

**Note:**

(1) Shared between One@Changi City, Changi City Point and Capri by Fraser, Changi City

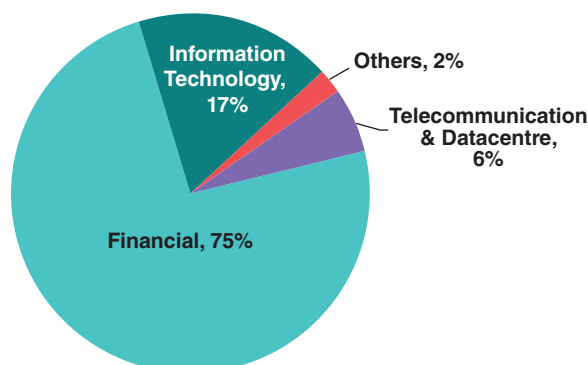
## 1.2 Lease Expiry Profile for the Property

The chart below illustrates the lease expiry profile for the Property by gross rental income as at 31 December 2015.



## 1.3 Trade Sector Analysis for the Property (as at 31 December 2015)

The chart below provides a breakdown by gross rental income of the different trade sectors represented in the Property.



## 2. EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

A-REIT's existing property portfolio as at the Latest Practicable Date comprises 102 properties in Singapore, 26 logistics properties in Australia and 2 business park properties in China. As at 31 December 2015, the total assets of A-REIT amounted to approximately S\$9.4 billion. Its portfolio consists of the following:

- business and science park properties;
- integrated development, amenities and retail (IDAR);
- high-specifications industrial properties;
- light industrial properties/flatted factories; and
- logistics and distribution centres.

The table below sets out selected information on the Existing Portfolio and the Enlarged Portfolio as at 31 December 2015 (unless otherwise indicated).

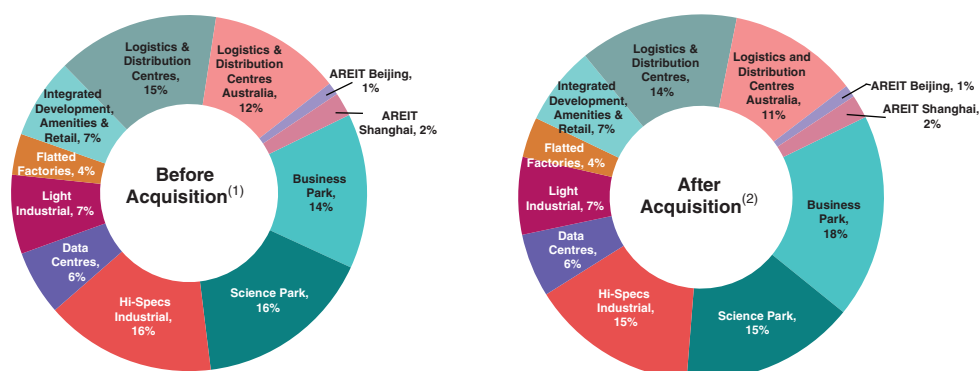
	The Property	Existing Portfolio <sup>(1)</sup>	Enlarged Portfolio
<b>Gross Floor Area (sq m)</b>	71,158	3,636,693	3,707,851
<b>Net Lettable Area (sq m)</b>	63,106	3,112,585	3,175,691
<b>Number of Tenants</b>	9	1,470	1,479
<b>Valuation (S\$ million)</b>	437.8 <sup>(3)</sup>	8,932.6	9,370.4
<b>Committed Occupancy (%)</b>	97.9	89.2	89.4
<b>Weighted Average Lease to Expiry (by Gross Rental Income) (years)</b>	4.36	3.67	3.70
<b>Weighted Average Land Lease to Expiry (years)<sup>(2)</sup></b>	53.3	45.5	45.9

**Notes:**

- (1) Based on 130 properties as at 31 December 2015.
- (2) Excluding freehold properties.
- (3) Based on the average of the two valuations by Knight Frank (S\$439.0 million) and DTZ (S\$436.6 million) as at 2 December 2015.

**2.1 Property Segment Analysis for the Existing Portfolio and the Enlarged Portfolio as at 31 December 2015**

The chart below provides a breakdown by asset value of the different property segments represented in the Existing Portfolio and the Enlarged Portfolio.

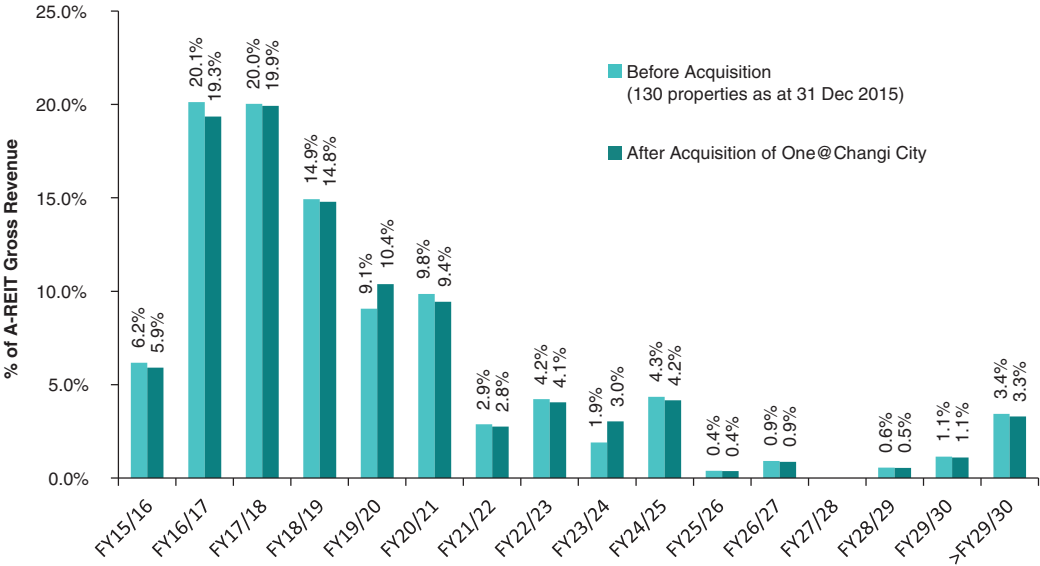


**Notes:**

- (1) Based on 130 properties as at 31 December 2015.
- (2) Assuming One@Changi City was acquired on 31 December 2015.

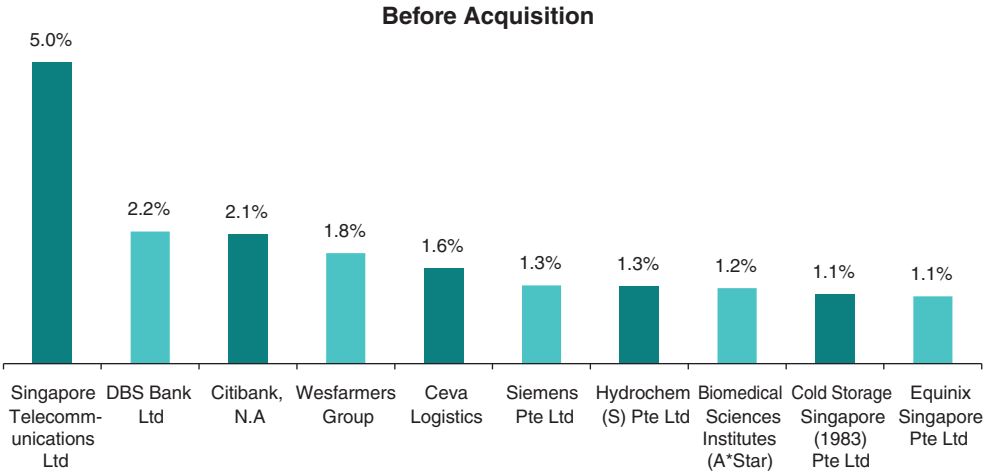
## 2.2 Lease Expiry Profile for the Existing Portfolio and the Enlarged Portfolio

The chart below illustrates the lease expiry profile for the Existing Portfolio and Enlarged Portfolio by gross rental income as at 31 December 2015.

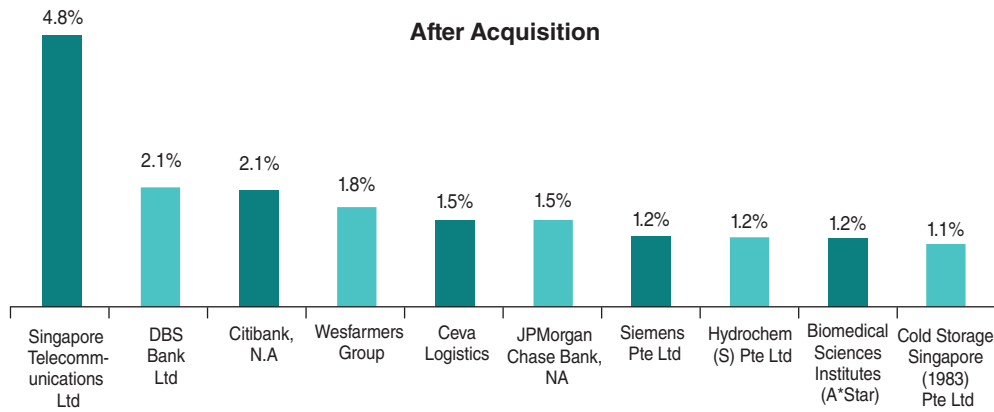


## 2.3 Top Ten Tenants for the Existing Portfolio and the Enlarged Portfolio as at 31 December 2015

The chart below sets out the gross rental income contribution by the top ten tenants of the Existing Portfolio and the Enlarged Portfolio.



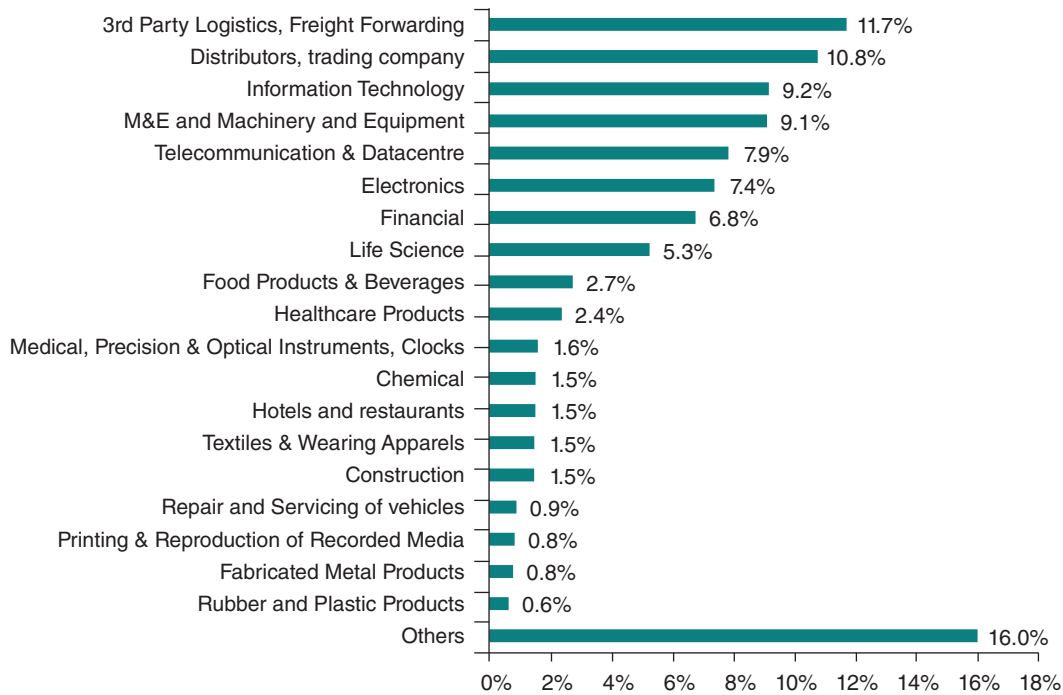
**Note:** Based on 130 properties as at 31 December 2015.



**Note:** Assuming One@Changi City was acquired on 31 December 2015.

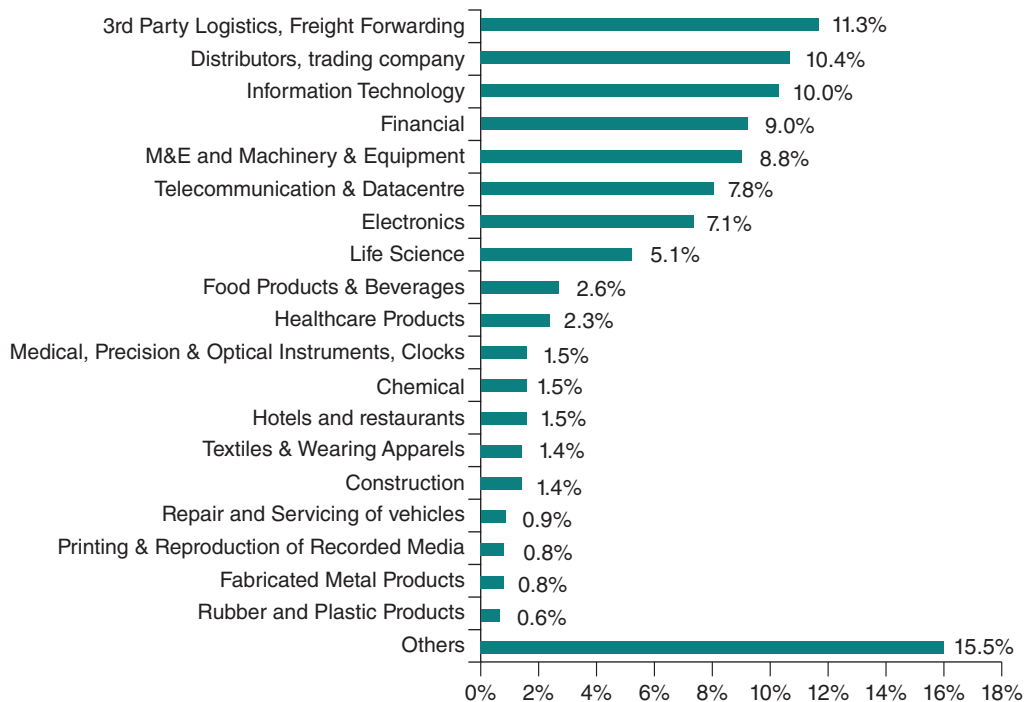
## 2.4 Trade Sector Analysis for the Existing Portfolio and the Enlarged Portfolio (as at 31 December 2015)

The chart below provides a breakdown by gross rental income of the different trade sectors represented in the Existing Portfolio.



**Note:** Based on 130 properties as at 31 December 2015.

The chart below provides a breakdown by gross rental income of the different trade sectors represented in the Enlarged Portfolio.



**Note:** Assuming One@Changi City was acquired on 31 December 2015.

## VALUATION CERTIFICATES



## VALUATION CERTIFICATE

Property	: 1 Changi Business Park Central 1 "One @ Changi City" Singapore 486036
Clients	: HSBC Institutional Trust Services (Singapore) Limited (as Trustee of Ascendas Real Estate Investment Trust)  Ascendas Funds Management (Singapore) Limited (as Manager of Ascendas Real Estate Investment Trust)
Purpose	: For acquisition
Legal Description	: Strata Lot No. : U49283X Accessory Lot Nos. : A92M, A93W, A94V, A95P, A96T and A97A Mukim : 27 <i>Note: No dealing of the above Accessory Lots (A92M, A93W, A94V, A95P, A96T and A97A) independently of the within Strata Lot U49283X Mukim 27 is permitted.</i>
Tenure	: Leasehold 60 years commencing 30 April 2009 (balance of about 53.4 years as at 2 December 2015)
Basis Of Valuation	: Market value on existing use basis
Registered Lessor/Lessee	: Leased by JTC Corporation to Ascendas Frasers Pte. Ltd.
Master Plan 2014	: "Business Park - White" with a gross plot ratio of 2.5
Land Area of Lot No. 10950L Mukim 27	: 46,969.0 sm
Brief Description	: The subject development, Changi City, is bounded by Changi Business Park Central 1, Changi South Avenue 2 and Changi South Avenue 1, located at the southern portion of Changi Business Park, and approximately 15.0 km from the City Centre. One @ Changi City is the business park component of Changi City – an integrated retail, hotel and business park development. The Property comprises two blocks of 9-storey business parks space with flexible unit layouts and sky terrace at the 3rd, 5th and 7th storey. The Temporary Occupation Permit and Certificate of Statutory Completion were obtained on 2 Nov 2012 and 19 Nov 2013 respectively.
Strata Floor Area	: 95,631.0 sm approximately, including strata void of 14,068.0 sm and excluding Accessory Lots of 241.0 sm
Net Lettable Area	: 63,106.14 sm approximately
Valuation Approaches	: Capitalisation Approach and Discounted Cash Flow Analysis
Date of Valuation	: 2 December 2015
Market Value	: S\$439,000,000/- (Singapore Dollars Four Hundred And Thirty-Nine Million Only)
Assumptions, Disclaimers, Limitations & Qualifications	: <i>This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the Limiting Conditions located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorized use or reliance. The document should not be reproduced without our written authority. The valuers have no pecuniary interest that would conflict with the proper valuation of the Property.</i>
Prepared By	: Knight Frank Pte Ltd

Png Poh Soon  
MSc., B.Sc. (Real Estate) Hons., MSISV  
Director, Valuation  
Appraiser's Licence No: AD 041-2009900J

Knight Frank Pte Ltd 16 Raffles Quay #30-01 Hong Leong Building Singapore 048581  
Tel: (65) 6222 1333 Fax: (65) 6224 5843 Reg.No. 198205243Z CEA Licence No: L3005536J

[KnightFrank.com.sg](http://KnightFrank.com.sg)


Other Offices:

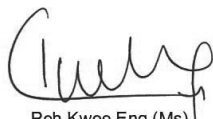
Knight Frank Estate Management Pte Ltd 160 Paya Lebar Road #05-05/06 Orion@Paya Lebar Singapore 409022  
Knight Frank Asset Management Pte Ltd 16 Raffles Quay #30-01 Hong Leong Building Singapore 048581  
KF Property Network Pte Ltd 491B River Valley Road #07-02 Valley Point Singapore 248373



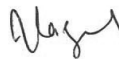


## VALUATION CERTIFICATE

<b>Date of Valuation</b>	2 December 2015	
<b>Property:</b>	1 Changi Business Park Central 1 One@Changi City Singapore 486036	
<b>Legal Description:</b>	Lot U49283X and Accessory Lots A92M, A93W, A94V, A95P, A96T and A97A Mukim 27.	
<b>Tenure:</b>	60 years commencing from 30 April 2009.	
<b>Registered Lessee:</b>	Ascendas Frasers Pte. Ltd.	
<b>Brief Description of Property:</b>	The subject property comprises 2 blocks of 9-storey business park development. We were informed that the Temporary Occupation Permit (TOP) was issued on 2 November 2012. It is part of an integrated development which houses Changi City Point and Capri By Fraser.	
<b>Strata Floor Area:</b>	95,631.0 sq.m. (including strata void of 14,068 sq.m. but excluding accessory lots of 241 sq.m.)	
<b>Gross Floor Area (GFA):</b>	71,158.00 sq.m.	
<b>Net Lettable Area (NLA):</b>	63,106.14 sq.m.	
<b>Tenancy Profile:</b>	Approximately 98% leased at an average committed effective gross rent of approximately S\$42.53 psm per month. The service charge is \$9.70 psm per month.	
<b>Annual Value (2015):</b>	S\$23,584,700/- as provided.	
<b>Capitalisation Rate:</b>	5.75%	
<b>Terminal Yield:</b>	6.00%	
<b>Discount Rate:</b>	8.00%	
<b>Master Plan Zoning (2014):</b>	Business Park - White	
<b>Market Value:</b>	<b>S\$436,600,000/-</b> <b>(Singapore Dollars Four Hundred Thirty-Six Million And Six Hundred Thousand)</b>	
<b>Value psm of GFA:</b>	S\$6,136/-	
<b>Prepared by:</b>	<b>DTZ Debenham Tie Leung (SEA) Pte Ltd</b>	



Poh Kwee Eng (Ms)  
Executive Director  
Regional Head (SEA)  
Valuation Advisory Services  
BSc (Est Mgt) FSISV, MRICS  
(Appraiser's Licence No: AD041-2003168D)



Hazel Ng  
Director  
Valuation Advisory Services  
B.Pty Econ (Hons) MSISV  
(Appraiser's Licence No. AD041-2009006G)

This valuation certificate is subject to the attached Limiting Conditions.

DTZ Debenham Tie Leung (SEA) Pte Ltd 100 Beach Road #35-00 Shaw Tower Singapore 189702 Tel: +65 6293 3228 Fax: +65 6298 9328



**INDEPENDENT FINANCIAL ADVISER'S LETTER**

**HONG LEONG FINANCE LIMITED**

(Incorporated in the Republic of Singapore)  
Company Registration Number: 196100003D)

29 January 2016

The Independent Directors and Audit Committee of  
Ascendas Funds Management (S) Limited  
(in its capacity as the manager of Ascendas Real Estate Investment Trust)  
1 Fusionopolis Place  
#10-10 Galaxis  
Singapore 138522

HSBC Institutional Trust Services (Singapore) Limited  
(in its capacity as the trustee of Ascendas Real Estate Investment Trust)  
21 Collyer Quay  
#13-02 HSBC Building  
Singapore 049320

Dear Sirs

- (1) **THE PROPOSED ACQUISITION OF ONE@CHANGI CITY**
- (2) **THE PROPOSED ISSUANCE OF NEW UNITS AT AN ISSUE PRICE OF S\$2.223 PER UNIT AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF ONE@CHANGI CITY**

**(TOGETHER, THE "PROPOSED TRANSACTIONS")**

**UNITHOLDERS SHOULD NOTE THAT RESOLUTION 2 RELATING TO THE PROPOSED ISSUANCE OF CONSIDERATION UNITS IS CONDITIONAL UPON RESOLUTION 1 BEING PASSED. IN THE EVENT THAT RESOLUTION 1 IS NOT PASSED, THE MANAGER WILL NOT PROCEED WITH RESOLUTION 2.**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 29 January 2016 to the unitholders of Ascendas Real Estate Investment Trust ("A-REIT") (the "Circular").*

**1. INTRODUCTION**

This letter ("**Letter**") has been prepared for inclusion in the Circular to be issued by Ascendas Funds Management (S) Limited, in its capacity as the manager of A-REIT (the "**Manager**"), in connection with the Proposed Transactions.

This Letter sets out, *inter alia*, the opinion of Hong Leong Finance Limited ("**HLF**"), as the independent financial adviser, on whether the Proposed Transactions are on normal commercial terms and are not prejudicial to the interests of A-REIT and its minority Unitholders and HLF's opinion to the Independent Directors and Audit Committee of the Manager in this respect. This Letter sets forth factors considered in arriving at our view.

The Circular and the Letter to Unitholders included therein will provide, *inter alia*, details of the Proposed Transactions, the opinion of the Audit Committee and the recommendation(s) of the Independent Directors in relation to the Proposed Transactions, having considered HLF's opinion in this Letter.

### ***The Proposed Acquisition***

On 9 December 2015, the Trustee entered into the Option Agreement in relation to the Proposed Acquisition. Pursuant to the Option Agreement, the Trustee and the Vendor are required to enter into the Purchase Agreement on the day the Call Option is exercised by the Trustee, or on the day the Put Option is exercised by the Vendor (as the case may be).

The Purchase Consideration of S\$420.0 million is payable to the Vendor for the proposed acquisition of the property located at 1 Changi Business Park Central 1, Singapore 486036 and commonly known as One@Changi City, together with the Plant and Equipment<sup>1</sup> therein (collectively, the "**Property**"). The Trustee has paid an Option Fee of S\$10.0 million to the Vendor upon the signing of the Option Agreement, which shall be applied towards part payment of the deposit to be paid by the Trustee pursuant to the Purchase Agreement upon exercise of the option. The Purchase Consideration shall be partly satisfied by the issuance of approximately S\$210.0 million worth of Consideration Units to the Vendor (or its nominee(s)) and the balance of the Purchase Consideration for the amount of approximately S\$210.0 million will be in cash (subject to the approval of unitholders of A-REIT being sought for the proposed issuance of the Consideration Units). The principal terms and conditions of the Option Agreement and the Purchase Agreement can be found in paragraphs 2.3 and 2.4 of the Letter to Unitholders, respectively.

One@Changi City is a nine-storey, high quality multi-tenanted business park building with contiguous floor plates of 5,400 – 8,900 sq m per floor. The land tenure is an unexpired residue of leasehold interest of 60 years commencing from 30 April 2009.

The Manager has commissioned an independent property valuer, Knight Frank Pte Ltd ("**Knight Frank**"), and the Trustee has commissioned another independent property valuer, DTZ Debenham Tie Leung (SEA) Pte Ltd ("**DTZ**" and together with Knight Frank, the "**Independent Valuers**"), to value the Property. Knight Frank, in its report dated 2 December 2015, stated that the valuation of the Property is S\$439.0 million and DTZ, in its report dated 2 December 2015, stated that the valuation of the Property is S\$436.6 million. The methods used by the Independent Valuers were the capitalisation and the discounted cash flow method.

As at 22 January 2016, being the latest practicable date prior to the printing of the Circular (the "**Latest Practicable Date**"), Ascendas Pte. Ltd. ("**APL**"), through Ascendas Land (Singapore) Pte Ltd and the Manager, is deemed to have an aggregate interest in 438,598,700 Units, which is equivalent to approximately 17.1% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of A-REIT under both the Listing Manual (the "**Listing Manual**") of Singapore Exchange Securities Trading Limited ("**SGX-ST**") and Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore ("**MAS**"). In addition, as the Manager is a wholly-owned subsidiary of APL, APL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

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1 "**Plant and Equipment**" refers to the fixed plant and equipment (including, without limitation, all fixtures, lifts, air-conditioning equipment and other plant and equipment necessary for the operation of the Property), if any, located in or on or which otherwise exclusively relate to the Property or the operations of the Property and which are owned by the Vendor in its capacity as owner of the Property.

Under Chapter 9 of 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 interested person during the same financial year) is equal to or exceeds 5.0% of A-REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction.

Based on the A-REIT Audited Financial Statements, the NTA of A-REIT was approximately S\$5,013.6 million as at 31 March 2015. Paragraph 5 of 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\$5,013.6 million as at 31 March 2015.

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\$250.6 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of S\$420.0 million (approximately 8.4% of the NTA and NAV of A-REIT as at 31 March 2015), the value of the Proposed Acquisition exceeds each of the above thresholds.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the Proposed Acquisition.

#### ***The proposed issuance of the Consideration Units***

Based on the Purchase Consideration of S\$420.0 million, approximately S\$210.0 million will be satisfied by way of issuance of the Consideration Units to the Vendor (or its nominee(s)) and the remaining payment for the amount of approximately S\$210.0 million in cash. Based on the issue price of S\$2.223 per Consideration Unit, the total number of Consideration Units will be 94,466,936 and will represent approximately 3.7% of the total number of Units in issue as at the Latest Practicable Date.

As APL holds an indirect 50.0% interest in the Vendor, the issuance of the Consideration Units to the Vendor will constitute a placement to associated companies of Substantial Unitholders. As at the Latest Practicable Date, APL has deemed interests of (i) 17.1% in A-REIT and (ii) 100.0% in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

The proposed issuance of the Consideration Units to the Vendor will constitute an "interested person transaction" under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the proposed issuance of the Consideration Units to the Vendor pursuant to Rule 805(1) of the Listing Manual.

The Vendor has nominated ALS (a wholly-owned subsidiary of APL) to receive the Consideration Units and in return, the Vendor will receive S\$210.0 million in cash from ALS.

(See paragraph 3 of the Letter to Unitholders for further details.)

## 2. TERMS OF REFERENCE

HLF has been appointed as the Independent Financial Adviser to the Independent Directors and Audit Committee of the Manager to advise them as to:

- (i) whether the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of A-REIT and its minority Unitholders; and
- (ii) whether the proposed issuance of the Consideration Units is based on normal commercial terms and not prejudicial to the interests of A-REIT and its minority Unitholders.

We were neither a party to the negotiations in relation to the Proposed Acquisition, nor were we involved in the deliberations leading up to the decision by the Manager to undertake the Proposed Acquisition.

We make no representations or warranties in relation to the merits or risks (if any) of the Proposed Acquisition other than to express an opinion on whether the terms of the Proposed Acquisition are on normal commercial terms and are not prejudicial to the interests of A-REIT and its minority Unitholders. Our terms of reference do not require us to evaluate or comment on the strategic or long-term commercial merits or risks of the Proposed Acquisition or on the prospects of A-REIT or any of subsidiaries. Such evaluations or comments remain the responsibility of the Directors and the management of the Manager although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

We were also not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to the Proposed Acquisition. In this regard, we are not addressing the relative merits of the Proposed Acquisition as compared to any alternative transaction previously considered by the Manager or which otherwise may have been available to A-REIT currently or in the future, and such comparison and consideration remain the responsibility of the Directors and the management of the Manager.

We have held discussions with the Directors and the management of the Manager. We have examined the information contained in the Option Agreement, the Purchase Agreement, the Circular as well as publicly available information collated by us and information provided to us by the Directors and the management of the Manager, and the valuation reports, both dated 2 December 2015 (the "**Valuation Reports**"), by the independent property valuers commissioned by the Trustee and the Manager, being DTZ Debenham Tie Leung (SEA) Pte Ltd and Knight Frank Pte Ltd respectively. With regards to the Valuation Reports, we are not experts and do not hold ourselves to be experts in the valuation of the Property and we have relied upon the Valuation Reports prepared by the Independent Valuers appointed by the Manager and the Trustee. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not warrant, and do not accept any responsibility for the truth, accuracy, completeness or adequacy of such information. Whilst care has been exercised in reviewing the information, which we have relied on, we have not independently verified the information. We have nevertheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of the information. The respective valuation certificates and summaries prepared by the Independent Valuers are set out in Appendix B of the Circular.

We have relied upon the assurances of the Directors of the Manager (including those who may have delegated detailed supervision of the Circular) made pursuant to the Directors' Responsibility Statement set out under paragraph of the Letter to Unitholders that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Consideration Units, A-REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Accordingly, no representation or warranty, expressed or implied, is made by us, and no responsibility is accepted by us, concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied upon by us as described above.

Furthermore, our terms of reference do not require us to conduct a comprehensive independent review of the business, operations or financial condition of A-REIT or any of its subsidiaries, and we do not express an opinion on the future prospects of A-REIT or any of its subsidiaries. We are therefore not expressing any opinion herein as to the future financial or other performance of those companies.

Our opinions are based upon market, economic, industry, monetary, regulatory and other conditions prevailing as at the Latest Practicable Date, and information made available to us as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our opinions in light of any subsequent development after the Latest Practicable Date that may affect our opinions contained therein. Unitholders should further take note of any announcements relevant to their considerations of the Proposed Acquisition which may be released by or on behalf of the Manager or A-REIT and other relevant sources after the Latest Practicable Date.

In rendering our advice, we have not had regard to the specific investment objectives, financial situation, tax position, risk profile or individual circumstances of any individual minority Unitholder. As different minority Unitholders would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any individual minority Unitholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

**A-REIT has been advised by its own professional adviser(s) in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this Letter) and our responsibility is as set out above in relation to this Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this Letter).**

**We have prepared this Letter for the use of the Independent Directors and Audit Committee in connection with their consideration of the Proposed Acquisition and their advice and recommendations to the Unitholders in respect thereof. The recommendations made to the Unitholders in relation to the Proposed Acquisition remain the responsibility of the Independent Directors and Audit Committee. This Letter is further given for the benefit of HSBC Institutional Trust Services (Singapore) Limited, as trustee of A-REIT.**

**Our opinion in relation to the Proposed Acquisition should be considered in the context of the entirety of our advice as set out in this Letter and the Circular.**

A copy of this Letter may be reproduced in the Circular and for that purpose may be discussed or quoted at the extraordinary general meeting of Unitholders convened to consider the Proposed Acquisition and the proposed issuance of the Consideration Units and in relation to any resolution tabled thereof. Other than for this intended purpose, this Letter should not be used for any other purposes and/or by other persons without the prior consent of HLF provided that this shall not prevent A-REIT, the Manager, its Directors and the Unitholders from reproducing, disseminating or quoting this letter (or any part thereof) for the purpose of any matter relating to the Proposed Transactions.

### **3. SALIENT INFORMATION ON THE PROPOSED ACQUISITION**

Salient information on the Proposed Acquisition, including the terms and conditions thereon, is set out in the Circular. Summarised extracts are presented in this Letter.

#### **3.1. Description of the Property**

The Property is located in the heart of Changi Business Park and is easily accessible via the East Coast Parkway Expressway, Pan Island Expressway and Tampines Expressway. The Property is well-served by public transport, being in close proximity to the Singapore Expo mass rapid transit station which serves the East-West line and shall also serve the Downtown Line upon the expected completion of the Downtown Line Phase 3 in 2017. The Property also benefits from its proximity to Changi Airport.

The Property is the business park component of the mixed-use development known as Changi City, which also has a hotel residence component (Capri by Fraser, Changi City) and a retail component (Changi City Point).

The Property is a nine-storey, high quality multi-tenanted business park building, with contiguous floor plates of 5,400 sq m to 8,900 sq m per floor, the largest of its kind in Singapore. The Property has an occupancy rate of 97.9% as at 31 December 2015 with a total of nine tenants. Anchor tenants of the Property include established financial institutions such as Credit Suisse and J.P. Morgan.

The Property was completed in November 2012 and has been certified Green Mark Gold Plus by the Building & Construction Authority of Singapore.

#### **3.2. Details of the Proposed Acquisition**

On 9 December 2015, the Trustee entered into the Option Agreement with the Vendor in relation to the Proposed Acquisition. Pursuant to the Option Agreement, the Trustee and the Vendor are required to enter into the Purchase Agreement on the day the call option is exercised by the Trustee, or on the day the put option is exercised by the Vendor (as the case may be).

The Vendor is a joint venture between Frasers Centrepoint Limited (“**FCL**”) and APL, where a wholly-owned subsidiary of FCL holds a 50.0% interest in the Vendor and the remaining 50.0% interest is held by ADPL, which is wholly-owned by ALS, a direct wholly-owned subsidiary of APL. APL is a wholly-owned subsidiary of Ascendas-Singbridge Pte. Ltd. The Purchase Consideration payable to the Vendor in connection with the Proposed Acquisition is S\$420.0 million. The Trustee has paid an option fee of S\$10.0 million to the Vendor upon the signing of the Option Agreement, which is refundable to the Trustee if the call option and the put option is not exercised. The balance of S\$410.0 million will be payable upon Completion.



The principal terms of the Option Agreement include, amongst others, the following conditions precedent:

- (i) the Unitholders' approval being obtained for the acquisition of the Property (the "**Unitholders' Acquisition Approval**"); and
- (ii) JTC Corporation's ("**JTC**") written confirmation that it has no objections to the execution and registration of the transfer instrument in favour of A-REIT in relation to the Property (the "**JTC Final Confirmation**").

### 3.3. Total Cost of the Proposed Acquisition

The current estimated Total Acquisition Cost is approximately S\$438.9 million, comprising:

- (i) the Purchase Consideration of S\$420 million;
- (ii) the Acquisition Fee (payable by issuance of the Acquisition Fee Units to the Manager) of S\$4.2 million<sup>2</sup>; and
- (iii) the estimated stamp duty, professional and other fees and expenses of approximately S\$14.7 million incurred or to be incurred by A-REIT in connection with the Proposed Acquisition.

### 3.4. Method of Financing the Proposed Acquisition

As set out in Paragraph 2.8 of the Letter to Unitholders, the Manager intends to finance the Total Acquisition Cost in the following manner:

- (i) the issuance of the Consideration Units to the Vendor (or its nominee(s));
- (ii) S\$224.7 million out of the EFR Proceeds of a total of approximately S\$344.9 million<sup>3</sup> (refer to the EFR Announcements dated 9 December 2015 and 15 January 2016 for further details); and
- (iii) the issuance of the Acquisition Fee Units amounting to S\$4.2 million as the Acquisition Fee.

Taking into consideration the Equity Fund Raising and assuming that the cash component of the Total Acquisition Cost is fully funded by the Equity Fund Raising, the level of Aggregate Leverage<sup>4</sup> of A-REIT will decrease from 39.4% as at 30 November 2015 to 36.5% immediately after the Proposed Acquisition.

If Resolution 2 relating to the proposed issuance of Consideration Units is not passed, the Purchase Consideration of S\$420.0 million will be paid to the Vendor in cash. In such circumstance, the Manager expects to finance the cash component of the Total Acquisition Cost using a combination of the net proceeds from the Equity Fund Raising and debt

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2 As the Proposed Acquisition will constitute an "interested party transaction" under the Property Funds Appendix, the Acquisition Fee Units shall not be sold within one year from the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

3 Should the Proposed Acquisition not proceed, the EFR Proceeds will be deployed to fund future investments or pare down debt.

4 "**Aggregate Leverage**" refers to the ratio of the value of borrowings (inclusive of proportionate share of borrowings of jointly controlled entities) and deferred payments (if any) to the value of the Deposited Property. "**Deposited Property**" refers to the gross assets of A-REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.

financing. Assuming that 60% of the cash component of the Total Acquisition Cost is funded by the Equity Fund Raising, the level of Aggregate Leverage of A-REIT will decrease from 39.4% as at 30 November 2015 to 38.6% immediately after the Proposed Acquisition.

With effect from 1 January 2016, the Aggregate Leverage of A-REIT may not exceed 45.0% of its Deposited Property.

#### **3.4.1. Private Placement**

The Manager had, on 10 December 2015, announced that the book of orders for the Private Placement has closed, with 90,000,000 Units to be issued at an issue price of S\$2.223 per Unit. The gross proceeds from the Private Placement amounts to S\$200.1 million.

Further to the above announcement, on 15 December 2015, A-REIT has announced that the SGX-ST has granted its approval in-principle for the listing of, and dealing in and quotation on the Mainboard of the SGX-ST of 90,000,000 new units of A-REIT ("**New Units**") to be issued pursuant to the Private Placement at an issue price of S\$2.223 per New Unit.

#### **3.4.2. Preferential Offering**

The Manager had, on 10 December 2015, announced that the New Units to be issued pursuant to the Preferential Offering will be issued at an issue price of S\$2.218 per New Unit. We note that the Manager had announced, on 9 December 2015, that APL had irrevocably undertaken to subscribe for up to S\$35.0 million worth of New Units under the Preferential Offering.

The Manager had, on 15 January 2016, announced that a total of 65,293,948 New Units will be issued pursuant to the Preferential Offering at the issue price of S\$2.218 per New Unit to raise gross proceeds of approximately S\$144.8 million. Together with the gross proceeds of approximately S\$200.1 million raised from the Private Placement, gross proceeds of a total of approximately S\$344.9 million have been raised from the Equity Fund Raising.

### **4. EVALUATION OF THE PROPOSED ACQUISITION**

In the course of our evaluation of the Proposed Acquisition, we have given due consideration to, *inter alia*, the following factors:

- (a) the rationale for the Proposed Acquisition;
- (b) pro forma financial effects of the Proposed Acquisition;
- (c) valuations of the Property prepared by the Independent Valuers;
- (d) property yield of the Property as compared to comparable properties owned by A-REIT;
- (e) property yield of the Property as compared to comparable properties owned by other real estate investment trusts ("**REITs**"); and
- (f) occupancy rates.



#### 4.1. Rationale for the Proposed Acquisition

The Manager's rationale for the Proposed Acquisition is summarised as follows:

- (i) the Proposed Acquisition is in line with A-REIT's investment strategy;
- (ii) enables A-REIT to capitalise on the competitive strengths of the Property;
- (iii) complements and enhances A-REIT's market share in the Changi Business Park, as well as the overall business and science park sector in Singapore; and
- (iv) provides income diversification and potential upside, as well as increased exposure to high quality tenants.

Please refer to **Paragraph 4** of the Letter to Unitholders in the Circular for further details on the rationale of the Proposed Acquisition.

#### 4.2. Pro Forma Financial Effects of the Proposed Acquisition

The pro forma financial effects of the Proposed Acquisition on the distribution per unit ("**DPU**") and NAV per unit have been extracted from Paragraph 5.2 of the Letter to Unitholders and set out in italics below. All terms and expressions used in this extract below shall have the same meaning as those defined in the Circular, unless otherwise stated.

Given that it is intended for the Proposed Acquisition to be funded by the EFR Proceeds and the issuance of Consideration Units, the pro forma financial effects of the Proposed Acquisition on the DPU and NAV per Unit and the pro forma capitalisation of A-REIT based on the Proposed Acquisition being fully funded by equity (the "**Equity Funded Method**") are also presented below. These are strictly for illustrative purposes and were prepared based on the A-REIT Audited Financial Statements, taking into account the Total Acquisition Cost, and assuming that:

- (i) A-REIT had purchased, held and operated the Property for the whole of FY14/15;
- (ii) the Total Acquisition Cost of S\$438.9 million was fully funded by way of issue of Units;
- (iii) the Units were issued at an illustrative price of S\$2.223 per Unit; and
- (iv) in respect of the Enlarged Portfolio, the Manager had elected to receive 80.0% of its base management fee in cash and 20.0% in Units.

#### 4.2.1 Pro Forma DPU (Based on the Equity Funded Method)

##### FOR ILLUSTRATIVE PURPOSES ONLY:

Based on the Equity Funded Method, the pro forma financial effects of the Proposed Acquisition on A-REIT's DPU for FY14/15 as if the Proposed Acquisition was completed on 1 April 2014 and A-REIT held and operated the Property through to 31 March 2015 are as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
Net Income (S\$'000)	462,727	488,439
Distributable Income (S\$'000)	351,140	374,964
Issued Units ('000)	2,405,707 <sup>(1)</sup>	2,603,227 <sup>(2)</sup>
DPU (cents)	14.600	14.404

##### Notes:

- (1) Number of Units issued as at 31 March 2015.
- (2) Includes Consideration Units issuable to the Vendor (or its nominee(s)), new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units issued to fully fund the Total Acquisition Cost at an illustrative price of S\$2.223 per new Unit (purely for illustrative purposes only).

#### 4.2.2 Pro Forma NAV (Based on the Equity Funded Method)

##### FOR ILLUSTRATIVE PURPOSES ONLY:

Based on the Equity Funded Method, the pro forma financial effects of the Proposed Acquisition on A-REIT's NAV per Unit as at 31 March 2015, as if the Proposed Acquisition was completed on 31 March 2015 are as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
NAV (S\$'000)	5,013,590	5,452,490
Issued Units ('000)	2,405,707 <sup>(1)</sup>	2,603,227 <sup>(2)</sup>
NAV per Unit (S\$)	2.08	2.09

##### Notes:

- (1) Number of Units issued as at 31 March 2015.
- (2) Includes Consideration Units issuable to the Vendor (or its nominee(s)), new Units issuable as payment of the Acquisition Fee and 20% of base management fee payable to the Manager and additional Units issued to fully fund the Total Acquisition Cost at an illustrative price of S\$2.223 per new Unit (purely for illustrative purposes only).

#### 4.2.3 Pro Forma Capitalisation (Based on the Equity Funded Method)

##### FOR ILLUSTRATIVE PURPOSES ONLY:

Based on the Equity Funded Method, the pro forma capitalisation of A-REIT as at 31 March 2015, as if the Proposed Acquisition was completed on 31 March 2015, is as follows:

	Effects of the Proposed Acquisition	
	Before the Proposed Acquisition	After the Proposed Acquisition
<b>Current</b>		
Unsecured loans and borrowings (S\$'000)	285,525	285,525
<b>Non-Current</b>		
Unsecured loans and borrowings (S\$'000)	2,086,444	2,086,444
Secured loans and borrowings (S\$'000)	366,024	366,024
<b>Total loans and borrowings (S\$'000)</b>	<b>2,737,993</b>	<b>2,737,993</b>
Unitholders' funds (S\$'000)	5,013,590	5,452,490
<b>Total Capitalisation (S\$'000)</b>	<b>7,751,583</b>	<b>8,190,483<sup>(1)</sup></b>

**Note:**

- (1) Includes S\$438.9 million of additional unitholders' funds (or approximately 197.4 million new Units issuable at an illustrative price of S\$2.223 per new Unit) issued to fully fund the Total Acquisition Cost (purely for illustrative purposes only).

#### 4.3. Valuations of the Proposed Acquisition prepared by the Independent Valuers

##### 4.3.1. The Independent Valuations of the Property

The Manager and the Trustee have each commissioned an independent property valuer, Knight Frank and DTZ respectively, to value the Property.

The appraised value of the Property as at 2 December 2015, as determined by Knight Frank and DTZ, are as follows:

Property	Appraised Value		Purchase Consideration
	Knight Frank	DTZ	
One@Changi City	S\$439.0 million	S\$436.6 million	S\$420.0 million

The key points to be highlighted in respect of the Independent Valuations are as follows:

- (i) the basis of valuation used is "Market Value", the definitions of which are broadly consistent among both valuations by the Independent Valuers;
- (ii) the relevant date for the valuations undertaken is 2 December 2015;

- (iii) both Knight Frank and DTZ used the Capitalisation Approach and Discounted Cash Flow Analysis; and
- (iv) the methods used by the Independent Valuers are widely accepted methods for the purpose of valuing income-producing properties.

As illustrated in the table above, the Purchase Consideration represents a discount of approximately 4.52% and 3.95% to the valuations by Knight Frank and DTZ respectively.

Please refer to Appendix B of the Circular for the Valuation Certificates.

#### 4.3.2. Comparison of Capitalisation Rate, Discount Rates and Terminal Yields

We have compared the capitalisation rates, discount rates and terminal yields used by the Independent Valuers with those used in the latest independent valuation of the business park properties owned by A-REIT (the “**A-REIT Existing Business Park Properties**”) as set out below:

Valuation	Capitalisation Approach	DCF Approach	
	Capitalisation Rate (%)	Discount Rate (%)	Terminal Yield (%)
Knight Frank <sup>(1)</sup>	6.00	8.25	6.25
DTZ <sup>(1)</sup>	6.00	8.00	6.25
A-REIT Existing Business Park Properties <sup>(2)</sup>	5.50 – 6.75	7.70 – 8.00	5.75 – 7.00

**Notes:**

- (1) Rates used by Knight Frank and DTZ are disclosed in their respective independent valuation reports as at 2 December 2015.
- (2) Only business park properties within A-REIT’s portfolio are selected; as such, the capitalisation rates, discount rates and terminal yields are not representative of the entire portfolio of properties for A-REIT.

Based on the table above, we highlight the following:

- (i) the capitalisation rates used by the Independent Valuers in their valuations of the Property are approximately consistent with one another and broadly in-line with the capitalisation rates used in the latest independent valuation of the A-REIT Existing Business Park Properties;
- (ii) the discount rates used by the Independent Valuers in their valuations of the Property are approximately consistent with one another;
- (iii) the discount rate used by Knight Frank is higher than the range used in the latest independent valuation of the A-REIT Existing Business Park Properties while the discount rate used by DTZ is in-line with the range used in the latest independent valuation of the A-REIT Existing Business Park Properties; and
- (iv) the terminal yields used by the Independent Valuers in their valuations of the Property are approximately consistent with one another. The range of terminal

yields used in the latest independent valuations of the A-REIT Existing Business Park Properties, and the terminal yields used by the Independent Valuers are within range.

The above analysis serves only as one factor considered by us in our evaluation and may not be meaningful to a satisfactory extent as the Property differs from the A-REIT Existing Business Park Properties in many aspects (such as location, accessibility, profile and composition of tenants, proximity to major venues and/or attractions, outstanding lease tenure and other relevant factors). Accordingly, the Independent Directors and the Audit Committee should note that any comparison made with respect to the Property to the A-REIT Existing Business Park Properties serve as an illustrative guide only.

#### 4.4. Property Yield of the Property as compared to Comparable Properties owned by A-REIT

We note that the Property is classified as a “business park property”. For the purposes of our evaluation and for illustration, we set out below comparisons of the gross property yield expected to be generated from the Property and properties which are classified as “Business Parks & Science Park Properties” in the portfolio of A-REIT.

We have used the gross property yield for purpose of comparison as only data on gross revenue is publicly available.

Property Name	Valuation Date	Valuation (\$'000)	Gross Property Income (\$'000)	Gross Property Yield <sup>(1)</sup> (%)	Occupancy Rate (%)
<b>Science Parks</b>					
<i>Neuros &amp; Immunos</i>	<i>31-Mar-15</i>	<i>131,000</i>	<i>19,300</i>	<i>14.73</i>	<i>100.00</i>
<i>Nexus@ one-north</i>	<i>31-Mar-15</i>	<i>189,400</i>	<i>12,800</i>	<i>6.76</i>	<i>93.50</i>
<i>PSB Science Park Building</i>	<i>31-Mar-15</i>	<i>82,000</i>	<i>3,900</i>	<i>4.76</i>	<i>100.00</i>
<i>The Rutherford &amp; Oasis</i>	<i>31-Mar-15</i>	<i>82,200</i>	<i>6,400</i>	<i>7.79</i>	<i>78.00</i>
<i>Cintech I</i>	<i>31-Mar-15</i>	<i>48,600</i>	<i>5,300</i>	<i>10.91</i>	<i>90.30</i>
<i>Cintech II</i>	<i>31-Mar-15</i>	<i>43,900</i>	<i>4,200</i>	<i>9.57</i>	<i>94.40</i>
<i>Cintech III/IV</i>	<i>31-Mar-15</i>	<i>118,200</i>	<i>11,400</i>	<i>9.64</i>	<i>97.40</i>
<i>The Alpha</i>	<i>31-Mar-15</i>	<i>117,900</i>	<i>9,700</i>	<i>8.23</i>	<i>75.30</i>
<i>The Aries</i>	<i>31-Mar-15</i>	<i>69,500</i>	<i>4,900</i>	<i>7.05</i>	<i>86.20</i>
<i>The Capricorn</i>	<i>31-Mar-15</i>	<i>129,000</i>	<i>11,000</i>	<i>8.53</i>	<i>82.20</i>
<i>The Gemini</i>	<i>31-Mar-15</i>	<i>139,700</i>	<i>12,200</i>	<i>8.73</i>	<i>97.30</i>
<i>The Galen</i>	<i>31-Mar-15</i>	<i>133,900</i>	<i>14,200</i>	<i>10.60</i>	<i>96.70</i>
<i>The Kendall</i>	<i>31-Mar-15</i>	<i>116,400</i>	<i>100</i>	<i>0.09<sup>(2)</sup></i>	<i>93.20</i>
<i>Average<sup>(3)</sup></i>				<i>8.94</i>	
<i>Maximum</i>				<i>14.73</i>	
<i>Minimum</i>				<i>4.76</i>	

<b>Property Name</b>	<b>Valuation Date</b>	<b>Valuation (\$S'000)</b>	<b>Gross Property Income (\$S'000)</b>	<b>Gross Property Yield<sup>(1)</sup> (%)</b>	<b>Occupancy Rate (%)</b>
<b>Business Parks</b>					
<i>Four Acres Singapore</i>	<i>31-Mar-15</i>	<i>58,300</i>	<i>4,200</i>	<i>7.20</i>	<i>100.00</i>
<i>Techquest</i>	<i>31-Mar-15</i>	<i>24,800</i>	<i>2,300</i>	<i>9.27</i>	<i>75.50</i>
<i>13 International Business Park</i>	<i>31-Mar-15</i>	<i>25,500</i>	<i>1,400</i>	<i>5.49</i>	<i>52.00</i>
<i>iQuest@IBP</i>	<i>31-Mar-15</i>	<i>35,000</i>	<i>2,600</i>	<i>7.43</i>	<i>60.70</i>
<i>Acer Building</i>	<i>31-Mar-15</i>	<i>83,900</i>	<i>7,300</i>	<i>8.70</i>	<i>76.80</i>
<i>31 International Business Park</i>	<i>31-Mar-15</i>	<i>216,100</i>	<i>20,800</i>	<i>9.63</i>	<i>81.80</i>
<i>Nordic European Centre</i>	<i>31-Mar-15</i>	<i>116,100</i>	<i>11,300</i>	<i>9.73</i>	<i>92.30</i>
<i>Honeywell Building</i>	<i>31-Mar-15</i>	<i>70,500</i>	<i>7,200</i>	<i>10.21</i>	<i>97.70</i>
<i>1 Changi Business Park Avenue 1</i>	<i>31-Mar-15</i>	<i>48,600</i>	<i>1,300</i>	<i>2.67</i>	<i>54.90</i>
<i>Hansapoint@CBP</i>	<i>31-Mar-15</i>	<i>86,900</i>	<i>6,400</i>	<i>7.36</i>	<i>97.60</i>
<i>1, 3 &amp; 5 Changi Business Park Crescent</i>	<i>31-Mar-15</i>	<i>333,000</i>	<i>27,700</i>	<i>8.32</i>	<i>95.00</i>
<i>DBS Asia Hub</i>	<i>31-Mar-15</i>	<i>152,300</i>	<i>10,500</i>	<i>6.89</i>	<i>100.00</i>
<i>AkzoNobel House</i>	<i>31-Mar-15</i>	<i>68,100</i>	<i>5,700</i>	<i>8.37</i>	<i>63.60</i>
<i>Average<sup>(3)</sup></i>				<i>7.79</i>	
<i>Maximum</i>				<i>10.21</i>	
<i>Minimum</i>				<i>2.67</i>	
<b>Science Parks and Business Parks</b>					
<b><i>Average<sup>(3)</sup></i></b>				<b><i>8.37</i></b>	
<b><i>Maximum</i></b>				<b><i>14.73</i></b>	
<b><i>Minimum</i></b>				<b><i>2.67</i></b>	
<b><i>Proposed Acquisition</i></b>	<b><i>2-Dec-15</i></b>	<b><i>438,900<sup>(5)</sup></i></b>	<b><i>35,440</i></b>	<b><i>8.07<sup>(4)</sup></i></b>	<b><i>97.9<sup>(6)</sup></i></b>

Source: Circular, FY14/15 Annual Report of A-REIT and Manager's inputs

**Notes:**

- (1) The gross property yields are computed based on the gross property income for each property divided by the valuation of the respective property as extracted from the FY14/15 Annual Report of A-REIT.
- (2) The acquisition of the property was completed on 30 March 2015. We have excluded the gross property yield of the property in comparison as the property does not have a full year of financial contribution to the portfolio. The financial year ended is 31 March 2015.
- (3) The average gross property yields are based on the valuation of each property.
- (4) The property yield for the Proposed Acquisition is computed based on the expected gross property income for the Property divided by the Total Acquisition Cost.
- (5) Total Acquisition Cost.
- (6) As at 31 December 2015.

Based on the above analysis, we note that the gross property yield of 8.07% (based on gross property income) expected to be generated from the Property is:

- (i) within the range and below the average of the gross property yields of the properties which are classified under “Science Parks properties” in the portfolio of A-REIT;
- (ii) within the range and above the average of the gross property yields of the properties which are classified under “Business Parks properties” in the portfolio of A-REIT; and
- (iii) within the range and below the average of the gross property yields of the properties which are classified under “Business Parks & Science Park Properties” in the portfolio of A-REIT.

#### 4.5. Property Yield of the Property as compared to Comparable Properties owned by other REITs

The properties set out in the table below are owned by REITs listed and traded on the SGX-ST and are considered to be broadly comparable to the Proposed Acquisition in terms of being “Business & Science Park Properties” (“**Selected Comparable Properties**”).

Property Name	Valuation Date	Valuation (\$'000)	Gross Property Income (\$'000)	Gross Property Yield <sup>(1)</sup> (%)	Occupancy Rate (%)
<b>Soilbuild Business Space REIT</b>					
EIGHtrium	31-Dec-14	102,000	9,000	8.82	100.00
Solaris	17-Feb-15	355,000	17,000	4.79	100.00
<b>Mapletree Industrial Trust</b>					
The Signature	31-Mar-15	141,900	9,000	6.32	45.80
The Strategy	31-Mar-15	283,200	26,800	9.47	97.50
The Synergy	31-Mar-15	124,700	12,500	10.04	92.30
<b>AIMS AMP Capital Industrial REIT</b>					
1A International Business Park	31-Mar-15	86,700	6,500	7.54	100.00
<b>Average<sup>(2)</sup></b>				<b>7.83</b>	
<b>Maximum</b>				<b>10.04</b>	
<b>Minimum</b>				<b>4.79</b>	
<b>The Property</b>	<b>2-Dec-15</b>	<b>438,900<sup>(4)</sup></b>	<b>35,440</b>	<b>8.07<sup>(3)</sup></b>	<b>97.9<sup>(5)</sup></b>

Source: Annual Reports of Soilbuild Business Space REIT, Mapletree Industrial Trust and AIMS AMP Capital Industrial REIT and Manager’s inputs

**Notes:**

- (1) The gross property yields are computed based on the gross property income for each property divided by the valuation of the respective property as extracted from the Annual Reports of Soilbuild Business Space REIT, Mapletree Industrial Trust and AIMS AMP Capital Industrial REIT.
- (2) The average gross property yields are based on the valuation of each property.

- (3) The property yield for the Property is computed based on the expected gross property income for the Property divided by the Total Acquisition Cost.
- (4) Total Acquisition Cost.
- (5) As at 31 December 2015.

Based on the above analysis, we note that the gross property yield of 8.07% (based on gross property income) expected to be generated from the Property falls within the range and is above the average of the gross property yields of the Selected Comparable Properties.

We highlight that the analysis above is only one factor considered by us in our evaluation and is limited in its utility to the extent that the Property differs from the Selected Comparable Properties in aspects such as location, accessibility, title, net lettable area, composition of tenants, proximity to major venues and/or attractions, outstanding lease tenure, market risks, track record and other relevant factors. In addition, the valuations of the Selected Comparable Properties were undertaken at different points in time under different market and economic conditions. Accordingly, the Independent Directors and Audit Committee should note that any comparisons made with respect to the Property to the Selected Comparable Properties serve as an illustrative guide only.

#### **4.6. Occupancy Rates**

We are advised that the Property has a total committed occupancy of 97.9% as at 31 December 2015.

JTC<sup>5</sup>, in their latest release of the third quarter 2015 stock and vacancy statistics, noted that the vacancy rate of the business park sector was 15.6% in third quarter 2015.

CBRE Singapore<sup>6</sup> noted that vacancy rates for business parks declined from 10.4% to 9.1% in the third quarter of 2015 as the demand for quality business park space has increased. It also noted that there are no planned business park developments beyond 2016. As such, they expect vacancy rates for this particular sector to grow even tighter.

According to the information above, the committed occupancy of One@Changi City is higher than the occupancy rate of 84.4% and 90.9% according to JTC and CBRE Singapore respectively, for the business park sector.

### **5. EVALUATION OF THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS**

In our evaluation of the proposed issuance of the Consideration Units, we have taken into account the following key factors:

- (i) the rationale for the proposed issuance of Consideration Units; and
- (ii) the evaluation of the issue price of the Consideration Units.

These factors are discussed in greater detail in the ensuing paragraphs.

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5 <http://www.jtc.gov.sg/industrial-property-market-statistics/pages/stock-and-vacancy-rate.aspx>

6 <http://www.cbre.com.sg/aboutus/mediacentre/mediaarchives/Pages/60-per-cent-of-total-available-business-park-space-pre-committed;-No-new-business-park-space-available-post-2016-Sector-cou.aspx>



## 5.1. The rationale for the proposed issuance of Consideration Units

As set out in Paragraph 4 of the Letter to Unitholders, the proposed issuance of the Consideration Units to the Vendor (or its nominee(s)), which is 50.0% owned by APL, will enhance the alignment of the interests of APL with that of A-REIT and its minority Unitholders. The Vendor has nominated ALS to receive the Consideration Units and in return, the Vendor will receive cash of S\$210.0 million from ALS. This also demonstrates APL's commitment to support A-REIT's growth strategy and allows A-REIT to manage its capital structure and create more debt headroom for future growth.

As part payment to the Vendor (or its nominee(s)) in the form of Units will only be made on Completion Date, there will be no impact on the DPU for the period from the date of the Option Agreement to the date of the issuance of the Consideration Units.

## 5.2. The evaluation of the issue price of the Consideration Units

As mentioned in Paragraph 3.1 of the Letter to Unitholders, *"the issue price of the Consideration Units will be the same as the issue price for the Units issued under the Private Placement (being S\$2.223 per Unit, which had been determined in accordance with the provisions of the Trust Deed and the Listing Manual and taking into account, inter alia, market conditions)."* Accordingly, 94,466,936 Units will be issued to the Vendor (or its nominee(s)) upon completion of the Proposed Acquisition.

Given the inherent unpredictability of stock prices on any securities exchange, the 10-day VWAP for a Unit immediately preceding the date of Completion is likely to differ from the issue price under the Equity Fund Raising as announced in the EFR Announcements. To avoid such an incongruity given that the Consideration Units and the new Units under the Equity Fund Raising are to be issued for the same purpose of partly funding the Total Acquisition Cost, the issue price of the Consideration Units will be the same as the issue price for the Units issued under the Private Placement.

Pursuant to Clause 5.2.6 of the Trust Deed, as the Consideration Units are issued as partial consideration for the Proposed Acquisition and which is in conjunction with the Private Placement meant to partially finance the Proposed Acquisition, the Manager has the discretion to determine that the issue price of the Consideration Units is to be the same as the issue price for the Units issued under the Private Placement. In addition, the Manager has decided that the issue price of the Consideration Units will be the same as the issue price for the Units issued under the Private Placement as (a) the Vendor is desirous of certainty with respect to the issue price of the Consideration Units and (b) this will put the Vendor in a position that is on par with the incoming investors under the Private Placement.

The issue price of S\$2.223 per Consideration Unit represents a discount of:

- (i) 6.2% to the volume weighted average price ("**VWAP**") of S\$2.3706 per Unit for trades in the Units done on the SGX-ST for the full Market Day on 8 December 2015 (being the Market Day preceding the day on which the placement agreement in connection with the Private Placement was signed) and up to the time the placement agreement was signed on 9 December 2015; and
- (ii) (for illustrative purposes only) 5.0% to the adjusted VWAP<sup>1</sup> of S\$2.3400 per Unit.

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<sup>1</sup> The adjusted VWAP is computed based on the VWAP of all trades in the Units on the SGX-ST on the full Market Day on 8 December 2015 (being the Market Day preceding the day the placement agreement in connection with the Private Placement was signed) and up to the time the placement agreement was signed on 9 December 2015 and subtracting the Estimated Advanced Distribution.

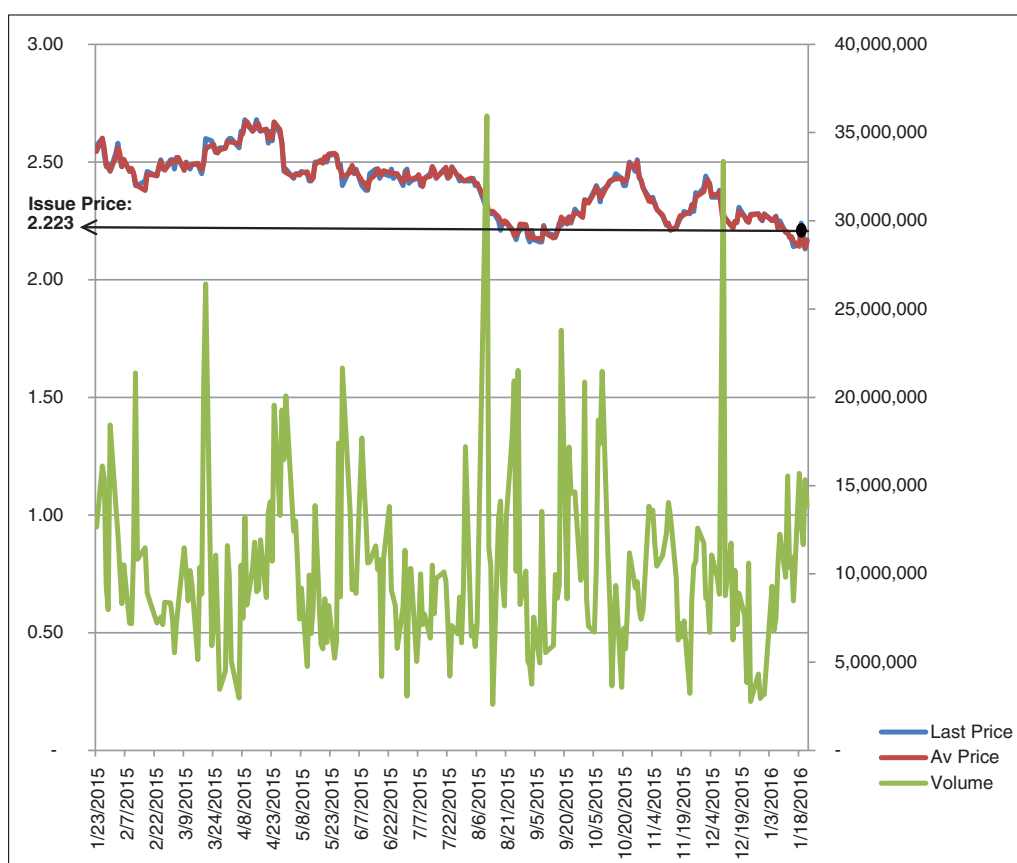
The Consideration Units will not be entitled to distributions by A-REIT for the period immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by A-REIT from the date of their issue to the end of the semi-annual financial period in which the Consideration Units are issued, as well as all distributions thereafter.

The Consideration Units shall be issued on the date of Completion (the “**Completion Date**”) under a temporary stock counter from the existing A-REIT stock counter, such temporary stock counter to be maintained for the period commencing from the date of issue of the Consideration Units to the last day of “cum-distribution” trading for the existing Units, in respect of the distribution period from 18 December 2015 to 31 March 2016 (or such other period as the Manager may determine). After the last day of “cum-distribution” trading, both the Consideration Units and the existing Units will be aggregated and traded under the existing A-REIT stock counter on the Main Board of the SGX-ST. The Consideration Units will not be entitled to participate in A-REIT’s distribution for the period immediately preceding the date of issue of the Consideration Units.

The Vendor has nominated ALS to receive the Consideration Units and in return, the Vendor will receive S\$210.0 million in cash from ALS.

### 5.2.1. Historical Unit price performance

We highlight that under ordinary circumstances, the market valuation of a Unit traded on a recognised stock exchange may be affected by, *inter alia*, its relative liquidity, the size of its free float, the extent of research coverage, the investor interest it attracts and the general market sentiment at a given period in time. Unitholders should also note that the past trading performance of the Units should not be relied upon as a guide of their future trading performance. Therefore, this analysis serves as an illustrative guide only.



Source: Bloomberg

We note that during the last 1-year period prior to the Latest Practicable Date, the closing price of the Units ranged between a low of S\$2.13 to a high of S\$2.68.

## 5.2.2. Precedent Placements to Interested Persons

We have considered the details of other completed placements undertaken by SGX-ST listed companies and REITs wherein there was a placement of shares and/or units to an interested person. A summary of the transactions are as follows:

Acquirer	Property Acquired	Date	Unitholding of Interested person prior to placement (%)	Total proceeds raised (SGD m)	Issue / Subscription Price (S\$)	Premium over / (Discount to) VWAP for trades done on the SGX-ST for the full market day prior to the date of price announcement	Premium over / (Discount to) adjusted VWAP <sup>(1)</sup>	Premium over / (Discount to) NAV <sup>(2)</sup>
Ascott Residence Trust	Serviced residences	Aug-10	47.74	453.2	1.08	(5.4%)	(4.7%)	(19.4%)
CapitaLand Retail China Trust	Minzhong Mall	May-11	41.17	70.0	1.17	(6.5%)	(3.2%)	0.0%
Frasers Centrepoint Trust	Bedok Point	Aug-11	43.20	66.7	1.39	(3.9%)	(2.5%)	9.4%
Frasers Centrepoint Trust	Changi City Point	May-14	41.10	161.5	1.84	(3.6%)	(2.5%)	4.0%
<b>A-REIT</b>	<b>One@ Changi City</b>	<b>Jan-16</b>	<b>17.4</b>	<b>200.1</b>	<b>2.223</b>	<b>(6.2%)</b>	<b>(5.0%)</b>	<b>6.9%</b>

Sources: SGX, Announcements and Circulars to Shareholders

### Notes:

- (1) Based on the adjusted VWAP, computed based on the VWAP of all trades in the Units on the SGX-ST on the full Market Day prior to placement, subtracting the respective estimated advanced distribution.
- (2) Based on NAV per unit before completion of the acquisition.

For the transactions above, Ascott Residence Trust raised funds via a preferential offering of new units in addition to a private placement. The remaining three transactions raised funds via a private placement made available to interested parties or institutional and third party investors. The issue price of all the above transactions was at a discount to the VWAP for trades executed for the full market day on the date of signing.

### **5.2.3. Status of the Consideration Units**

The Consideration Units will not be entitled to distributions by A-REIT for the period immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by A-REIT from the date of their issue to the end of the semi-annual financial period in which the Consideration Units are issued, as well as all distributions thereafter.

Save as set out above, the Consideration Units will, upon issue, rank *pari passu* in all respects with the Units in issue on the day immediately preceding the date of issue of the Consideration Units.

## **6. EXISTING INTERESTED PARTIES TRANSACTIONS**

### **6.1. Corporate Governance – Dealings with Interested Persons**

We note that the Manager has in place policies and procedures to ensure that all Interested Parties Transactions are identified, evaluated, presented for review and approval and reported when required. This includes compliance with the provisions in the Listing Manual relating to Interested Persons Transactions and the provisions as set out in the Property Funds Guidelines relating to Interested Parties Transactions. The Interested Parties Transactions included all payments on behalf to and from an Interested Party or was passed through costs.

We note that the Manager has also established internal control procedures to ensure that all Interested Parties Transactions were conducted at arm's length and were undertaken on normal commercial terms, which are not prejudicial to the interests of A-REIT and its minority Unitholders. As a general rule, the Manager will have to demonstrate to the Audit Committee that the transactions have been undertaken on normal commercial terms, which may include obtaining quotations from parties unrelated to the Manager or engaging an external specialist or adviser to advice on the appropriate pricing of the proposed transaction.

#### *Role of the Audit Committee for Interested Parties Transactions*

The Audit Committee will periodically review all Interested Parties Transactions to ensure compliance with the internal control procedures and with the relevant provisions of the SGX Listing Manual and the Property Funds Appendix. The review will include the examination of the nature of the transaction, the supporting documents and such other information deemed necessary to the Audit Committee

If a member of the Audit Committee has an interest in any transaction, he shall abstain from participating in the review and approval process in relation to such transaction.

### **6.2. Existing Interested Persons Transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Manual**

The Existing Interested Persons Transactions as set out in Appendix D of the Circular are undertaken in the ordinary course of A-REIT's business. We have reviewed these transactions and the internal review and control procedures adopted by the Manager and the Audit Committee in respect of the Existing Interested Person Transactions which are the subject of aggregation pursuant to Rule 906.

We are of the opinion that the Existing Interested Persons Transactions are undertaken on normal commercial terms and not prejudicial to the interests of A-REIT and its minority Unitholders.

## 7. RECOMMENDATION

In arriving at our recommendation in respect of the Proposed Transactions, we have considered, *inter alia*, the following factors summarized below which we consider to be pertinent in our assessment of the Proposed Transactions:

### **The Proposed Acquisition**

- (a) the rationale for the Proposed Acquisition;
- (b) pro forma financial effects of the Proposed Acquisition;
- (c) valuations of the Property prepared by the Independent Valuers;
- (d) property yield of the Property as compared to comparable properties owned by A-REIT;
- (e) property yield of the Property as compared to comparable properties owned by other REITs; and
- (f) occupancy rates.

### **The Proposed Issuance of the Consideration Units**

- (a) the rationale for the proposed issuance of Consideration Units;
- (b) the basis for the determination of the issue price of the Consideration Units is consistent with that as set out in the trust deed of A-REIT;
- (c) the Consideration Units will, upon issue and allotment, be excluded from the right to any distributions which may accrue prior to the issuance of the Consideration Units;
- (d) the Proposed Acquisition (taking into consideration the proposed issuance of the Consideration Units) is NAV accretive as the pro forma NAV of A-REIT is expected to increase 0.5% from S\$2.08 to S\$2.09; and
- (e) the issue price of the Consideration Units will be the same as the issue price of the Units issued under the Private Placement, which was determined by the Manager and the sole manager and underwriter following a book-building process.

**Based upon the analysis undertaken by us and subject to the qualifications and assumptions made in this Letter, we are of the opinion that as at the Latest Practicable Date, 22 January 2016, the Proposed Acquisition and the Proposed Issuance of the Consideration Units are on normal commercial terms and are not prejudicial to the interests of A-REIT and its minority Unitholders. We therefore advise the Independent Directors to recommend that Unitholders vote in favour of the Proposed Acquisition and the proposed issuance of the Consideration Units at the Extraordinary General Meeting.**

We wish to emphasise that we have been appointed to render our opinion as of the Latest Practicable Date. Our terms of reference do not require us to express, and we do not express, an opinion on the future growth prospects of Ascendas Funds Management (S) Limited. This letter is addressed to the Independent Directors and Audit Committee for their benefit in connection with and for the purpose of their consideration of the Proposed

Transactions. The recommendations made by the Independent Directors to the Unitholders in relation to the Proposed Transactions remain the sole responsibility of the Independent Directors.

This letter is governed by, and construed in accordance with the laws and courts of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter. A copy of this letter will be reproduced in the Circular.

Yours Faithfully,  
For and behalf of  
**Hong Leong Finance Limited**

Tang Yeng Yuen  
Vice President

Kaeson Chui  
Vice President

## EXISTING INTERESTED PERSON TRANSACTIONS

The table below sets out details of all Existing Interested Person Transactions entered into between (1) A-REIT and (2) THPL, JTC, Ascendas Pte Ltd and their respective subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date, which are the subject of aggregation pursuant to Rule 906 of the Listing Manual.

No.	Interested Person	Nature of Transaction	Value of Transaction (S\$'000)
1	JTC Corporation	Land premium and administrative fees paid on land acquisition for the egress road at Giant Hypermart	874
2	Stats Chippac Ltd	Rent and service charge in relation to a lease at Techpoint	1,314
3	ST Electronics (Training & Simulation Systems) Pte Ltd	Lease rental and service charge in relation to a lease at Techpoint	366
4	Singtel Limited	Facilities management and utilities charges in relation to a lease at Telepark	292
5	Ascendas (Tuas) Pte Ltd	Incentive payment in relation to the construction of DBS Phase II, pursuant to the sale and purchase agreement for the acquisition of DBS Asia Hub	3,020
6	Ascendas Funds Management (S) Limited	Reimbursement of amounts received/paid on behalf, rent and utilities charges and payment of deposits in relation to leases at certain properties	1,379
7	Ascendas Services Pte Ltd	Carpark licence fees in relation to 3 Changi Business Park Crescent and reimbursement of amounts received/paid on behalf	676
8	Ascendas Land (Singapore) Pte Ltd	Common services fees in relation to certain properties and utilities charges for a lease at The Galen	392
9	Surbana Technologies Pte Ltd	Licence fees in relation to inspection of mobile systems	148
<b>Total</b>			<b>8,461</b>

These Existing Interested Person Transactions have been subject to internal control procedures established by the Manager to ensure that such transactions are undertaken on normal commercial terms and are not prejudicial to the interest of A-REIT and its minority Unitholders. These procedures include the review and approval of such transactions by the Audit Committee, as appropriate.

## **Details of the Existing Interested Person Transactions**

### **(1) Transactions with JTC Corporation**

JTC indirectly owns a 49.0% interest in the Manager and is hence an interested person of A-REIT.

The payments to JTC were mainly in relation to land premium and administrative fees paid on land acquisition for the egress road at Giant Hypermart.

The transaction with JTC was entered into in the ordinary course of business and the amounts paid to JTC were on an arm's length basis, based on normal commercial terms.

### **(2) Transactions with Stats Chippac Ltd**

Stats Chippac Ltd is a subsidiary of THPL and is hence an interested person of A-REIT.

A lease for certain units at Techpoint was signed with Stats Chippac Ltd ("**Stats Chippac**"). The lease commences in August 2015 and will terminate in September 2018.

The transactions with Stats Chippac were entered into in the ordinary course of business and the amounts paid by Stats Chippac were on an arm's length basis, based on normal commercial terms.

### **(3) Transactions with ST Electronics (Training & Simulation Systems) Pte Ltd**

ST Electronics (Training & Simulation Systems) Pte Ltd ("**ST Electronics**") is a subsidiary of THPL and is hence an interested person of A-REIT.

A lease for certain units at Techpoint was signed with ST Electronics. The lease commences in August 2015 and will terminate in February 2018.

The transactions with ST Electronics were entered into in the ordinary course of business and the amounts paid by ST Electronics were on an arm's length basis, based on normal commercial terms.

### **(4) Transactions with Singtel Limited**

Singtel Limited ("**Singtel**") is a subsidiary of THPL and is hence an interested person of A-REIT.

The facilities management and utilities charges received from Singtel were in relation to an existing lease at Telepark.

The transactions with Singtel were entered into in the ordinary course of business and the amounts paid by Singtel were on an arm's length basis, based on normal commercial terms.

### **(5) Transactions with Ascendas (Tuas) Pte Ltd**

Ascendas (Tuas) Pte Ltd ("**A-Tuas**") is a related company of the Manager and is hence an interested person of A-REIT.

The incentive payment to A-Tuas was in relation to the construction of DBS Phase II, pursuant to the sale and purchase agreement with A-Tuas for the acquisition of DBS Asia Hub.



The transaction with A-Tuas was entered into in the ordinary course of business and the amount paid to A-Tuas was on an arm's length basis, based on normal commercial terms.

**(6) Transactions with Ascendas Funds Management (S) Limited**

Ascendas Funds Management (S) Limited is the Manager of A-REIT and is hence an interested person of A-REIT.

The reimbursement of amounts received on behalf relates primarily to grants received by the Manager on behalf of A-REIT. The rent and utilities charges, and the payment of deposits, were in relation to existing leases at certain properties in both Singapore and China.

The transactions with the Manager were entered into in the ordinary course of business and the amounts paid by the Manager were on an arm's length basis, based on normal commercial terms.

**(7) Transactions with Ascendas Services Pte Ltd**

Ascendas Services Pte Ltd ("**ASPL**") is a related company of the Manager and is hence an interested person of A-REIT.

The carpark licence fees income received from ASPL relates to the granting of a licence for ASPL to operate and manage the car park facilities at 3 Changi Business Park Crescent. ASPL has also sought reimbursement from A-REIT for certain operating expenses incurred on behalf of A-REIT.

The transaction with ASPL was entered into in the ordinary course of business and the amount paid to ASPL was on an arm's length basis, based on normal commercial terms.

**(8) Transactions with Ascendas Land (Singapore) Pte Ltd**

Ascendas Land (Singapore) Pte Ltd ("**ALS**") is a related company of the Manager and is hence an interested person of A-REIT.

Transactions relate to common services fees paid to ALS for A-REIT's share of common services provided to several properties located in the science parks and utilities income received from ALS in relation to a lease at The Galen.

The transactions with ALS were entered into in the ordinary course of business and the amount paid to ALS/received from ALS was on an arm's length basis, based on normal commercial terms.

**(9) Transactions with Surbana Technologies Pte Ltd**

Surbana Technologies Pte Ltd ("**Surbana**") is a subsidiary of THPL and is hence an interested person of A-REIT.

The transaction relates to licence fees paid to Surbana for inspection services.

The transaction with Surbana was entered into in the ordinary course of business and the amount paid to Surbana was on an arm's length basis, based on normal commercial terms.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING



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

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (“**EGM**”) of the holders of units of Ascendas Real Estate Investment Trust (“**A-REIT**”, and the holders of units of A-REIT, “**Unitholders**”) will be held on Tuesday, 16 February 2016 at 3.00 p.m. at Aperia, 10 Kallang Avenue, Tower 1, Level 3 Rose Room, Singapore 339510, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions (capitalised terms not otherwise defined herein shall bear the meanings ascribed to them in the circular dated 29 January 2016 to Unitholders (the “**Circular**”)):

#### 1. ORDINARY RESOLUTION 1

##### THE PROPOSED ACQUISITION OF ONE@CHANGI CITY

That:

- (i) approval be and is hereby given for the proposed acquisition (the “**Proposed Acquisition**”) of the property located at 1 Changi Business Park Central 1, Singapore 486036 and commonly known as One@Changi City, together with the plant and equipment therein (the “**Property**”), from Ascendas Frasers Pte. Ltd. (the “**Vendor**”), on the terms and conditions set out in the put and call option agreement dated 9 December 2015 (the “**Option Agreement**”) and the sale and purchase agreement (the “**Purchase Agreement**”) to be entered into between HSBC Institutional Trust Services (Singapore) Limited, as trustee of A-REIT (the “**Trustee**”) and the Vendor, and the entry into of the Option Agreement and the Purchase Agreement be and is hereby approved and/or ratified;
- (ii) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition; and
- (iii) Ascendas Funds Management (S) Limited, as the manager of A-REIT (the “**Manager**”), any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the Proposed Acquisition and all transactions in connection therewith.

#### 2. ORDINARY RESOLUTION 2

##### THE PROPOSED ISSUANCE OF NEW UNITS AT AN ISSUE PRICE OF S\$2.223 PER UNIT AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF ONE@CHANGI CITY

That subject to and contingent upon the passing of Resolution 1:

- (i) approval be and is hereby given for the Manager to issue, in the manner described in the Circular, the Consideration Units (as defined in the Circular) to the Vendor (or its nominee(s)) in relation to the Proposed Acquisition. The Vendor has nominated ALS (a wholly-owned subsidiary of APL) to receive the Consideration Units; and

- (ii) the Manager, any director of the Manager, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of A-REIT to give effect to the issuance of the Consideration Units.

**BY ORDER OF THE BOARD**

Ascendas Funds Management (S) Limited  
(Registration Number: 200201987K)  
as manager of Ascendas Real Estate Investment Trust

Mary Judith de Souza  
Company Secretary  
Singapore  
29 January 2016

**Notes:**

- (1) A Unitholder who is not a relevant intermediary entitled to attend and vote at the EGM of A-REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

**"relevant intermediary"** means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore and who holds Units in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The proxy form must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 no later than Saturday, 13 February 2016 at 3.00 p.m., being 72 hours before the time fixed for the EGM of A-REIT.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM of A-REIT and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM of A-REIT (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM of A-REIT (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.



**ASCENDAS REAL ESTATE INVESTMENT TRUST**

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

**PROXY FORM  
Extraordinary General Meeting**

**IMPORTANT**

1. A relevant intermediary may appoint more than two proxies to attend the EGM and vote (please see Note 2 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 29 January 2016.

I/We \_\_\_\_\_ (Name(s) \_\_\_\_\_ (NRIC/Passport/ Company Registration Number) of \_\_\_\_\_ (Address) being a unitholder/unitholders of Ascendas Real Estate Investment Trust ("**A-REIT**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting of A-REIT ("**EGM**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM to be held at Aperia, 10 Kallang Avenue, Tower 1, Level 3 Rose Room, Singapore 339510, on Tuesday, 16 February 2016 at 3.00 p.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM.

	Resolutions	Number of Votes For*	Number of Votes Against*
1	To approve the Proposed Acquisition		
2	To approve the proposed issuance of the Consideration Units (Conditional upon Resolution 1 being passed)		

\* If you wish to exercise all your votes "For" or "Against", please mark with an "✓" within the relevant box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016

<b>Total Number of Units held</b>

\_\_\_\_\_  
Signature(s) of Unitholder(s)/Common Seal of Corporate Unitholder

**IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON REVERSE PAGE**

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**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW  
NOTES TO PROXY FORM:**

1. A Unitholder who is not a relevant intermediary entitled to attend and vote at the EGM of A-REIT is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.  
"relevant intermediary" means:
  - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act Chapter 289 of Singapore and who holds Units in that capacity; or
  - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of Units. If the Unitholder has Units registered in his/her name in the Register of Unitholders of A-REIT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders of A-REIT, he/she should insert the aggregate number of Units. If no number is inserted, the proxy form will be deemed to relate to all the Units held by the Unitholder.
4. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, no later than Saturday, 13 February 2016 at 3.00 p.m., being 72 hours before the time fixed for the EGM.
5. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

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Affix  
Postage  
Stamp

**BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.**  
(as Unit Registrar of Ascendas Real Estate Investment Trust)

50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

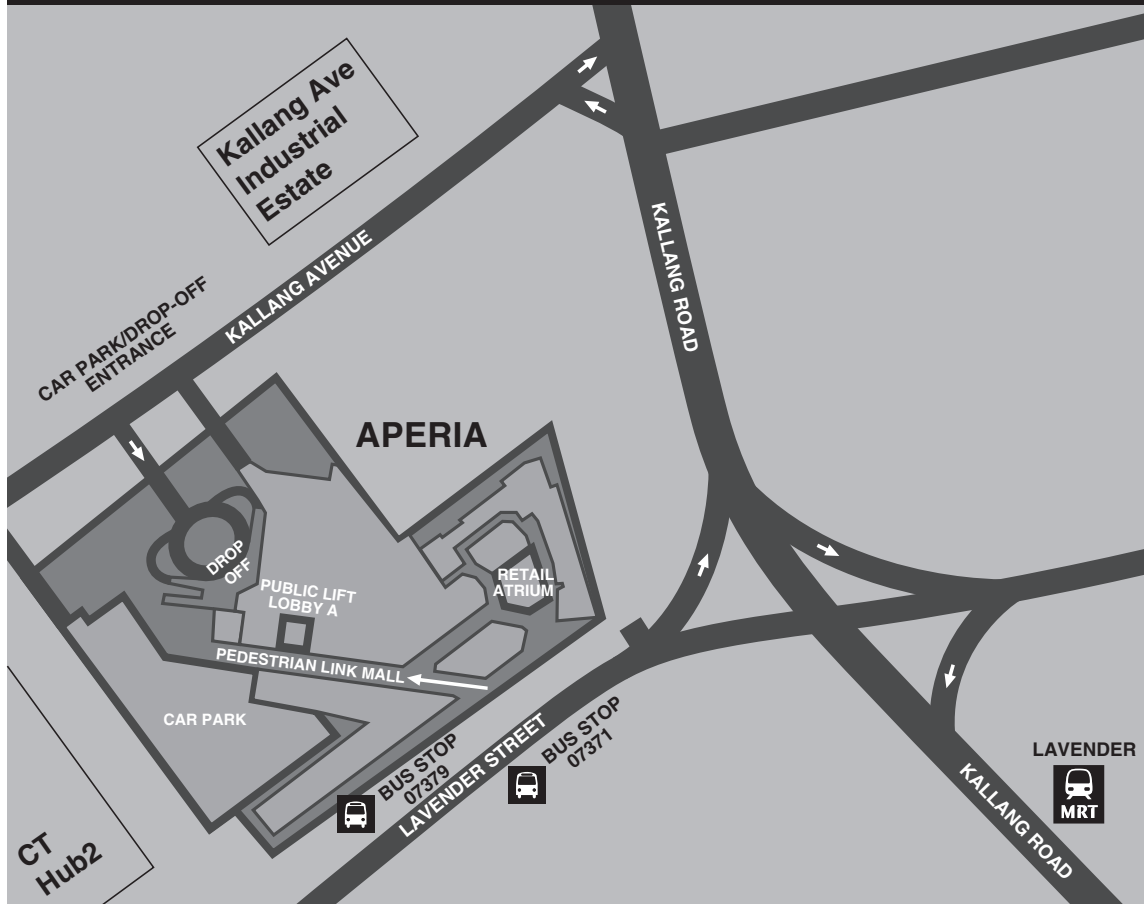
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6. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. The Manager shall be entitled to reject any Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register not less than 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.
8. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
9. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he/she is the Unitholder. There shall be no division of votes between a Unitholder who is present in person and voting at the EGM and his/her proxy(ies). A person entitled to more than one vote need not use all his/her votes or cast them the same way.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

## DIRECTIONS TO A-REIT EXTRAORDINARY GENERAL MEETING



### Location of meeting:

Aperia, 10 Kallang Avenue  
Tower 1, Level 3 Rose Room  
Singapore 339510

### By Taxi or Car:

The drop-off point and car park at Aperia is accessible via Kallang Avenue. Alternative parking is available at CT Hub2 or Kallang Avenue Industrial Estate.

Rose Room, on Level 3, is accessible via the Public Lift Lobby A from the car park.

### By MRT & Public Buses:

The nearest MRT station is Lavender Station on the East-West Line (EW11, green line).

The two nearest bus stops along Lavender Street are B07379 and B07371. Public buses that serve these bus stops are 13, 61, 67, 107, 133, 141, 145, 175 and 961.

Please proceed to the Pedestrian Link Mall and take the escalator/lift at Public Lift Lobby A to Level 3, where the Rose Room is located.

