



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

ANNOUNCEMENT

PROPOSED PLACEMENT OF UP TO 83,182,640 NEW UNITS IN ASCENDAS REAL ESTATE INVESTMENT TRUST THROUGH CITIGROUP AT AN ISSUE PRICE OF BETWEEN S\$1.3825 AND S\$1.4250 PER NEW UNIT

1. Introduction

The Board of Directors of Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), hereby announces that the Manager proposes to raise funds by way of a placement of up to 83,182,640 new units in A-REIT (“**New Units**”) at an issue price (the “**Issue Price**”) of between S\$1.3825 and S\$1.4250 per New Unit (the “**Placement**”) to raise a gross amount of S\$115.0 million for A-REIT. The actual number of new units comprised in the Placement will depend on the issue price. At an Issue Price of S\$1.4250 (being the top of the issue price range), 80,701,754 New Units will be issued; at an Issue Price of S\$1.3825 (being the bottom of the issue price range), 83,182,640 New Units will be issued.

In connection with the Placement, the Manager has today entered into a placement agreement (the “**Placement Agreement**”) with Citigroup Global Markets Singapore Pte. Ltd. (“**Citigroup**”).

2. Details of the Placement

The Manager is issuing up to 83,182,640 New Units for placement through Citigroup to institutional and certain other investors at an Issue Price of between S\$1.3825 and S\$1.4250 per New Unit. The actual Issue Price per New Unit will be determined following an accelerated book building process by agreement between the Manager and Citigroup on a date currently expected to be 16 June 2004, which date is subject to change.

The New Units, upon issue and allotment, will only be entitled to participate in the distributable income of A-REIT for the period from the date of their issue (the “**Issue Date**”) to 30 September 2004 whereas the existing units in A-REIT (the “**Existing Units**”) are entitled to participate in A-REIT’s distributable income in respect of the whole of the current distribution period (4 March 2004 to 30 September 2004). From the next distribution period, the New Units will rank *pari passu* in all respects with the Existing Units, including the right to any distribution which may be paid for that distribution period and all distributions thereafter.

The Placement shall be conditional upon, *inter alia*, the in-principle approval of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing and quotation of the New Units on the Main Board of the SGX-ST. The Manager will be making a formal application to the SGX-ST for the listing and quotation of the New Units.

The trust deed constituting A-REIT (the “**Trust Deed**”) provides that new units in A-REIT (“**Units**”) may be issued, other than by way of a rights issue offered on a *pro rata* basis to all existing holders of units (“**Unitholders**”), without the prior approval of Unitholders in a meeting of Unitholders if, *inter alia*, the issue (together with any other issue of Units, including Units issued to the Manager in payment of the Manager’s management fees, other than by way of a rights issue offered on a *pro rata* basis to all existing Unitholders, in the same financial year) would not, immediately after the issue, exceed 10.0% of the value of all the gross assets of A-REIT (the “**Deposited Property**”) or such other percentage as may, from time to time, be prescribed by the Monetary Authority of Singapore (“**MAS**”), provided that the number of Units which would be represented by such percentage does not exceed the number of Units represented by 20.0% of the outstanding Units (or such other percentage of outstanding Units as may be prescribed by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”).

Further, in connection with the initial public offering of A-REIT in November 2002, the SGX-ST had directed that the aggregate number of new Units which A-REIT may issue in every 12-month period without obtaining Unitholders’ approval may not exceed 50.0% of the number of Units in issue as at the date of the first and each successive 12-month period, of which the aggregate number of Units issued other than on a *pro rata* basis to existing Unitholders may not exceed 20.0% of the number of Units in issue as at the said date. The current 12-month

period commenced on 19 November 2003 and 545,899,640 Units were in issue as at that date.

The value of the New Units proposed to be allotted and issued in connection with the Placement (S\$115.0 million) will not exceed 10.0% of the Deposited Property immediately after the completion of the Placement (expected to be approximately S\$1,181.5 million). Further, the maximum number of New Units which may be issued under the Placement (83,182,640) will comprise less than 20.0% of the 709,525,633 Units in issue as at the date of this announcement and also less than 20.0% of the Units in issue as at 19 November 2003. As such, the New Units may be allotted and issued at the absolute discretion of the Manager. 83,182,640 New Units will represent approximately 11.7 per cent. of the Units that are in issue as at the date of this announcement.

3. Separate Stock Counter

As the New Units will not be entitled to participate in A-REIT's distributable income for the period from 4 March 2004 to the day immediately prior to the Issue Date, it is necessary for the New Units to trade under a separate stock counter for the period commencing from the Issue Date to the last day of "cum-distribution" trading for both the New Units and the existing Units (with respect to distributions for the period from the Issue Date or, as the case may be, 4 March 2004 to 30 September 2004), which is expected to be in late October 2004. After the last day of "cum-distribution" trading, the New Units and the existing Units will be aggregated and traded under the existing A-REIT stock counter on the next market day, *i.e.* the first day of "ex-distribution" trading for both the new Units and the existing Units.

4. Use of Proceeds

The Manager intends to use the net proceeds of the Placement to partly finance the acquisitions of Progen Building and C & P Logistics Hub. Prior to completing the acquisitions of Progen Building and C & P Logistics Hub (which is expected to take place by September 2004), the Manager may use some of the net proceeds of the Placement to repay a portion of A-REIT's existing borrowings (including borrowings incurred by A-REIT for the purchase of Nan Wah Building) in order to minimise A-REIT's interest costs during the interim period between the completion of the Placement and the acquisitions of Progen Building & C & P Logistics Hub.

5. Certain Financial Effects

The net tangible asset (“**NTA**”) per Unit at 31 March 2004, being the date on which the last audited balance sheet of A-REIT was made up, was S\$0.98.

On the assumption that the net proceeds of the Placement will be used to partly finance the acquisitions of Progen Building and C & P Logistics Hub, the pro forma financial effects of the proposed issue of the New Units on the NTA per Unit as at 31 March 2004, as if A-REIT had purchased Progen Building and C & P Logistics Hub as well as the recently acquired Nan Wah Building on 1 April 2003, and held and operated them through to 31 March 2004, are as follows:

	Completion of the Placement ⁽¹⁾		
	Before ⁽²⁾	After	
		Assuming Issue Price of S\$1.3825 ⁽³⁾	Assuming Issue Price of S\$1.4250 ⁽⁴⁾
NTA (S\$'000)	672,681	785,726	785,726
Units in issue ('000)	707,207	790,390	787,909
NTA per Unit (S\$)	0.95	0.99	1.00

Notes:

- (1) The table has been prepared on the basis that the proforma gearing of A-REIT is increased to approximately 34.7% and that Progen Building and C & P Logistics Hub are recorded in A-REIT's balance sheet at their respective purchase price (including the costs of acquisition).
- (2) Based on A-REIT's balance sheet as at 31 March 2004 (being A-REIT's last audited balance sheet) adjusted for A-REIT's distribution in respect of the period from 1 October 2003 to 31 March 2003, which was paid on 26 April 2004.
- (3) At an Issue Price of S\$1.3825, 83,182,640 New Units will be issued.
- (4) At an Issue Price of S\$1,4250, 80,701,754 New Units will be issued.

6. Offer Information Statement

In compliance with an order dated 22 May 2004 exempting, *inter alia*, the Manager and Citigroup from the requirements in Subdivision 3 of Part XIII Division 2 of the Securities and Futures Act, Chapter 289 of Singapore, issued by the MAS, the Manager has today lodged an offer information statement (the “**Offer Information Statement**”) relating to the Placement.

7. Other Information

Based on information made available to the Manager, none of the directors of the Manager or the substantial unitholders of A-REIT (*i.e.*, persons who with an interest in one or more Units constituting not less than 5.0% of all the Units in issue) has any interest, direct or indirect, in the Placement.

8. Inspection

The Placement Agreement and the Offer Information Statement will be available for inspection during normal business hours at the registered office of the Manager at 75 Science Park Drive, #01-03 CINTECH II, Singapore 118255, for a period of 3 months commencing from the date of this announcement.

By Order of the Board

Ascendas-MGM Funds Management Limited

Manager of Ascendas Real Estate Investment Trust (A-REIT)

Tay Hsiu Chieh

Company Secretary

15 June 2004

Important Notice

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and 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 current view of management on future events.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of A-REIT is not necessarily indicative of the future performance of A-REIT.