



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

## **ANNOUNCEMENT**

### **A-REIT'S PROPOSED ACQUISITION OF EXKLUSIV CENTRE**

#### **1. INTRODUCTION**

##### **1.1 Proposed Acquisition**

Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), has agreed to acquire the Exklusiv Centre located at 247 Alexandra Road in Singapore (the “**Property**”) for A-REIT (the “**Proposed Acquisition**”). The Property is currently owned by Group Exklusiv Pte Ltd (“**Group Exklusiv**”)

The Board of Directors of the Manager hereby announces that Bermuda Trust (Singapore) Limited (the “**Trustee**”), as trustee of A-REIT, has entered into a conditional put and call option agreement (the “**Option Agreement**”) with Group Exklusiv on 24 August 2004, pursuant to which:

1.1.1 In consideration of the payment of S\$0.448 million (the “**Option Fee**”) by the Trustee, Group Exklusiv has granted to the Trustee a call option (the “**Call Option**”) to require Group Exklusiv to enter into an agreement for the sale of the Property (in the form of the sale and purchase agreement appended to the Option Agreement (the “**Sale and Purchase Agreement**”)) to the Trustee; and

1.1.2 the Trustee has granted Group Exklusiv a put option (the “**Put Option**”) to require the Trustee to enter into an agreement for the purchase of the Property (in the form of the Sale and Purchase Agreement) from Group Exklusiv.

##### **1.2 Disclosure Requirements Under the Listing Manual**

The Manager is making this announcement in compliance with Rule 1010 of the Listing Manual (the “**Listing Manual**”) of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) because the Proposed Acquisition constitutes a “discloseable transaction” under Chapter 10 of the Listing Manual.

#### **2. INFORMATION ON THE PROPERTY**

##### **2.1 The Land and the Building**

2.1.1 The Property comprises a 5-storey office cum motor vehicle showroom building for Group Exklusiv’s subsidiaries, Exklusiv Auto Services Pte Ltd and Car & Cars Pte Ltd, the Singapore distributors for the Renault and Volkswagen range of motor

vehicles. Well-located along one of the two major motor vehicle showroom belts in Singapore, the Property has high visibility along both Alexandra Road and Leng Kee Road. The Property is less than 500 metres away from the Redhill Mass Rapid Transit station and is easily accessible by the Ayer Rajah and Central Expressways. The Property is currently undergoing major refurbishment which is expected to be completed by December 2004 at no cost to A-REIT.

- 2.1.2 The Property stands on two land plots - Land premium has been paid in full for the first plot of 7,150 sqm which has a leasehold title of 99 years expiring in year 2051. The second plot of 373 sqm (the "**Second Land Plot**") has a leasehold title of 30 + 17 years expiring in year 2051 of which the land premium for the 30 years has been paid. The premium for the option to renew for another 17 years will be based on the prevailing value of the land.

## 2.2 Property Value

The Property was valued at S\$45 million in a valuation report dated 2 August 2004 that was prepared by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers International**") in accordance with the instructions issued by the Trustee. The valuation was prepared using the income and discounted cash flow methods as well as the direct comparison and replacement cost methods.

## 3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

### 3.1 The Option Agreement

The principal terms of the Option Agreement are as follows:

- 3.1.1 **Purchase to be on the terms and conditions of the Sale and Purchase Agreement:** The Call Option granted by Group Exklusiv to the Trustee and the Put Option granted by the Trustee to Group Exklusiv provide for the sale and purchase of the Property to be on the terms and conditions of the Sale and Purchase Agreement in the event that either the Trustee or Group Exklusiv becomes entitled to exercise, respectively, the Call Option or the Put Option and so exercises its option.
- 3.1.2 **Conditions precedent:** The rights of the Trustee and Group Exklusiv to exercise, respectively, the Call Option and the Put Option are conditional upon the following conditions (the "**Relevant Conditions**") being fulfilled by 15 December 2004 or such other date as may be determined in accordance with the Option Agreement (the "**Target Date**") (unless otherwise waived by the Trustee in writing):
- (i) A-REIT obtaining satisfactory financing for the Proposed Acquisition; and
  - (ii) the issue of an agreement for lease by Housing and Development Board of the Second Land Plot; and
  - (iii) the approval of Housing and Development Board for the transfer of the Second Land Plot to A-REIT

**3.1.3 Purchase Price:** The purchase price of the Property is S\$44.8 million, out of which S\$43.9 million (including the Option fee) will be paid upon completion of the Proposed Acquisition and payment for the remaining S\$0.9 million will be effected at the end of the 3<sup>rd</sup> year of ownership. The purchase price range of the Property was arrived at on a willing-buyer, willing-seller basis, taking into account various commercial factors, including the anticipated net property income of the Property.

The Option Fee was paid by the Trustee upon the execution of the Option Agreement. The Option Fee is wholly refundable in the event, *inter alia*, that any of the Relevant Conditions are not met by the Target Date but will otherwise be applied towards the purchase price of the Property upon entry of the Sale and Purchase Agreement between Group Exklusiv and the Trustee.

**3.1.4 Termination of the Option Agreement:** If any of the Relevant Conditions (other than those which the Trustee has confirmed in writing to Group Exklusiv as having been waived by the Trustee) is not fulfilled by the Target Date, the Option Agreement shall *ipso facto* cease and determine and, save for the obligation of Group Exklusiv to refund the Option Fee to the Trustee, neither party shall have any further claim against the other for costs, damages, compensation or otherwise.

## **3.2 The Sale and Purchase Agreement**

The principal terms of the Sale and Purchase Agreement provide that Group Exklusiv will lease the Property for 12 years upon completion at an initial annual net rent of S\$3.6 million with stepped rental increases of 8.0 per cent. in the beginning of the 4th year and 10th year of ownership. In the 7th year of ownership, the rent shall be based on the prevailing market rent then, subject to a cap of an 8.0 per cent. increase over the preceding year's rent or maintained at the preceding (6<sup>th</sup>) year's rent if the prevailing market rent in the 7<sup>th</sup> year is lower.

## **4. RATIONALE AND BENEFIT OF THE PROPOSED ACQUISITION TO A-REIT**

### **4.1 The Proposed Acquisition is in Line with Manager's Investment Strategy**

The Manager aims to achieve distribution growth and to enhance the value of A-REIT's property portfolio over time through, *inter alia*, selectively acquiring additional properties that meet the Manager's investment criteria. The Proposed Acquisition will be in line with the investment strategy of the Manager as it is currently expected that the Property will be accretive to A-REIT's distributable income. Based on the initial payment of S\$43.9 million of the purchase price of the Proposed Acquisition, the Property is expected to deliver a property yield of 7.9 per cent. (before acquisition costs) in the first year. The remaining S\$0.9 million will be paid at the end of the 3rd year. The Manager currently estimates the acquisition costs for the Property to be S\$2.0 million.

#### **4.2 Diversification of A-REITs Portfolio**

The Proposed Acquisition will further diversify A-REIT's portfolio of properties as well as the tenant-mix in A-REIT's properties.

### **5. METHOD OF FINANCING**

The Manager is currently reviewing various modes of financing the Proposed Acquisition. It may employ additional borrowings and/or funds from new equity raisings to finance the Proposed Acquisition. At the time of this Announcement, no decision has been made. The Manager's financing plans in this regard will be announced as soon as they have been finalised.

Assuming the acquisition is funded at the optimal gearing level of 30 per cent. debt and 70 per cent. equity, and that A-REIT had purchased, held and operated the Property for the whole of the financial year ended 31 March 2004, the annualised pro forma financial effect on A-REIT's on distributable income per unit will be 0.08 cents.

### **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS**

- 6.1** None of the Directors of the Manager or the substantial unitholders of A-REIT has any interest, direct or indirect, in the Proposed Acquisition.

### **7. OTHER INFORMATION**

#### **7.1 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 transaction contemplated in relation to the Proposed Acquisition.

#### **7.2 Disclosure Under Rule 1010(13) of the Listing Manual**

**7.2.1** Chapter 10 of the Listing Manual classifies acquisitions by A-REIT into (i) non-discloseable transactions, (ii) discloseable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (i) the profits attributable to the assets acquired or disposed of, compared with A-REIT's net profits;
- (ii) the aggregate value of the consideration given, compared with A-REIT's market capitalisation; and
- (iii) the number of Units issued by A-REIT as consideration for the Proposed Acquisition, compared with the number of Units previously in issue.

**7.2.2** Based on A-REIT's audited financial statements for the financial year ended 31 March 2004, the relative figure for the basis of comparison set out in subparagraph 7.2.1(i) is 8.87 per cent.

- 7.2.3 Based on the purchase price of S\$44.8 million and A-REIT's market capitalisation as at 23 August 2004 (being the latest practicable date prior to the date of this Announcement), the relative figure for the basis of comparison set out in sub-paragraph 7.2.1(ii) is 3.87 per cent.
- 7.2.4 No Units will be issued as consideration for the Proposed Acquisition, therefore the base in subparagraph 7.1.2 (iii) is not applicable to the Proposed Acquisition.

### **7.3 Documents for Inspection**

Copies of the following documents are available for inspection during normal business hours (prior appointment will be appreciated) 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:

- 7.3.1 the Option Agreement; and
- 7.3.2 the form of the Sale and Purchase Agreement (appended to the Option Agreement).

BY ORDER OF THE BOARD  
ASCENDAS-MGM FUNDS MANAGEMENT LIMITED

Tay Hsiu Chieh  
Company Secretary  
24 August 2004

### **Important Notice**

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that unitholders of A-REIT 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.