



20 May 2004

Proposed Acquisition of Progen Building by A-REIT

The Board of Directors of Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), wish to announce that Bermuda Trust (Singapore) Limited (the “**Trustee**”), as trustee of A-REIT, has on 20 May 2004 entered into a Put and Call Option Agreement (the “**Option Agreement**”) with Progen Pte Ltd (“**Vendor**”) relating to the sale and purchase of the Progen Building (the “**Property**”) for S\$24.8 million, on the terms of the sale and purchase agreement appended to the Option Agreement (the “**Sale and Purchase Agreement**”).

Rationale for the Acquisition

The acquisition of the Property will diversify A-REIT’s property portfolio and the tenant mix in A-REIT’s properties, extend A-REIT’s lease expiry profile and enhance returns to A-REIT’s unitholders.

The Property

Progen Building is located at 12 Woodlands Loop, Singapore 738283, 20 km north of the city centre and easily accessible by Bukit Timah Expressway, Kranji Expressway and Seletar Expressway. The Property is a 4-storey light industrial building with office and warehousing facilities. The total net lettable area of Progen Building is approximately 17,267 sqm built on a land area of 14,205 sqm. The land is held on a 30-year lease commencing 16 January 1996, with an option to renew for a further term of 30 years. Progen Holdings Limited occupies 23 per cent of the space in the Property. Other companies occupying the Property include Venture Corporation Limited, Connor Manufacturing Asia Pte Ltd and Target-Rota Malaysia.

Principal Terms of the Proposed Acquisition

The exercise of the options under the Option Agreement relating to the Property is conditional upon :

- a) the approval of the shareholders of Progen Holdings Limited (“Progen Holdings”) for the sale of the Property;
- b) the approval of Jurong Town Corporation for the sale of the Property

Under the terms of the Option Agreement, all conditions must be satisfied within 10 weeks from the signing of the Option Agreement .

Upon the exercise of the Option Agreement, the Trustee will purchase the Property for a price of S\$24.8 million which was negotiated on a willing-buyer and willing-seller basis, and is supported by an independent valuation from Jones Lang La-Salle Property Consultants Pte Ltd (“Jones Lang La-Salle”). On completion, Progen Holdings will occupy 23 per cent. of the Property under a 10-year lease. The initial annual rent will be S\$0.79 million with 3 per cent rental escalations per annum.

A-REIT is expected to incur estimated acquisition costs of S\$1.2 million (comprising stamp duty and professional and other fees and expenses).

Valuation of Property

The Property was valued at S\$24.8 million in a valuation report dated 1 May 2004 that was prepared by Jones Lang La-Salle in accordance with the instructions issued by the Trustee. The valuation was prepared using the income and discounted cash flow methods as well as using direct comparison and replacement cost methods.

Financial Impact on A-REIT

Assuming that the acquisition is funded at an optimal gearing level of 30 per cent. debt / 70 per cent. equity and A-REIT had purchased, held and operated the Property for the financial year ended 31 March 2004, the pro forma financial effect on A-REIT's distributable income per unit for that period would be 0.07 cents per unit.

However, the purchase of the Property may be funded solely through additional borrowings.

Based on the leasing arrangements described above, the Property is expected to deliver a property yield of 8.4 per cent. in the first year.

The Property will be recorded in the accounts of A-REIT initially at cost. In accordance with the Property Funds Guidelines in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the Manager will arrange for a valuation of the Property at least once every 12 months.

Other Information

No person is proposed to be appointed as a director of the Manager in connection with the proposed acquisition of the Property or any other transaction contemplated in relation to the proposed acquisition.

None of the Directors of the Manager or the substantial unitholders has any interest, direct or indirect, in the proposed acquisition of the Property.

Documents for Inspection

Copies of the following documents are 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:

- 1) the Option Agreement;
- 2) the form of the Sale and Purchase Agreement (appended to the Option Agreement); and

- 3) the valuation report dated 1 May 2004 of Jones Lang La-Salle relating to the Property.

By Order of the Board

Ascendas-MGM Funds Management Limited,
Manager of Ascendas Real Estate Investment Trust (A-REIT)

Tay Hsiu Chieh

Company Secretary

20 May 2004

For enquiries, please contact:

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