



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

ANNOUNCEMENT

A-REIT'S PROPOSED ACQUISITION OF FIVE PROPERTIES

1. INTRODUCTION

1.1 Proposed Acquisition

Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), has identified the following five properties, namely, CG Aerospace Building, Freight Links (Changi) Building, Freight Links (Toh Guan) Building, Fedex Building and MacDermid Building (together, the “**Properties**”, each a “**Property**”) for acquisition by A-REIT (the “**Proposed Acquisitions**”) at an aggregate purchase price of S\$138.5 million.

The Board of Directors of the Manager hereby announces that HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”), as trustee of A-REIT, has entered into separate conditional put and call option agreements (together, the “**Option Agreements**”, each an “**Option Agreement**”) with the vendors of each of the Properties (together, the “**Vendors**”, each a “**Vendor**”) on 4 October 2004 (for CG Aerospace Building) and 14 October 2004 (for Freight Links (Changi) Building, Freight Links (Toh Guan) Building, Fedex Building and MacDermid Building) pursuant to which:

- 1.1.1 in consideration of the payment of an option fee (being 1% of the purchase price of the relevant Property) by the Trustee, each of the Vendors has granted to the Trustee a call option to require it to enter into an agreement for the sale of the relevant Property (in the form of the sale and purchase agreement appended to the relevant Option Agreement (together, the “**Sale and Purchase Agreements**”, each a “**Sale and Purchase Agreement**”)) to the Trustee; and
- 1.1.2 the Trustee has granted each of the Vendors a put option to require the Trustee to enter into an agreement for the purchase of the relevant Property (in the form of the relevant Sale and Purchase Agreement) from it.

1.2 Disclosure Requirements Under the Listing Manual

The Manager is making this announcement because the Proposed Acquisitions will together constitute a discloseable transaction under Chapter 10 of the Listing Manual.

2. INFORMATION ON THE PROPERTIES

2.1 Description of the Properties

2.1.1 CG Aerospace Building

The Property is located within Changi South Industrial Area at 3 Changi South Street 2, Singapore 486548. Completed in 1996, the Property comprises two multi-tenanted 4-storey warehouse buildings. All levels above ground level in both buildings will be furnished with air-conditioning in accordance with additional investment plans by the Vendor, CG Aerospace Warehouse (S) Pte Ltd.

The total gross floor area is 24,117 sqm on a land area of 17,208 sqm, resulting in a plot ratio of 1.40.

The key tenants in the Property are K Line Services (S) Pte Ltd, Tradeport Singapore Pte Ltd and the National Library Board.

2.1.2 Freight Links (Changi) Building

Freight Links Express Districentre Pte Ltd is the vendor of Freight Links (Changi) Building, located at 9 Changi South Street 3, Singapore 486361. The Property comprises an 8-storey office building and a 4-storey conventional warehouse, complete with a passenger lift, a cargo lift, nine units dock levellers, 69 parking lots for cars and 13 parking bays for trucks.

The total gross floor area is 23,208 sqm on a land area of 14,504 sqm, resulting in a plot ratio of 1.60.

2.1.3 Freight Links (Toh Guan) Building

Freight Links Express Distripark Pte Ltd is the vendor of Freight Links (Toh Guan) Building, located at 5 Toh Guan Road East, Singapore 608831. The Property comprises two warehouse complexes. These two complexes are made up of a part 3-storey and part 5-storey warehouse block with ancillary offices and an adjoining 4-storey warehouse block, complete with container bays as well as lorry and car parking lots within the concrete/perforated slab compound.

The total gross floor area is 29,741 sqm on a land area of 20,368 sqm, implying a plot ratio of 1.46.

2.1.4 Fedex Building

Cargo Distribution Pte Ltd is the vendor of Fedex Building, located at 6 Changi South Street 2, Singapore 486349. The Property comprises a 4-storey warehouse development with ancillary offices. Its anchor tenants, Federal Express (S) Pte Ltd and Federal Express Pacific Inc, occupy approximately 80% of the total net lettable space.

The total gross floor area is 17,651 sqm on a land area of 9,934 sqm, resulting in a plot ratio of 1.78.

2.1.5 MacDermid Building

Cargo Distribution Pte Ltd is the vendor of MacDermid Building, located at 20 Tuas Avenue 6, Singapore 639307. Completed in the 1990s, the Property comprises a part 3-storey and part 1-storey building with a mezzanine level purpose-built detached factory. The Property is constructed of a concrete framed structure supported with steel trusses and concrete floor slabs and is covered by metal roofing sheets with roof insulation. Access to the higher storeys is available via three sets of internal concrete staircases.

The total gross floor area is 5,064 sqm on a site area of 5,464 sqm, implying a plot ratio of 0.93.

All the Properties are held on 60-year leases granted by JTC Corporation, with varying expiry dates.

2.2 Value of the Properties

The Properties were valued by independent valuers in accordance with the instructions issued by the Trustee. All valuations were prepared using, *inter alia*, the discounted cash flow method as well as the direct comparison method.

The valuation, purchase price, the valuer and the date of valuation of each of the Properties are set out in the table below:

Property	Valuation (S\$ million)	Purchase Price (S\$ million)	Independent Valuer	Date of Valuation
CG Aerospace Building	31.5	31.1	Colliers International Consultancy & Valuation (Singapore) Pte Ltd	15 September 2004
Freight Links (Changi) Building	32.0	32.0	CB Richard Ellis (Pte) Ltd	15 September 2004
Freight Links (Toh Guan) Building	36.4	36.4	CB Richard Ellis (Pte) Ltd	15 September 2004
Fedex Building	33.5	33.5	CB Richard Ellis (Pte) Ltd	15 September 2004
MacDermid Building	5.5	5.5	CB Richard Ellis (Pte) Ltd	15 September 2004
Total	138.9	138.5		

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

The principal terms of the Option Agreements and the Sale and Purchase Agreements are set out in the annexure to this Announcement.

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 Acquisitions will be in line with the investment strategy of the Manager as it is currently expected that the Properties will be accretive to A-REIT's distributable income. Based on their respective purchase prices, the Properties are expected to generate an average property yield of 9.0 per cent.

4.2 Diversification of A-REIT's Portfolio

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

5. METHOD OF FINANCING AND FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisitions are expected to require funding through additional borrowings and an issue of new units in A-REIT ("**Units**"). The Manager is finalising its plans for an issue of new Units and an announcement of such plans will be made in due course.

Assuming that the Proposed Acquisitions are funded at an assumed optimal gearing level of 30 per cent. debt and 70 per cent. equity, and that A-REIT had purchased, held and operated the Properties as well as its 19 existing properties for the financial year ended 31 March 2004, the annualised pro forma financial impact on A-REIT's distributable income per Unit would have been 0.45 cents.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Save as disclosed herein and based on information available to the Manager, none of the directors of the Manager and none of the substantial Unitholders has any interest, direct or indirect, in the Proposed Acquisitions.

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 Acquisitions or any other transaction contemplated in relation to the Proposed Acquisitions.

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 (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions

and (d) 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 acquisition of the assets, compared with the number of Units previously in issue.

7.2.2 Based on the audited financial statements of the Vendors for the financial year ended 31 March 2004 and 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 sub-paragraph 7.2.1(i) is 21.26 per cent.

7.2.3 Based on the aggregate purchase price of S\$138.5 million and A-REIT's market capitalisation as at 12 October 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 11.21 per cent.

7.2.4 No consideration units will be issued for the Proposed Acquisitions, therefore the basis of comparison set out in sub-paragraph 7.2.1(iii) is inapplicable.

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 Agreements; and

7.3.2 the Sale and Purchase Agreements (as appended to the respective Option Agreements).

BY ORDER OF THE BOARD
ASCENDAS-MGM FUNDS MANAGEMENT LIMITED

Tay Hsiu Chieh
Company Secretary
14 October 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 may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (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.