



**A-REIT SEEKS UNITHOLDERS' APPROVAL FOR A PROPOSED EQUITY FUND  
RAISING TO RAISE GROSS PROCEEDS UP TO S\$240.0 MILLION**

Highlights:

- Forecast FY2005/06 distributable income per unit in A-REIT (“**DPU**”) of 11.37 cents<sup>1</sup> is 14.4% over the previous forecast DPU of 9.94 cents<sup>2</sup>;
- Forecast DPU for the period from the date of issue of the new units to 31 March 2006 up by 3.3% compared to the base case DPU;
- Gearing will be reduced to 30.2% following the completion of the Equity Fund Raising and the FY2005/06 Acquisitions; and
- The base component of the Manager’s fees will be paid in cash in respect of each of the 14 properties proposed to be acquired by A-REIT.

**25 August 2005**, Singapore – The Board of Directors of Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), is pleased to announce that an extraordinary general meeting (“**EGM**”) of A-REIT’s unitholders (“**Unitholders**”) will be convened to seek approval for, among other matters, the proposed issue of such number of new units (“**New Units**”) in A-REIT so as to raise up to S\$240.0 million<sup>3</sup> in gross proceeds (“**Equity Fund Raising**”).

The gross proceeds from the Equity Fund Raising will be used to partly finance A-REIT’s proposed acquisitions of Hamilton Sundstrand Building, Hoya Building, LogisHub@Clementi, Techquest, Techview, 1 Jalan Kilang, 11 Tampines Street 92, a Changi property, Cityneon Design Centre, NESS Building, NNB Industrial Building and

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<sup>1</sup> Assuming that the EFR Acquisitions are completed by 15 October 2005, that New Units under the Equity Fund Raising and the Techview Consideration Units are issued at an issue price of S\$2.10 per Unit, and that the Thales Acquisition is completed on 1 January 2006. Please also see the assumptions in Appendix 2 of the Circular.

<sup>2</sup> As stated in A-REIT’s circular dated 19 November 2004.

<sup>3</sup> This figure is based on the assumptions that the Techview Approval is not obtained, and that the amount of gross proceeds that is required to be raised to fund the EFR Acquisitions includes such amount required to fund the Techview Acquisition entirely in cash. If such approval is obtained, the gross proceeds of the Equity Fund Raising will be reduced by the Required Portion to approximately S\$216.6 million (assuming an issue price of S\$2.10 per Unit).

SENKEE Logistics Hub (each as defined in A-REIT's circular dated 25 August 2005 (the "Circular") and together, the "EFR Acquisitions"). In addition to the EFR Acquisitions, A-REIT also proposes to acquire 138 Depot Road and Thales Building, which will be funded from available bank debt facilities. The estimated total acquisition cost of the EFR Acquisitions, the acquisitions of Thales Building and 138 Depot Road, and other relevant fees and expenses is S\$348.4 million. The EFR Acquisitions are expected to be completed by the end of October 2005.

Mr Tan Ser Ping, Chief Executive Officer of the Manager said, "The proposed acquisitions will increase the asset size of A-REIT from S\$2.3 billion to over S\$2.6 billion, and at the same time, further diversify its portfolio of properties and tenant base, thereby improving the risk profile of A-REIT. The income from these properties will also further enhance A-REIT's distribution to its Unitholders. Based on the forecast FY2005/06 DPU of 11.37 cents<sup>1</sup>, A-REIT is currently trading at a yield range between 5.0% to 5.3%, which is a healthy 225 to 255 basis points spread to Singapore's 10-year government bond rate."

### **Extraordinary General Meeting**

The Circular, together with a notice of EGM, will be despatched to Singapore Registered Unitholders<sup>4</sup> by the Manager. The Circular sets out details of the Equity Fund Raising, the approvals to be sought, the details of the properties proposed to be acquired by A-REIT, the benefits of the acquisitions and the Equity Fund Raising as well as their impact on A-REIT. The Circular will also be available on A-REIT's website at [www.a-reit.com](http://www.a-reit.com) by 12 noon on 26 August 2005.

The EGM will be held on 13 September 2005 at 2.30 p.m. at Pan Pacific Singapore, Pacific 3, Level One, 7 Raffles Boulevard, Marina Square, Singapore 039595.

The following resolutions will be put to Unitholders at the EGM, of which resolutions 1 to 7 relate to approvals sought for acquisitions of properties from Ascendas Group:

1. Approval of the proposed acquisition of 138 Depot Road;
2. Approval of the proposed acquisition of Hamilton Sundstrand Building;

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<sup>4</sup> Unitholders as at 19 September 2005 at 5.00 p.m. (the "Books Closure Date"), other than those whose registered addresses with The Central Depository (Pte) Limited ("CDP") are outside Singapore, who do not have a "rights" mailing address with CDP and who have not, at least five market days prior to 19 September 2005, provided CDP with addresses in Singapore for the service of notices and documents.

3. Approval of the proposed acquisition of Hoya Building;
4. Approval of the proposed acquisition of LogisHub@Clementi;
5. Approval of the proposed acquisition of Techquest;
6. Approval of the proposed acquisition of Techview;
7. Approval of the proposed acquisition of Thales Building;
8. Approval of the proposed issue of New Units as part consideration in connection with the proposed acquisition of Techview (the “**Techview Consideration Units**”);
9. Approval of the proposed issue of New Units under the Equity Fund Raising; and
10. Approval of a placement of New Units to MGM Singapore Pte. Ltd., a substantial Unitholder<sup>5</sup>.

### **Equity Fund Raising**

The Equity Fund Raising will comprise:

- a preferential offering of 58 million<sup>6</sup> New Units to Singapore Registered Unitholders on a non-renounceable basis of one New Unit for every 20 existing units in A-REIT (the “**Existing Units**”) held as at the Books Closure Date (fractions of a Unit to be disregarded and subject to the rounding mechanism as described in the Circular) (the “**Preferential Offering**”); and
- a private placement of New Units to retail and institutional investors (the “**Private Placement**”)<sup>7</sup>;

PricewaterhouseCoopers Corporate Finance Pte Ltd has been appointed by the Independent Directors of the Manager as the independent financial adviser to the Non-Interested Directors and HSBC Institutional Trust Services (Singapore) Limited as trustee of A-REIT; and Citigroup Global Markets Pte. Ltd. has been appointed as the lead manager and underwriter for the Equity Fund Raising (the “**Lead Manager and Underwriter**”).

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<sup>5</sup> A Unitholder with an interest in one or more units in A-REIT (“**Units**”) constituting not less than 5.0% of all Units on issue.

<sup>6</sup> This figure does not take into account the additional New Units which will, where necessary, be allocated to Singapore Registered Unitholders to enable them to obtain, through subscriptions for their provisional allocations of New Units under the Preferential Offering, aggregate unitholdings in integral multiples of 1,000 units.

<sup>7</sup> To the extent that additional Units are required due to rounding under Preferential Offering, the number of Units under the Private Placement will be reduced accordingly.

If the proposed issue of New Units for the purpose of the Equity Fund Raising is approved by Unitholders at the EGM, the issue price per New Unit will be determined closer to the date of commencement of the Equity Fund Raising by the Manager and the Lead Manager and Underwriter.

The Equity Fund Raising is not subject to or conditional upon completion of all or any of the EFR Acquisitions. While the Manager currently intends to apply the proceeds towards partially funding the EFR Acquisitions, the proceeds of the Equity Fund Raising may be used, at the Manager's absolute discretion (subject to the relevant laws and regulations), to partly finance the EFR Acquisitions and/or to acquire any other suitable property or properties for A-REIT.

#### **Approval-in-principle from Singapore Securities Exchange Trading Limited (the "SGX-ST")**

Approval-in-principle has been obtained from the SGX-ST for the listing and quotation of up to approximately 133 million New Units to be issued pursuant to the Equity Fund Raising and the issue of the Techview Consideration Units on the Main Board of the SGX-ST.

The SGX-ST's in-principle approval is not an indication of the merits of A-REIT Units or the Equity Fund Raising.

#### **Waivers from Rule 812(1) of the SGX-ST's Listing Manual**

The Manager has sought and obtained a waiver from Rule 812(1) of the Listing Manual of the SGX-ST (the "**Listing Manual**") so that restricted placees listed thereunder (such as the directors of the Manager, their immediate family<sup>8</sup> and substantial Unitholders) that are Singapore Registered Unitholders can participate in the Preferential Offering.

#### **Undertakings by Ascendas Land (Singapore) Pte Ltd and MGM Singapore Pte. Ltd.**

In support of the Equity Fund Raising, Ascendas Land (Singapore) Pte Ltd and MGM Singapore Pte. Ltd. (both of which are substantial Unitholders) have each undertaken to take up their respective provisional allocations of New Units under the Preferential Offering.

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<sup>8</sup> The spouse, children, adopted children, step-children, siblings and parents of the Directors.

### **Benefits to Unitholders**

The proposed acquisitions by A-REIT is expected to benefit Unitholders by delivering increased earnings and distributions; improving income diversification, enhancing the tenant base, and providing potential growth through positive rental reversions on the multi-tenanted buildings, amongst other advantages.

Following completion of the Equity Fund Raising, completion of the EFR Acquisitions and completion of the acquisition of Thales Building in January 2006, A-REIT's forecast DPU for the financial year ending 31 March 2006 is expected to be 11.37 cents<sup>1</sup>, an increase of 1.6% on the expected base case DPU of 11.18 cents from the Existing Properties. This represents a 14.4% increase when compared to the previous forecast DPU of 9.94 cents announced in the circular dated 19 November 2004. It is expected that the effect of the FY2005/2006 Acquisitions and the Equity Fund Raising will increase the base case DPU by 3.3% for the period from the date of issue of the New Units to 31 March 2006.

A-REIT's reliance on any single property in its portfolio will also be reduced such that no single property will account for more than 7.7% of A-REIT's total net property income compared to 9.0% based on the existing properties.

### **Future Funding Flexibility**

In line with A-REIT's capital management strategy, the EFR Acquisitions and the acquisitions of Thales Building and 138 Depot Road are proposed to be funded through a mix of debt and equity while maintaining A-REIT's flexibility to make further property acquisitions through debt. It is expected that the Equity Fund Raising will reduce A-REIT's gearing from the expected base case level of approximately 31.5% to approximately 30.2% following the completion of the EFR Acquisitions and the acquisition of Thales Building.

### **The Cumulative Distribution**

In conjunction with the proposed Equity Fund Raising, the Manager intends to declare, in lieu of the scheduled distribution in respect of A-REIT's distributable income for the period from 1 July 2005 to 30 September 2005, a distribution in respect of A-REIT's

distributable income for the period from 1 July 2005 to the day immediately prior to the date the New Units are issued under the Equity Fund Raising (the “**Cumulative Distribution**”). The next distribution thereafter will comprise A-REIT’s distributable income for the period from the date that New Units are issued pursuant to the Equity Fund Raising to 31 December 2005. Quarterly distributions will resume after that.

The Cumulative Distribution is being proposed as a means to ensure fairness to holders of the existing Units and, at the same time, to avoid the additional costs and confusion associated with maintaining two counters. Further details pertaining to the Cumulative Distribution will be announced in due course.

For the avoidance of doubt, New Units issued pursuant to the Equity Fund Raising and the Techview Consideration Units will not be entitled to participate in the distribution of any distributable income accrued by A-REIT prior to the date of issue of such Units. The New Units issued pursuant to the Equity Fund Raising and the Techview Consideration Units will, upon issue, rank *pari passu* in all respects with the then existing Units, including the right to any distributions which may be paid for the period from the date such New Units are issued to 31 December 2005 as well as all distributions thereafter.

**Key dates and times**

|   |   |                                |
|---|---|--------------------------------|
| Last date and time for lodgement of Proxy Forms                         | : | 11 September 2005 at 2.30 p.m. |
| Date and time of EGM  | : | 13 September 2005 at 2.30 p.m. |
|   |   |                                |
| <i>If the Equity Fund Raising is approved by Unitholders</i>            |   |                                |
| Last day of trading ‘cum’ basis in respect of the Preferential Offering | : | 14 September 2005 at 5.00 p.m. |
| Books Closure Date  | : | 19 September 2005 at 5.00 p.m. |

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For enquiries, please contact:

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## **About A-REIT ([www.a-reit.com](http://www.a-reit.com))**

A-REIT is the first business space and light industrial real estate investment trust listed on the SGX-ST. It has a diversified portfolio of 44 properties in Singapore, comprising business park (including science park), light and hi-tech industrial properties, and logistics and distribution centres, with a book value of S\$2.3 billion. These properties house a tenant base of over 500 international and local companies from a range of industries and activities, including research and development, life sciences, information technology, engineering and light manufacturing. Major tenants include SingTel, C&P Logistics, Siemens, TT International, Honeywell, IHPC, Zuellig Pharma, LFD (Singapore), OSIM International, Venture Corporation, Federal Express, Freight Links Express, Johnson & Johnson, RSH, Infineon Technologies, Procter & Gamble and Hyflux.

A-REIT is listed in several indices. These include the Morgan Stanley Capital International, Inc (MSCI) Index, the FTSE Global Small Cap Asia Pacific Ex Japan Index Series, the European Public Real Estate Association/National Association of Real Estate Investment Trusts (EPRA/NAREIT) Global Real Estate Index, Global Property Research (GPR) Asia 250 and the Standard & Poor inaugural S&P Asia PowerPicks 2004 portfolio.

A-REIT is managed by **Ascendas-MGM Funds Management Limited** (in its capacity as manager of A-REIT), a 60:40 joint venture between Singapore-based Ascendas Pte Ltd and Australian-based Macquarie Goodman Management Limited.

## **Important Notice**

*This release 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 costs), 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.*

*All forecasts are based on the Manager's assumptions and qualifications as explained in the Circular. The forecast financial performance of A-REIT is not guaranteed. A potential investor should read the Circular first for details of the forecasts, consider the assumptions and qualifications set out in Circular and make their own assessment of the future performance of A-REIT before deciding whether to subscribe for or purchase the New Units.*

*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 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.*