



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

ANNOUNCEMENT
A-REIT'S PROPOSED ACQUISITIONS OF TWO PROPERTIES
- PACIFIC TECH CENTRE AND WELTECH INDUSTRIAL BUILDING
AND COMPLETION OF ACQUISITION OF 7 CHANGI SOUTH STREET 2 BUILDING

1. INTRODUCTION

1.1 The Proposed Acquisitions

Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), has identified Pacific Tech Centre and Weltech Industrial Building (together, the “**Properties**” and each a “**Property**”) for acquisition by A-REIT (the “**Proposed Acquisitions**”) at an aggregate purchase price of S\$71 million. The vendor of Pacific Tech Centre is Federal Paint Factory (S) Ltd (“**Federal Paint**”) and the vendor of Weltech Industrial Building is Weltech Industries Pte Ltd (“**Weltech Industries**”) (together, the “**Vendors**”).

In connection with the Proposed Acquisitions, 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**” and each an “**Option Agreement**”); with Federal Paint on 5 May 2005 and with Weltech Industries on 26 April 2005, respectively. Under each of the Option Agreements:

- 1.1.1 The Vendors have granted to the Trustee the relevant call options which, if exercised by the Trustee, shall constitute a binding contract for the sale and purchase of the relevant Property between the Trustee and the relevant Vendor on the terms of the Purchase Conditions appended to the relevant Option Agreement; and
- 1.1.2 the Trustee has granted to the Vendors the relevant put options which, if exercised by the relevant Vendor, shall constitute a binding contract for the sale and purchase of the relevant Property between the Trustee and the relevant Vendor on the terms of the Purchase Conditions appended to the relevant Option Agreement.

Each binding contract hereinafter referred to as “the Sale and Purchase Agreement” and together referred to as “**the Sale and Purchase Agreements**”).

1.2 Completion of Acquisition of 7 Changi South Street 2 Building

The Trustee has signed a put and call option for the acquisition of 7 Changi South Street 2 Building for a purchase price of \$30.6 million with Avenue Distribution Pte Ltd (“**Avenue**

Distribution") on 22 April 2005. On 5 May 2005, the Trustee entered into the Sale and Purchase Agreement with Avenue Distribution for 7 Changi South Street 2 Building at a purchase price of \$30.6 million (the "**Completed Acquisition**").

1.3 Disclosure Requirements Under the Listing Manual

The Manager is making this announcement because the Proposed Acquisitions and the Completed Acquisition will collectively constitute a "major transaction" under Chapter 10 of the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

2. INFORMATION ON THE PROPERTIES

2.1 7 Changi South Street 2 Building

7 Changi South Street 2 Building is a fully air-conditioned part 3-storey and part 5-storey warehouse cum office building with a basement carpark. It has a net lettable area of 13,660 sqm, and is situated on land covering 11,703 sqm. The land is on leasehold title of 60 years and expires on 30 September 2054.

The property is easily accessible from major expressways, and is situated within the Changi South Industrial Estate with surrounding development including purpose-built industrial factories, Singapore Expo and Laguna National Golf and Country Club.

Avenue Distribution is currently leasing the property to a global logistics company. Upon completion of the sale, Avenue Distribution will enter into a 5-year lease for the property with A-REIT. Upon expiry of the lease, the existing leases will be novated to A-REIT. A-REIT is expected to incur acquisition costs of \$0.6 million. Avenue Distribution will bear the cost of lease administration, property tax, land rent, maintenance and utilities and pay an initial rent of \$2.4 million.

2.2 Pacific Tech Centre

Upon completion of the sale expected to be by September 2005, Federal Paint will assign all the existing leases to A-REIT. The top three tenants with lease terms between 2 to 3 years currently residing in the multi-tenanted Pacific Tech Centre include Sa Sa Cosmetic Co (S) Pte Ltd, Mobileway 365 Pte Ltd and Amway (Singapore) Pte Ltd. A-REIT is expected to incur acquisition costs of \$0.9 million and will bear the cost of lease administration, property tax, maintenance and utilities as this is a multi-tenanted property.

The Pacific Tech Centre is a fully air-conditioned 10-storey hi-tech industrial building sited on a land area of 9,917 sqm with gross floor area of 25,718 sqm and net lettable area of 19,626 sqm. The land lease has a 99-year title expiring in December 2061. The property is centrally located along Jalan Bukit Merah, with access to the city center and major expressways.

2.3 Weltech Industrial Building

Upon completion of the sale expected to be by June 2005, Sunningdale Precision Industries Ltd (“**Sunningdale**”), a company listed on the Singapore Stock Exchange since July 2003, will lease back the entire net lettable area of 6,509 sqm for a period of 8 years with an option to renew for another 5 years. In the lease terms, the initial rent is \$1 million with subsequent contractual stepped rental increases per annum. A-REIT is expected to incur acquisition costs of \$0.2 million and will bear the cost of lease administration, property tax and land rent, while Sunningdale will be responsible for the utilities and maintenance costs.

Sunningdale is in the design and manufacturing of precision moulds as well as the injection moulding of precision engineering plastic components. It is also a contract manufacturer of assembled plastic products. The company currently has six production facilities, two in Singapore, one in Johor Bahru, Malaysia and the remaining three in China.

The Weltech Industrial Building is a 5-storey light industrial building sited on a land area of 4,000 sqm with gross floor area of 7,998 sqm. The land lease has a 60-year title expiring in March 2056. The property is strategically located in Ubi Road 4, with access to the city center and airport via the Pan-Island Expressway (PIE).

2.4 Value of the Properties

7 Changi South Street 2 Building was valued by Jones Lang LaSalle Property Consultants Pte Ltd (“**Jones Lang LaSalle**”) and both Pacific Tech Centre and Weltech Industrial Building were valued by CB Richard Ellis (S) Pte Ltd (“**CBRE**”) in accordance with the instructions issued by the Trustee. All valuations were prepared using the income and discounted cash flow methods as well as the direct comparison and replacement cost methods of valuation.

The valuation, the purchase price 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)	Date of Valuation
7 Changi South Street 2 Building	30.7	30.6	1 April 2005 by Jones Lang LaSalle
Pacific Tech Centre	62.0	62.0	1 April 2005 by CBRE
Weltech Industrial Building	9.0	9.0	21 March 2005 by CBRE
Total	101.7	101.6	

3. CERTAIN PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS

3.1 Option Agreements

Certain other principal terms of the Option Agreements can be found in the Appendix to this Announcement.

4. RATIONALE AND BENEFIT OF THE PROPOSED ACQUISITIONS TO A-REIT

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.

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

5.1 The purchase of the Properties may be funded through additional borrowings or by issuing new equity or a combination of both. The purchase of 7 Changi South Street 2 Building has been funded wholly with debt upon its completion today. The Manager is currently reviewing various financing alternatives as well as the optimal level of gearing for A-REIT for the other two properties. The Manager will advise unitholders of the proposed funding method as soon as it has been finalised and provide information relating to the financial effects of the proposed acquisition, such as the net property income which will be attributable to the Property as well as the impact of the proposed acquisition on the net asset value per unit in A-REIT ("Unit"), the distribution per Unit and A-REIT's gearing.

5.2 The pro forma financial effect of the Proposed Acquisitions on A-REIT's distributable income per Unit for the financial year ended 31 March 2005 is expected to be as follows:

Property	DPU Impact (cents per unit)	Funding assumptions
7 Changi South Street 2 Building	0.13	100% debt
Pacific Tech Centre	0.10	30% debt / 70% equity
Weltech Industrial Building	0.02	30% debt / 70% equity
Total	0.25	

assuming that:

- A-REIT had purchased, held and operated the Properties as well as other properties acquired since the start of A-REIT's current financial year, for the whole of the financial year ended 31 March 2005;
- the acquisition of the 7 Changi South Street 2 Building had been funded wholly with debt and Pacific Tech Centre and Welltech Industrial Building had been funded using the optimal gearing level of 30% debt and 70% equity; and
- that the structure of the Manager's management fees as described in paragraph 7.2 below had been in place for the whole financial year.

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 of A-REIT 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 Mode of Payment of Management Fees

As sanctioned by an extraordinary resolution of the unitholders of A-REIT ("**Unitholders**") passed at an extraordinary general meeting held on 2 November 2004, the Manager may in relation to each new property acquired by A-REIT, irrevocably elect at any time to receive its base fee ("**Base Fee**") and performance fee ("**Performance Fee**") payable under A-REIT's trust deed in the form of cash and Units.

In respect of each of the properties acquired since 31 March 2005 being, AEM-Everttech Building, Da Vinci Building, Hyflux Building, MSL Building, 7 Changi South Street 2 Building, Pacific Tech Centre, Weltech Industrial Building, the Manager elects to receive its Base Fee entirely in cash and the relevant portion of its Performance Fee entirely in Units.

7.3 Disclosure Under Rule 1010(13) of the Listing Manual

7.3.1 According to Chapter 10 of the SGX-ST's Listing Manual, the Proposed Acquisitions are collectively a major transaction based on the relative figures computed on the following bases applicable thereto:

- (a) the profits attributable to the Properties, compared with A-REIT's net profits; and
- (b) the aggregate value of the consideration to be given, compared with A-REIT's market capitalisation.

- 7.3.2 Based on A-REIT's audited financial statements for the financial year ended 31 March 2005, the relative figure for the basis of comparison set out in sub-paragraph 7.3.1(a) is 7.27 per cent.
- 7.3.3 Based on the aggregate purchase price of S\$101.6 million of the Properties and A-REIT's market capitalisation as at 31 March 2005 (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 7.3.1(b) is 4.37 per cent.
- 7.3.4 Under Rule 1013 of the SGX-ST's Listing Manual, where any of the relative figures computed on, *inter alia*, the bases set out in paragraph 7.3.1 above in relation to a proposed transaction by A-REIT exceeds 20 per cent, the transaction is regarded as a major transaction. Rule 1014 of the Listing Manual further provides that a major transaction must be made conditional upon approval by Unitholders in a general meeting. In respect of acquisitions by A-REIT of income-producing business park (including science park), light industrial, built-to-suit and other similar sorts of properties, however, the Manager has obtained a ruling from the SGX-ST that such acquisitions do not fall within Rule 1013 of the Listing Manual and, as such, the Proposed Acquisitions are not subject to Unitholders' approval.

7.4 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours (upon appointment) at the registered office of the Manager at 75 Science Park Drive, #01-03 CINTECH II, Singapore 118255, for a period of three months commencing from the date of this Announcement:

- 7.4.1 the Option Agreements; and
- 7.4.2 the Sale and Purchase Agreements (as appended to the respective Option Agreements).

BY ORDER OF THE BOARD
ASCENDAS-MGM FUNDS MANAGEMENT LIMITED
(Company Registration No. 200201987K)
(as manager of Ascendas Real Estate Investment Trust)

Tay Hsiu Chieh
Company Secretary
5 May 2005

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 other companies and venues for the sale or distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses

(including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view 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.

APPENDIX

A. Certain Other Principal Terms of the Option Agreements

1. Pacific Tech Centre

Under the Option Agreement relating to the sale and purchase of Pacific Tech Centre, the right of the Trustee to exercise its call option and the right of Federal Paint to exercise its put option relating to the sale and purchase of Pacific Tech Centre, are conditional upon, *inter alia*, A-REIT has sufficient funding to pay for the aggregate purchase price of the property and the agreements for such financing not having been terminated and being unconditional in all respects, (unless having been waived by the Trustee in writing), to Federal Paint obtaining the winding up order of the Management Corporation Strata Title Plan No. 6288, terminating the existing strata subdivision of the property, obtaining the Head Lessor's approval and Federal Paint's Shareholders' Approval.

2. Weltech Industrial Building

Under the Option Agreement relating to the sale and purchase of Weltech Industrial Building, the right of the Trustee to exercise its call option and the right of Weltech Industries to exercise its put option, are conditional upon, *inter alia*, A-REIT has sufficient funding to pay for the aggregate purchase price of the property and the agreements for such financing not having been terminated and being unconditional in all respects (unless having been waived by the Trustee in writing) and the approval of the Housing Development Board for the sale and leaseback of the property.

B. Certain Other Principal Terms of the Sale and Purchase Agreements

1. 7 Changi South Street 2 Building

Consideration: The purchase price of 7 Changi South Street 2 is \$30.6 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis and is supported by the valuation report dated 1 April 2005 issued by Jones Lang LaSalle Property Consultants Pte Ltd.

A-REIT will pay an initial price of \$28.6 million upon completion on 5 May 2005. The remaining \$2 million will be paid over next four years at equal instalments of \$0.5 million effective from the end of second year from the completion date of 5 May 2005.

2. Pacific Tech Centre

Consideration: The purchase price of Pacific Tech Centre is S\$62.0 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis and is supported by the valuation report dated 1 April 2005 issued by CB Richard Ellis (S) Pte Ltd.

A deposit of S\$0.15 million has already been paid by the Trustee. Upon completion, the Trustee will have to pay S\$61.85 million.

3. Weltech Industrial Building

Consideration: The purchase price of Weltech Industrial Building is S\$9.0 million and will be wholly satisfied in cash. This price was arrived at on a willing-buyer and willing-seller basis and is supported by the valuation report dated 21 March 2005 issued by CB Richard Ellis (S) Pte Ltd.

A deposit of S\$0.045 million has already been paid by the Trustee. Upon completion, the Trustee will have to pay a further S\$8.955 million.