



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

ANNOUNCEMENT
A-REIT'S PROPOSED ACQUISITION OF
31 INTERNATIONAL BUSINESS PARK

1. INTRODUCTION

1.1 Proposed Acquisition

Ascendas Funds Management (S) Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), has identified 31 International Business Park (the “**Property**”) for acquisition by A-REIT (the “**Proposed Acquisition**”) at a purchase price of S\$246.8 million. The Property is owned by Creative Technology Centre Pte Ltd (the “**Vendor**”), a wholly-owned subsidiary of Creative Technology Ltd (“**Creative**”).

HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”), as trustee of A-REIT, has today entered into a conditional put and call option agreement (the “**Option Agreement**”) with the Vendor pursuant to which:

- (i) The Vendor has granted to the Trustee a call option to require the Vendor to enter into an agreement for the sale of the Property (in the form of sale and purchase agreement appended to the Option Agreement (the “**Sale and Purchase Agreement**”)) to the Trustee on the terms set out in paragraph 3 below; and
- (ii) The Trustee has granted to the Vendor a put option to require the Trustee to enter into the Sale and Purchase Agreement for the purchase of the Property from the Vendor on the terms set out in paragraph 3 below.

1.2 Disclosure Requirements Under the Listing Manual

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

- (i) According to Chapter 10 of the SGX-ST’s Listing Manual, the Proposed Acquisition is classified as a discloseable transaction based on the relative figures computed on the following bases set out in Rule 1006:
 - (i) The net profits attributable to the Property acquired, compared with A-REIT’s net profits.

Based on A-REIT's latest unaudited financial statements for the financial year ended 31 March 2008, the relative figure for the basis of comparison is 5.3%.

- (ii) The value of the consideration to be given compared with A-REIT's market capitalisation based on the total number of issued units.

Based on the purchase price of S\$246.8 million for the Property and A-REIT's market capitalisation as at the close of business day on 8 May 2008 (being the latest practicable date prior to the date of this Announcement), the relative figure for the basis of comparison is approximately 7.0%.

- (iii) Under Rule 1010 of the SGX-ST's Listing Manual, where any of the relative figures computed on the bases set out in paragraph above in relation to a proposed transaction by A-REIT exceeds 5% but does not exceed 20%, the transaction is regarded as a discloseable transaction.

2. INFORMATION ON THE PROPERTY

31 International Business Park

2.1 The Land and the Building

Conveniently located at International Business Park, the Property is easily accessible via the major expressways and the MRT. The property comprises a part 5-storey, part 7-storey and part 8-storey tower with one level of basement carpark, an auditorium and a 2,000-capacity outdoor amphitheatre on a leasehold land of 24,688 sqm. The land tenure is 30+30 years with effect from 16 December 1994.

The Property has a gross floor area and net lettable area of approximately 61,720 sqm and 50,290 sqm respectively.

2.2 Value of the Property

The Property was valued by CB Richard Ellis (Pte) Ltd who was appointed by the Trustee. The valuation was prepared using the income and discounted cash flow methods as well as the direct comparison method of valuation.

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

Valuation (S\$ million)	Purchase Price (S\$ million)	Date of Valuation
246.8	246.8	30 April 2008

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 The Option Agreement

Under the Option Agreement, the right of the Trustee to exercise its call option and the right of Vendor to exercise its put option, in both cases to require the other party to enter

into the Sale and Purchase Agreement, are conditional upon the fulfilment of, *inter alia*, the following conditions :

- (i) the approval of the shareholders of Creative, for the sale of the Property on the terms set out in the Option Agreement; and
- (ii) the approval of Jurong Town Corporation for (a) the sale of the Property by the Vendor to the Trustee; (b) the lease by the Trustee to the Vendor; and (c) the Vendor's sub-leases.

3.2 Sale and Purchase Agreement

- (i) If either the call option or put option under the Option Agreement relating to the sale and purchase of the Property is exercised and the Trustee enters into the Sale and Purchase for the purchase of the Property with the Vendor, the Trustee will be required to purchase the Property.
- (ii) The purchase price of the Property and the mechanical and electrical equipment relating thereto is S\$246.8 million and will be wholly satisfied in cash. The price was arrived at on a willing-buyer and willing-seller basis and is supported by the valuation report dated 30 April 2008 issued by CB Richard Ellis (Pte) Ltd.

A deposit of S\$100,000 has already been paid by the Trustee. Upon completion, the Trustee will have to pay the balance of the purchase price being S\$246.7 million.

- (iii) On completion, the Vendor will take a lease of the property for a period of five years with options to renew the lease for another 3 + 2 years on expiry. The average yield for the initial 5-year lease will be 6.24%. Additional rent is payable in the third and fifth years of the lease if the total percentage (ie cumulative) variation of the Consumer Price Index of Singapore exceeds 5%. The Tenant will pay a cash security deposit (as security for the compliance with the provisions of the lease) equivalent to S\$72.2 million against which the rent payable under the lease will be deducted monthly.

4. RATIONALE AND BENEFIT OF THE PROPOSED ACQUISITIONS 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 as stated below.

4.2 Diversification of A-REIT's 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 AND FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 5.1** The Proposed Acquisition is intended to be funded by debt and/or equity.
- 5.2** The pro forma net profit for the first 12 months attributable to the asset being acquired is S\$9.3 million.
- 5.3** The effect of the acquisition on net tangible asset per unit is an increase of 11.0 cents for the financial year ended 31 March 2008, assuming that the purchase of the Property had been effected at the end of FY2007/08 and was funded using 40% debt and 60% equity.
- 5.4** The pro forma financial effect of the Proposed Acquisition on A-REIT's distributable income per Unit for the financial year ended 31 March 2008 is expected to be an additional 0.07 cents per Unit assuming that: A-REIT had purchased, held and operated the Property since the start of A-REIT's current financial year, for the whole of the financial year ended 31 March 2008;
- The acquisition was funded using the optimal gearing level of 40% debt and 60% equity; and
 - The basis of the Manager's management fees is as described in paragraph 7.2 below.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

No Director of the Manager or controlling unitholder of A-REIT has any interest, direct or indirect, in the transaction, other than by way of acquisition fees and ongoing management fees payable to the Manager by A-REIT. Such fees are on the basis disclosed in the A-REIT prospectus dated 5 November 2002 and varied as described in paragraph 7.2 below, therefore the Listing Rules relating to Interested Person Transactions are not applicable to these fees.

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.

7.2 Mode of Payment of Management Fees

As sanctioned by an extraordinary resolution of the Unitholders of A-REIT ("Unitholders") passed at the Unitholders' Meeting on 28 June 2007, 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**") which it is entitled to under the Trust Deed wholly in Units or wholly in cash or in any combination of both.

From 1 November 2007, the Manager has elected to receive 80% of its base fee in cash and 20% in units. The Performance fee will continue to be paid entirely in Units.

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 61 Science Park Road, #02-18 The Galen, Singapore 117525, for a period of 3 months commencing from the date of this Announcement:

- (i) the Option Agreement;
- (ii) the form of the Sale and Purchase Agreement (appended to the Option Agreement); and
- (iii) the Valuation Report dated 30 April 2008 issued by CB Richard Ellis (Pte) Ltd.

BY ORDER OF THE BOARD
ASCENDAS FUNDS MANAGEMENT (S) LIMITED

Maria Theresa Belmonte
Assistant Company Secretary
09 May 2008

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 the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The past performance of A-REIT is not necessarily indicative of the future performance of A-REIT.

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 similar developments, shifts in expected levels of property rental income and occupancy, changes in operating expenses, including employee wages, benefits and training, 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 the Manager's current view of future events.