



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

**ANNOUNCEMENT**  
**A-REIT'S PROPOSED ACQUISITION OF AEM-EVERTECH BUILDING**  
**FROM EVER TECHNOLOGIES PTE LTD**

**1. INTRODUCTION**

**1.1 Proposed Acquisition**

Ascendas-MGM Funds Management Limited (the “**Manager**”), the manager of Ascendas Real Estate Investment Trust (“**A-REIT**”), has agreed to acquire AEM-Evertch Building located at 52 Serangoon North Ave 4 in Singapore (the “**Property**”) for A-REIT (the “**Proposed Acquisition**”). The Property is currently owned by Ever Technologies Pte Ltd (“**Ever Technologies**”), a 100% wholly-owned subsidiary of AEM-Evertch Holdings Ltd (“**AEM-Evertch**”).

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 a conditional put and call option agreement (the “**Option Agreement**”) with Ever Technologies on 7 February 2005, pursuant to which:

- 1.1.1 Ever Technologies has granted to the Trustee a call option (the “**Call Option**”) to require it to enter into an agreement for the sale of the Property (in the form of the sale and purchase agreement appended to the Option Agreement (the “**Sale and Purchase Agreement**” and together, the “**Sale and Purchase Agreements**”)) to the Trustee; and
- 1.1.2 the Trustee has granted Ever Technologies a put option (the “**Put Option**”) to require the Trustee to enter into the relevant Sale and Purchase Agreement for the purchase of the Property from it.

**2. INFORMATION ON THE PROPERTY**

**2.1 Description**

- 2.1.1 The Property comprises a seven-storey light industrial building for design and manufacturing use by AEM-Evertch (the “**Tenant**”). It is strategically located in close proximity to the city via the Central Expressway (CTE).
- 2.1.2 Completed in year 1998, the Property with a net lettable area of 11,799 sqm, sits on leasehold land covering an area of 6,465 sqm. Approval has been obtained for an additional 30 years land lease title expiring in 2055.

## 2.2 Property Value

The Property was valued at S\$14.0 million in a valuation report dated 1 January 2005 prepared by Jones Lang Lasalle Property Consultants Pte Ltd (“**Jones Lang Lasalle**”) in accordance with the instructions issued by the Trustee. The valuation was prepared using the income and discounted cash flow methods as well as the direct comparison and replacement cost methods.

## 3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

### 3.1 The Option Agreement

The principal terms of the Option Agreement are as follows:

**3.1.1 Purchase to be on the terms and conditions of the Sale and Purchase Agreement:** The Call Option granted by Ever Technologies to the Trustee and the Put Option granted by the Trustee to Ever Technologies provide for the sale and purchase of the Property to be on the terms and conditions of the Sale and Purchase Agreement in the event that either the Trustee or Ever Technologies becomes entitled to exercise, respectively, the Call Option or the Put Option and so exercises its option.

**3.1.2 Conditions precedent:** The rights of the Trustee and Ever Technologies to exercise, respectively, the Call Option and the Put Option depend upon the following conditions (the “**Relevant Conditions**”) being fulfilled by 13 weeks from the date of the Option Agreement (or such other date as may be determined in accordance with the Option Agreement, (the “**Target Date**”), unless otherwise waived by the Trustee in writing:

- (i) A-REIT obtaining satisfactory financing for the Proposed Acquisition; and
- (ii) the approval of the shareholders of Ever Technologies for the sale of the Property
- (iii) the approval from JTC Corporation for the transfer of land lease to A-REIT.

**3.1.3 Purchase Price:** The purchase price of the Property is S\$14.0 million, out of which S\$0.14 million (including the Option fee) will be paid upon completion of the Proposed Acquisition. The Option Fee was paid by the Trustee upon the execution of the Option Agreement. The Option Fee is wholly refundable *inter alia*, in the event that any of the Relevant Conditions are not met by the Target Date but will otherwise be applied towards the purchase price of the Property upon entry of the Sale and Purchase Agreement between Ever Technologies and the Trustee.

**3.1.4 Termination of the Option Agreement:** If any of the Relevant Conditions (other than those which the Trustee has confirmed in writing to Ever Technologies as having been waived by the Trustee) is not fulfilled by the Target Date, the Option Agreement shall cease and determine and, save for the obligation of Ever Technologies to refund the Option Fee to the Trustee,

neither party shall have any further claim against the other for costs, damages, compensation or otherwise.

### **3.2 The Sale and Purchase Agreement**

The Sale and Purchase Agreement provides that the Tenant will lease the Property for 10 years upon completion at an initial annual rental income of S\$ 1.9 million with stepped rental increases in the subsequent years of lease.

## **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 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. Based on the purchase price of S\$14.0 million for the Proposed Acquisition, the Property is expected to deliver a property yield of 8.1%. (before acquisition costs) in the first year. The Manager currently estimates the acquisition costs for the Property to be S\$0.7 million.

### **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 THE FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

Assuming that the acquisition is funded at an optimal gearing level of 30 per cent. debt / 70 per cent. equity, and that A-REIT had purchased, held and operated the Property for the entire financial year ended 31 March 2004, the annualised pro forma financial effect on A-REIT's distributable income per unit ("**Unit**") would have been 0.03 cents.

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

## **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS**

Ever Technologies is not related to the Manager, the Ascendas Group of Companies nor the JTC Group of Companies and accordingly the acquisition if not considered to be an interested third party transaction.

## **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 or any other transaction contemplated in relation to the Proposed Acquisition.

### **7.2 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:

7.2.1 the Option Agreement; and

7.2.2 the form of the Sale and Purchase Agreement (appended to the Option Agreement).

BY ORDER OF THE BOARD  
ASCENDAS-MGM FUNDS MANAGEMENT LIMITED

Tay Hsiu Chieh

Company Secretary

7 February 2005

### **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 of A-REIT 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.