



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

ANNOUNCEMENT

A-REIT'S PROPOSED ACQUISITION OF A PROPERTY UNDER DEVELOPMENT AT PLOT 23 INTERNATIONAL BUSINESS PARK FOR S\$20.0 MILLION

1. INTRODUCTION

1.1 The Proposed Acquisition

Ascendas-MGM Funds Management Limited (the "**Manager**"), the manager of Ascendas Real Estate Investment Trust ("**A-REIT**"), has identified a property under development at Plot 23 International Business Park (the "**Property under development**") for acquisition by A-REIT (the "**Proposed Acquisition**") at a purchase price of S\$20.0 million. The vendor of the Property under development is LabOne Singapore Pte Ltd ("**LabOne S'pore**").

In connection with the Proposed Acquisition, 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 LabOne S'pore on 25 October 2005. Under the Option Agreement:

- 1.1.1 LabOne S'pore has granted the Trustee the call option which, if exercised by the Trustee, shall constitute a binding contract for the sale and purchase of the Property under development between the Trustee and LabOne S'pore on the terms of the Purchase Conditions appended to the Option Agreement; and
- 1.1.2 the Trustee has granted to LabOne S'pore the put option which, if exercised by LabOne S'pore, shall constitute a binding contract for the sale and purchase of the Property under development between the Trustee and the LabOne S'pore on the terms of the Purchase Conditions appended to the Option Agreement.

The binding contract hereinafter referred to as ("**the Sale and Purchase Agreement**").

2. INFORMATION ON THE PROPERTY UNDER DEVELOPMENT

2.1 Plot 23 International Business Park

The proposed property under development located at Plot 23 International Business Park will be a 7-storey business park building with a single-storey lab and basement car park. It is expected to have a gross floor area of 10,116 sqm, and is situated on land area of 7,277 sqm. The land is on leasehold title of 30 years which expires on 14 July 2034 with an option for a further 30 years. LabOne S'pore has informed that approval will be given for the further 30 years option as they will meet the minimum plot ratio and aesthetic requirements.

The Property under development will be easily accessible from the Ayer Rajah Expressway and Pan-Island Expressway.

The construction of the property is expected to complete by middle of 2006. Upon completion of the construction of the property, LabOne S'pore will enter into a 10-year lease with A-REIT, with annual stepped rental increases.

LabOne S'pore will pay for maintenance and utilities expenses while A-REIT will be responsible for the land rent, property tax and lease management fee. A-REIT will also incur costs relating to the acquisition amounting to \$0.4 million, of which \$0.2 million (being 1% of the purchase price) is the acquisition fee payable to the Manager.

3. CERTAIN PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Option Agreement

The Proposed Acquisition will be acquired for a purchase price of S\$20.0 million. In addition, A-REIT will pay \$4 million towards the building fitout which will be recovered from LabOne S'pore over 5 years including an appropriate return which exceeds A-REIT's weighted average cost of capital.

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

The Manager aims to achieve distribution growth and to enhance the value and diversity of A-REIT's property portfolio over time through, *inter alia*, selectively acquiring 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 expected that the Proposed Acquisition when completed 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 Proposed Acquisition may be funded through additional borrowings or by issuing new equity or a combination of both. 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 under development 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 Acquisition on A-REIT’s distributable income per Unit for the financial year ended 31 March 2005 is expected to be 0.03 cents assuming:

- A-REIT had purchased, held and operated the Proposed Acquisition for the whole of the financial year ended 31 March 2005 (based on 58 properties including Hamilton Sundstrand Building and Thales Building);
- the acquisition had been funded using the optimal gearing level of 40% debt and 60% equity;
- 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 Acquisition.

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 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.

The Manager has elected to receive its Base Fee entirely in cash and the relevant portion of its Performance Fee entirely in Units for all properties acquired since the EGM.

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 Acquisition is not a major transaction based on the relative figures computed on the following bases applicable thereto:

- (a) the profits attributable to the Proposed Acquisition, 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 1.48 per cent.

7.3.3 Based on the purchase price of S\$20.0 million of the Proposed Acquisition and A-REIT's market capitalisation as at 13 January 2006 (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 0.75 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.

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 Agreement; and
- 7.4.2 the Sale and Purchase Agreement (as appended to the Option Agreement).

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

Soon Kah Hwee
Assistant Company Secretary
16 January 2006

For enquiries, please contact:

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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.