

23 December 2003



Proposed Acquisition of Changi International Logistics Centre by A-REIT

The Board of Directors of Ascendas-MGM Funds Management Limited (the “Manager”), the manager of Ascendas Real Estate Investment Trust (“A-REIT”), wish to announce that Bermuda Trust (Singapore) Limited (the “Trustee”), as trustee of A-REIT, has on 23 December 2003 entered into a Put and Call Option Agreement (the “Option Agreement”) with Changi International Logistics Centre Ltd (“Vendor”) relating to the sale and purchase of the multi-tenanted Changi International Logistics Centre (the “Property”) for S\$45.6 million, on the terms of the sale and purchase agreement appended to the Option Agreement (the “Sale and Purchase Agreement”).

Rationale for the Proposed Acquisition

The proposed acquisition of the Property will diversify A-REIT’s property portfolio, extend A-REIT’s lease expiry profile, diversify tenant mix and enhance returns to A-REIT’s unitholders.

The Property

The Property is located at 19 Loyang Way, Singapore 508724 and is accessible via East Coast Parkway and the Pan Island Expressway. It is located within 7 minutes drive to the Changi International Airport. The Property is a multi-tenanted distribution facility with a front block incorporating a 4-storey office and a 2-storey warehouse as well as a rear block consisting of a 4-storey office and a 4-storey warehouse. In addition, there are thirty-two loading bays, six cargo lifts, eighty car parking lots and fifty-six lorry lots. Its net lettable area is 39,787 sqm built on a land area of 30,146 sqm. The land is held on a 30-year lease commencing 16 October 1990, with an option to renew for a further term of 30 years. Completed in two stages in the mid and late 1990s, companies currently

occupying space in the building include Zuellig Pharma Pte Ltd, Dimerco Express (S) Pte Ltd, Daikin Asia Servicing Pte Ltd, Schering AG and Exel Singapore Pte Ltd.

Principal Terms of the Proposed Acquisition

The exercise of the options under the Option Agreement relating to the Property is conditional upon:

- a) A-REIT obtaining satisfactory financing for the acquisition of the Property; and
- c) the approval of Jurong Town Corporation for the sale of the Property to the Vendor.

Upon the exercise of the Option Agreement, the Trustee will purchase the Property for S\$45.6 million. On completion, the existing agreements will be novated to A-REIT, including those agreements¹ with Zuellig Pharma Pte Ltd who occupies 45.0 per cent of the Property. 36 per cent of the Property is occupied by about another 27 tenants on two to three year agreements. In addition, the Vendor will provide a rental guarantee for two years from the date of settlement expected to be in March 2004 for the remaining 19 per cent of space which is currently vacant.

The purchase price of S\$45.6 million for the Property, was negotiated on a willing-buyer and willing-seller basis, and is supported by an independent valuation from Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers International"). In addition, A-REIT is expected to incur estimated acquisition costs of S\$2.28 million.

Valuation of Property

The valuation report of Colliers International dated 1 December 2003 was prepared in accordance with instructions issued by the Trustee and the Property was valued at S\$45.6 million. The valuation was prepared using the income and discounted cash flow methods as well as using direct comparison and replacement cost methods.

¹ Represents 4 leases, of which (a) 321.35 sqm will expire in April 2005; (b) 3,998.0 sqm will expire in October 2006; (c) 7,223.65 sqm will expire in October 2009 and (d) 6,358.0 sqm will expire in March 2010.

Financial Impact on A-REIT

The purchase of the Property may be funded through additional borrowings or by issuing new equity or a combination of both. The Manager is currently reviewing various financing alternatives as well as the optimal level of gearing for A-REIT. 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.

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 six months ended 30 September 2003, the pro forma financial effect on A-REIT's distributable income per unit would be 0.02 cents per Unit (equivalent to 0.04 cents per Unit on an annualised basis).

Based on the leasing arrangements described above, the Property is expected to deliver a property yield of 8.6 per cent. in the first year.

The Property will be recorded in the accounts of A-REIT initially at cost. In accordance with the Property Funds Guidelines in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the Manager will arrange for a valuation of the Property at least once every 12 months.

Other Information

No person is proposed to be appointed as a director of the Manager in connection with the proposed acquisition of the Property or any other transaction contemplated in relation to the proposed acquisition.

None of the Directors of the Manager or the substantial unitholders has any interest, direct or indirect, in the proposed acquisition of the Property.

Documents for Inspection

Copies of the following documents are available for inspection during normal business hours 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:

- 1) the Option Agreement;
- 2) the form of the Sale and Purchase Agreement (appended to the Option Agreement); and
- 3) the valuation report dated 1 December 2003 of Colliers International relating to the Property.

By Order of the Board

Ascendas-MGM Funds Management Limited,
Manager of Ascendas Real Estate Investment Trust (A-REIT)

Tay Hsiu Chieh

Company Secretary

23 December 2003

Disclaimer

The value of Units and the income 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.

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, 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.

For enquiries, please contact:

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